

INSIGHT

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

IN SPITE OF THE EXAMINERS' GENERAL COMMENT IN PREVIOUS EDITIONS OF THE "INSIGHT", IT WAS OBSERVED THAT A NUMBER OF CANDIDATES HAVE CONTINUED TO BREACH EXAMINATION INSTRUCTIONS AS STATED BELOW:

- A) BY ATTEMPTING MORE QUESTIONS THAN REQUIRED IN EACH PAPER; AND
- B) BY ATTEMPTING MORE QUESTIONS THAN REQUIRED IN EACH SECTION.

INADEQUATE COVERAGE OF THE SYLLABUS

IT HAS BECOME MANIFEST THAT MANY CANDIDATES DO NOT COVER THE SYLLABUS IN DEPTH BEFORE PRESENTING THEMSELVES FOR THE EXAMINATION. CANDIDATES ARE THEREFORE ADVISED TO BE ADEQUATELY CONVERSANT WITH ALL ASPECTS OF THE SYLLABUS.

INSIGHT

FOREWORD

This issue of **INSIGHT** is published principally, in response to a growing demand, as an aid to:

- (i) Candidates preparing to write future examinations of the Institute of Chartered Accountants of Nigeria (ICAN) at an equivalent level;
- (ii) Unsuccessful candidates in the identification of those areas in which they lost marks and need to improve their knowledge and presentation;
- (iii) Lecturers and students interested in acquisition of knowledge in the relevant subject contained therein; and
- (iv) The profession in improving pre-examination and screening processes, and so the professional performance.

The answers provided in this book do not exhaust all possible alternative approaches to solving the questions. Efforts have been made to use methods, which will save much of the scarce examination time. It is hoped that the suggested answers will prove to be of tremendous assistance to students and those who assist them in their preparations for the Institute's Examinations.



NOTE

Although these suggested solutions have been published under the Institute's name, they do not represent the views of the Council of the Institute. They are entirely the responsibility of their authors and the Institute will not enter into any correspondence about them.

INSIGHT

CONTENTS	PAGE
BASIC ACCOUNTING PROCESSES AND SYSTEMS	1 - 29
ECONOMICS	30 - 53
BUSINESS LAW	54 - 75
COMMUNICATION SKILLS	76 - 93

INSIGHT

AT/141/PL1

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION - MARCH 2014**

BASIC ACCOUNTING PROCESSES & SYSTEMS

Time Allowed: 3 hours

SECTION A: PART I ATTEMPT ALL QUESTIONS (30 Marks)

MULTIPLE-CHOICE QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. Accounting is concerned with the following purposes **EXCEPT**:
 - A. Collecting, analysing and communicating financial information
 - B. Allowing the business to determine debts owed to third parties
 - C. Enabling owners to determine the amount of profit or loss for the period under review
 - D. Having the record of accounting firms operating in the country
 - E. Ascertaining the resources owned by the business at the period end

2. Which of the following is **NOT** true?
 - A. The International Accounting Standards Board (IASB) is an independent government owned body
 - B. IASB develops International Financial Reporting Standards
 - C. The IASB is a privately funded body that develops and approves IFRS
 - D. Prior to 2003, standards were issued as International Accounting Standards
 - E. All new standards are now designated as IFRS

3. A document sent by a supplier to a customer in respect of goods returned or over payments made by the customer is called:
 - A. Debit Note
 - B. Remittance Advice
 - C. Goods Returned Note
 - D. Goods Overpayment Note
 - E. Credit Note

INSIGHT

4. State the book of prime entry in which you would record the following transaction:

An invoice for ₦650,000 was sent to Alhaji WAZOBIA (a customer)

- A. Purchases Day Book
 - B. Cash Book
 - C. Sales Return Day Book
 - D. Sales Day Book
 - E. Purchases Return Day Book
5. Koffi Plc has the following opening balances on its ledger accounts

	GH C'000
Furniture & Fittings	15,000
Accounts Receivable	17,000
Bank Account	11,000
Loan payable	13,000

What is the capital at start?

- A. GH C52,000,000
- B. GH C30,000,000
- C. GH C27,000,000
- D. GH C25,000,000
- E. GH C24,000,000

Use the information below to answer questions 6 and 7:

Mensah purchased 30,000 umbrellas at ₦2 each and sold 20,000 units of the umbrellas for ₦100,000.

6. Calculate the gross profit
- A. ₦100,000
 - B. ₦60,000
 - C. ₦40,000
 - D. ₦30,000
 - E. ₦10,000
7. Calculate the cost of sales
- A. ₦160,000
 - B. ₦100,000
 - C. ₦60,000
 - D. ₦40,000
 - E. ₦10,000

INSIGHT

8. Writing off an asset with fixed period of legal life is often referred to as
- A. Obsolescence
 - B. Amortisation
 - C. Diminishing balance method
 - D. Depletion
 - E. Deterioration
9. Nana Plc has a net profit of GH ₵320,000 recorded in the financial statements for the year ended 31 December, 2013. Inventory costing GH ₵90,000, which was received into the warehouse on 2 January 2014, was included in the financial statements at 31 December, 2013 in error. What would be the net profit after adjusting for the error?
- A. GH ₵420,000
 - B. GH ₵410,000
 - C. GH ₵320,000
 - D. GH ₵310,000
 - E. GH ₵230,000
10. Net assets at the beginning of 2013 were GH ₵203,400. The proprietor injected new capital of GH ₵16,000 during the year and took drawings of GH ₵4,400. Net assets at the end of 2013 were GH ₵360,000. What was the profit earned by the business in 2013?
- A. GH ₵176,600 profit
 - B. GH ₵168,600 profit
 - C. GH ₵168,200 loss
 - D. GH ₵145,000 profit
 - E. GH ₵145, 000 loss
11. Which of the following is **NOT** a type of business enterprise?
- A. Ports Authority
 - B. Sole Proprietorship
 - C. Partnership
 - D. Limited Liability Company
 - E. Unlimited Liability Company

INSIGHT

12. Branches of accounting include all these **EXCEPT**:
- A. Cost Accounting
 - B. Management Accounting
 - C. Government Accounting
 - D. Financial Management
 - E. Financial Accounting
13. **ALL** of the following are regular users of general purpose Financial Statement **EXCEPT**
- A. Business proprietor
 - B. Tax authority
 - C. Financial analysts
 - D. Employees of the entity
 - E. Judiciary
14. A report on the “true and fair view” of financial statements is expressed by the
- A. Board of Directors of the company
 - B. Owner’s of the business
 - C. The Company’s Accountant
 - D. Controller of Finance
 - E. External Auditor
15. Which **ONE** of the following is **NOT** contained in a partnership agreement?
- A. Partners’ drawings
 - B. Capital contribution
 - C. Arbitration clause
 - D. Dividend policy
 - E. Compensation to the state of deceased partners
16. The accounting concept that states that income should be recognised when they are earned and not when they are received is the
- A. Matching Concept
 - B. Accrual Concept
 - C. Material Concept
 - D. Realisation Concept
 - E. Fairness Concept

INSIGHT

17. The document that serves as evidence of payment to creditors, through the bank and withdrawals made for office use is
- A. Cheque Counterfoils
 - B. Credit Advice
 - C. Receipts
 - D. Withdrawal Slips
 - E. Cheque Leaf

Use the following information to answer questions 18 and 19:

P. Nyang's business affairs on 1 January 2013 are stated below

	L\$
Cash in hand	132,000
Cash at bank	732,000
Inventories	750,000
Furniture	200,000
Motor Vehicle	160,000
Payables	300,000

18. The business working capital is
- A. L\$1,314,000
 - B. L\$1,014,000
 - C. L\$ 984,000
 - D. L\$ 864,000
 - E. L\$ 564,000
19. The business net liquid assets is
- A. L\$1,014,000
 - B. L\$ 864,000
 - C. L\$ 564,000
 - D. L\$ 364,000
 - E. L\$ 264,000
20. Which of the following is **NOT** an example of a real account?
- A. Motor cars
 - B. Salaries and wages
 - C. Inventories
 - D. Cash
 - E. Furniture

INSIGHT

21. Which of the following is **NOT** an intangible asset?
- A. Patent
 - B. Goodwill
 - C. Brand
 - D. Plant and Machinery
 - E. Trademark
22. Why should financial statements be prepared on a consistent basis?
- A. To make it easier to compare results from one year to the next
 - B. To ensure that the capital of the business is maintained
 - C. To make the financial statements easier to understand
 - D. To ensure that no material error occurs in the financial statements
 - E. To assist users to calculate the profit easily
23. Which of the following is **NOT** a reason for depreciating non-current assets?
- A. Wear and tear
 - B. Obsolescence
 - C. Appreciation
 - D. Passage of Time
 - E. Depletion
24. The term “accrued rent expense” means
- A. Rent received in advance
 - B. Rent overpaid
 - C. Rent due but unpaid
 - D. Rent overpaid
 - E. Rent received in arrears
25. Which of these errors arise when **ONE** or more errors are cancelled out by **ONE** or more errors elsewhere?
- A. Error of omission
 - B. Error of commission
 - C. Error of principle
 - D. Compensating error
 - E. Error of original entry

INSIGHT

26. In preparing a company's bank reconciliation statement at month end, which of the following items is adjusted in the cash book?
- A. Errors by bank
 - B. Direct debits
 - C. Unpresented cheques
 - D. Opening bank balance
 - E. Uncredited cheques
27. A business income statement for the year ended 31 December 2013, showed a net profit of L\$83,600. It was later found that L\$18,000 paid for purchase of a motor van had been debited to motor expenses account. It is the company's policy to depreciate motor vans at 25% per year with a full charge in the year of acquisition.
- What would be the net profit after adjusting for this error?
- A. L\$106,100
 - B. L\$97,100
 - C. L\$70,100
 - D. L\$101,600
 - E. L\$79,100
28. Which of the following payroll deductions is authorised by legislation?
- A. Union dues
 - B. Income tax
 - C. Co-operative deductions
 - D. Salary advance
 - E. Loan refund
29. A major disadvantage of a State owned enterprise is that it
- A. Declares dividend
 - B. Provides basic amenities
 - C. Is funded by the Private Sector
 - D. Is influenced by political manoeuvres
 - E. Funds political parties
30. A bank reconciliation showed the following differences between the bank statement and the cash book
- | | |
|----------------------|-------|
| Unpresented cheques | Le750 |
| Outstanding deposits | Le500 |
| Bank charges | Le100 |

INSIGHT

If the balance on the bank statement is Le1,000 overdrawn, what is the balance in the cash book before any adjustment?

- A. Debit Le25
- B. Credit Le1,150
- C. Credit Le1,250
- D. Credit Le1,500
- E. Debit Le1,200

SECTION A: PART II

ATTEMPT ALL QUESTIONS

(20 Marks)

SHORT-ANSWER QUESTIONS

Write the answer that best completes each of the following questions/statements:

1. Professional pronouncement on the best practices in handling accounting transactions is called.....
2. An amount of expenditure incurred from which the benefits derivable accrued over a period of more than one year is.....
3. Electronic device that has facilities for accepting, storing, retrieving and processing data to produce information under the control of stored program is.....
4. Under International Financial Reporting Standards, profit and loss account is called.....
5. The systematic allocation of the cost of a non current asset over its estimated useful life is known as.....
6. Under International Financial Reporting Standards, the term stocks of raw materials, work in progress or finished goods is called.....
7. Interface between the computer/users and hardware/application software is known as.....
8. Shares of a company that attracts fixed rates of dividend are referred to as.....

INSIGHT

Use the following information to answer questions 9 and 10:

The payslip of Mensa Mushas' for the month of July 2013 showed

Basic salary 200,000.

Income Tax 20% of basic salary

Social security contribution:

Employer 15% of basic salary

Employee 7½% of basic salary

Professional allowance GMD 30,000 per month

9. Total amount of total deductions from Mensa Mushas' basic pay was.....
10. The net salary paid to Mesa Musha for July 2013 was.....
11. The loss in value of a non-current asset due to advancement in technology is.....
12. The balance on depreciation expense accounts at year end is transferred to.....
13. The physical counting of inventories on the last day of an accounting period is.....
14. An item of expenses that has been paid during the current accounting period but relates to the next accounting period is known as.....
15. Which accounting concept justifies the depreciation of non-current assets?
.....
16. The duplicate copy of credit note will serve as the source document to record in the.....
17. The cost of acquiring a non-current asset for use by an organisation is known as.....
18. Entities whose Board Members are appointed by the state are known as.....

INSIGHT

Employer's Social security contribution for employees is 7½% of consolidated salary.

You are required to prepare journal entries to record the above information.

(10½ Marks)

(Total 12½ Marks)

QUESTION 2

On examining the books of Devine Export company, you ascertained that on October 1, 2011, the receivables ledger balances were GH ₵16,048 debit and GH ₵114 credit and the payable ledger balances on the same date were GH ₵12,470 credit and GH ₵210 debit.

For the year ended September 30, 2012, the following particulars are available:

	GH ₵
Sales	127,456
Purchases	79,948
Cash from trade accounts receivable	110,424
Cash to trade accounts payable	74,614
Discount received	2,950
Discount allowed	4,656
Returns inwards	2,004
Returns outwards	1,070
Irrecoverable debts written off	652
Cash received in respect of debit balance in payable ledger	210
Contra settlement	868
Allowances to customers on goods damaged in transit	424

On September 30, 2010, there was no credit balance in the receivable ledger except those outstanding on October 1, 2009 and no debit balances in the payable ledger.

You are required to:

Write up the following accounts recording the above transactions and the balances as at September 30, 2012.

a. Receivables control account

b. Payables control account

(12½ Marks)

INSIGHT

QUESTION 3

- a. What is an application software package? (2½ Marks)
 - b. List **FOUR** disadvantages of software application packages. (4 Marks)
 - c. State **THREE** factors to be considered when deciding on which software package to use or buy. (6 Marks)
- (Total 12½ Marks)**

QUESTION 4

Garki Limited makes up its accounts annually to December 31 and provides for depreciation of its vehicles at the rate of 25% per annum on the straight line basis. It ignores scrap value when calculating depreciation per annum. Depreciation will also be charged based on the period the assets are to be put into use.

Records of acquisitions and disposal showed:

- i. On January 1, 2009, vehicle No 1 cost GH¢400,000
- ii. On January 1, 2010, vehicle No 2 cost GH¢600,000
- iii. On January 1, 2012, vehicle No 3 cost GH¢800,000. On the same date, vehicle No 1 was sold for GH¢100,000
- iv. On January 1, 2013, vehicle No 4 cost GH¢1,000,000

You are required to prepare:

- a. Motor vehicle Account
- b. Provision for depreciation Account
- c. Motor vehicle Disposal Account
- d. Income Statement and Statement of Financial Position for year 2009, 2010 and 2011 (Extract only) (Total 12½ Marks)

INSIGHT

QUESTION 5

The following Trial Balance was extracted from the books of Konte, a sole proprietor, whose business is known as Konte Enterprises as at December 31, 2013.

	DR	CR
	Le'000	Le'000
Capital		224,000
Motor van	80,000	
Inventory	65,600	
Balance at bank	49,600	
Purchases	640,000	
Sales		892,000
Trade receivables	116,000	
Trade payables		66,240
Rent and rates	22,432	
Salaries	140,160	
General expenses	17,888	
Motor expenses	10,240	
Discount allowed	16,160	
Discount received		15,840
Insurance	7,840	
Bad debts	12,160	
Drawings	20,000	
	<u>1,198,080</u>	<u>1,198,080</u>

The following matters are to be taken into account

- i. Trade Inventories as at December 31, 2013 was Le80,640,000
- ii. Salaries outstanding as at December 31, 2013 amounted to Le 48,000,000
- iii. Insurance paid in advance was Le2,800,000

You are required to prepare:

- a. Income Statement for the year ended December 31, 2013 (7½ Marks)
 - b. Statement of Financial Position as at December 31, 2013 (5 Marks)
- (Total 12½ Marks)

INSIGHT

QUESTION 6

The following is the summary of the Cash Book of Agbelusi Farm for the month of December 2013

Cash Book			
	₦		₦
Balance b/d	3,165	Sundry payments	34,920
Sundry receipts	<u>33,915</u>	Balance c/d	<u>2,160</u>
	<u>37,080</u>		<u>37,080</u>
Balance b/d	2,160		

On investigation the following errors were discovered

- i. Bank charges of ~~₦80~~ shown on the bank statement had not been entered in the cash book.
- ii. A cheque drawn for ~~₦40~~ had been returned by the bank marked "R/D" but this had not been recorded in the cash book.
- iii. The opening balance in the cash book was wrongly brought down as ~~₦3,165~~ instead of ~~₦3,308~~
- iv. The last page of the pay-in-slip book showed a deposit of ~~₦3,267~~ which had not yet been credited to the account by the bank.
- v. The bank had debited a cheque for ~~₦162~~ in error to the entity's account
- vi. The bank statement showed an overdrawn balance of ~~₦74~~
- vii. A payment of ~~₦105~~ cheque was treated as a receipt in the cash book
- viii. Three cheques issued to suppliers for ~~₦482~~, ~~₦832~~ and ~~₦68~~ had not been presented for payment

Required:

- a. Write up the Adjusted Cash Book of the Farm
- b. Prepare a Bank Reconciliation Statement as at December 31, 2013

(Total 12½ Marks)

INSIGHT

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

1. D
2. A
3. E
4. D
5. B
6. B
7. D
8. B
9. E
10. D
11. A
12. D
13. E
14. E
15. D
16. B
17. A
18. A
19. C
20. B

INSIGHT

- 21. D
- 22. A
- 23. C
- 24. C
- 25. D
- 26. B
- 27. B
- 28. B
- 29. D
- 30. B

Working 5

GH¢

Furniture & fittings	15,000
Accounts receivable	17,000
Bank account	<u>11,000</u>
	43,000
Loan payable	(13,000)
Capital at start	<u>30,000</u>

Working 6

₦

₦

Sales (20,000)		100,000
Purchases ₦(2 x 30,000)	60,000	
Less:		
Closing inventory		
₦(2 x 10,000)	<u>20,000</u>	<u>40,000</u>
Gross profit		<u>60,000</u>

Working 7

Cost of sales

40,000

Working 9

G11¢ (320,000 – 90,000)
= GH¢ 230,000

INSIGHT

<u>Working 10</u>	GH¢	GH¢
Net Assets at end		360,000
Deduct:		
Net assets at start	203,400	
New capital introduced	<u>16,000</u>	
	219,400	
Drawings	<u>(4,400)</u>	
		<u>215,000</u>
Profit Earned		<u>145,000</u>

Solution 18 – Nyang		L\$	L\$
Current Assets – Cash in hand			132,000
Cash at bank			732,000
Inventories			<u>750,000</u>
			1,614,000
Current Liabilities: Payables			<u>(300,000)</u>
Working capital			<u>1,314,000</u>

<u>Working 19</u>	L\$
Cash in hand	132,000
Cash at bank	732,000
Payables	<u>(300,000)</u>
Net liquid assets	<u>564,000</u>

<u>Working 27</u>	L\$
Net profit as reported	83,600
Add: cost of motor van	<u>18,000</u>
	101,600
Less:	
Depreciation (L\$18,000 x 25%)	<u>4,500</u>
Profit as re-stated	<u>97,100</u>

<u>Working 30</u>	Le
Balance as per bank	(1000)
Unpresented cheque	(750)
Outstanding deposits	500
Bank charges	<u>100</u>
Balance as per cash book (CR)	<u>1,150</u>

INSIGHT

EXAMINER'S COMMENT

The standard and structure of the questions are just adequate. No ambiguities were noticed. Candidates' performance was above average and this has lent credence to the above assertion. The syllabus was also adequately covered.

PART II SHORT ANSWER QUESTION

1. Accounting Standard
2. Capital Expenditure
3. Computer
4. Statement of profit or loss and other comprehensive income
5. Depreciation
6. Inventories
7. Operating software/operating system
8. Preference shares
9. GMD 55,000
10. GMD 175,000
11. Obsolescence
12. Statement of Financial Position
13. Inventory taking/inventory count
14. Prepaid expenses/prepayment
15. Matching concept
16. Returns inward day book/returns – inward journal
17. Capital expenditure
18. Public corporations/statutory corporations/public enterprises
19. ₦180,000
20. ₦290,000

INSIGHT

Working 9	<u>GMD</u>
Income Tax (200,000 x 20%)	40,000
Social security:	
Employee contribution (200,000 x 7½%)	<u>15,000</u>
Total Deductions	<u>55,000</u>
Working 10	GMD
Basic salary/month	200,000
Professional allowance/month	30,000
Income tax (200,000 x 20%)	(40,000)
Social Security – employee’s contribution (200,000 x 7½%)	<u>(15,000)</u>
Net salary for July 2013	<u>175,000</u>

Working 19		
	₤	₤
Opening inventory		100,00
Purchases		<u>370,000</u>
		470,000
Gross Profit		<u>100,000</u>
		570,000
Sales	410,000	
Returns Inwards	<u>(20,000)</u>	<u>(390,000)</u>
Closing inventory		<u>180,000</u>

Working 20		₤
Sales		410,000
Returns inwards		(20,000)
Gross Profit		(<u>100,000</u>)
Cost of Goods Sold		<u>290,000</u>

EXAMINER'S COMMENT

The questions are simple enough and straight-forward. Candidates performed below average in this part of the paper and this point to the fact that candidates did not pay enough attention to the theoretical framework of the syllabus.

INSIGHT

SECTION B

SOLUTION 1

Advantages derived from the use of payroll application packages

1. They make the implementation of a payroll system to be quicker and cheaper.
2. Preparation of payroll becomes efficient in terms of speed, accuracy and storage requirement
3. They provide a standard approach towards payroll preparation.
4. It substantially reduces systems efforts.
5. They save time.

TANDA LIMITED JOURNAL PROPER

	DR	CR
	₦'000	₦'000
Consolidated Salary	40,061	
7½ Social Security Contribution	3,005	
Income Tax (PAYE)		4,487
5% Social Security Contribution		943
Union dues		1,000
Bushirat		19,794
Babyface		13,837
7½% Social Security Contribution		<u>3,005</u>
Being the recording of salaries and other deductions due for July, 2012	<u>43,066</u>	<u>43,066</u>
Income Tax PAYE	4,487	
5% Social Security Contribution	943	
Union dues	1,000	
Bushirat	19,794	
Babyface	13,837	
7½% Social Security Contribution	3,005	
Bank		<u>43,066</u>
Being the payment of salary and deductions for July, 2012	<u>43,066</u>	<u>43,066</u>

INSIGHT

EXAMINER'S COMMENT

This question tested candidates' ability to journalise the payroll for eventual ledger postings. The question was not popular with candidates as fewer than 50% of the candidates attempted it. Unexpectedly, the performance was below average. The payroll preparation and accounting is a very important area of candidates' engagement at this level, they should as a matter of necessity make effort to learn this aspect in their day-to-day office assignment. Candidates are also to be aware of the advantages from payroll application packages.

SOLUTION 2

(a)

RECEIVABLE CONTROL ACCOUNT

		₺		₺
1 st Oct. 2011	Balance b/f	16,048	1 st Oct. 2009 – Balance b/f	114
30 th Sept. 2012	Sales	127,456	30 th Sept. 2012	
			- Cash received from credit customer	110,424
	Balance c/f	114	- Discount allowed	4,656
			- Returns	2,004
			- Bad debt written off	652
			- Contra settlement	868
			- Allowances on goods damaged	424
			- Balance c/f	<u>24,476</u>
		<u>143,618</u>		<u>143,618</u>
	Bal b/d	24,476	Bal b/d	114

PAYABLE CONTROL ACCOUNT

		₺		₺	
1 st Oct. 2011	Balance b/f	210	1 st Oct. 2011	Balance b/f	12,470
30 th Sept. 2012			30 th Sept. 2012		
- cash pd to credit Suppliers		74,614	- Purchases		79,948
- Discount received		2,950	- Cash		210
- Returns outwards		1,070			
- Contra settlement		868			
Balance c/f		<u>12,916</u>			
		₺ <u>92,628</u>			<u>₺ 92,628</u>
			Balance b/d		12,916

INSIGHT

EXAMINER'S COMMENT

The preparation of Control or Total Accounts tested in this question is a familiar topic to most candidates. As expected, not less than 90% of candidates attempted the question and performed above average. Candidates are however warned not to rely on rote learning of the usual entries in these accounts, the use and purpose of preparing the Total Accounts should be properly appreciated as well.

SOLUTION 3

- (a) An application software is a program or a group of programs that is designed for an end user to solve a specific problem or task.

The term is used to contrast such software with system software which manages and integrates a computer's capabilities but does not directly perform tasks that benefit the user.

Examples include accounting software, spread sheets, desktop publishing, database management, system utilities, banking application etc.

- (b) Disadvantages of application software packages

- (i) Some packages are not brought up-to-date
- (ii) The packages may not be 100% suitable for a particular use as they may not be fully tailored towards the use.
- (iii) One may not get experts who will come to one's immediate help in case of problems.
- (iv) Inefficiency may be experienced due to inclusion of features that are not particularly relevant in the packages.
- (v) The vendor company that wrote the package may cease to exist.

Users will then face the challenge of getting support for and maintaining the software.

- (c) Factors to consider when deciding on which package to buy or use

- (i) Cost This includes the cost of software, setting-up and operating the system
- (ii) Flexibility – How easy is it to make future amendments.
- (iii) Types of processing – the input and output medium associated with the package.
- (iv) Timing of processing
- (v) Hardware required
- (vi) Degree of reliability

INSIGHT

- (vii) Integration with other systems
- (viii) Users processing requirements

EXAMINER'S COMMENT

Candidates' appreciation of application packages, their advantages and disadvantages and those factors to consider when deciding on the type of software package to use or buy is tested. Not less than 70% of candidates attempted the question and it is comforting to note that at least 55% of candidates who attempted the question scored very good marks. The topic and other areas of computer application in candidates' job roles should continue to be tested in future examinations at this level.

SOLUTION 4

(a) MOTOR VEHICLES ACCOUNT

		GHC	DATE		GHC
2009			2009		
Jan 1	Bank (Veh.1)	<u>400,000</u>	Dec 31	Balance c/d	<u>400,000</u>
		<u>400,000</u>			<u>400,000</u>
2010			2010		
Jan 1	Balance b/d	400,000		Balance c/d	1,000,000
Jan 1	Bank (veh.2)	<u>600,000</u>	Dec 31		<u>1,000,000</u>
		<u>1,000,000</u>			<u>1,000,000</u>
2011			2011		
Jan 1	Balance b/d	1,000,000			
		<u>1,000,000</u>	Dec 31	Balance c/d	<u>1,000,000</u>
		<u>1,000,000</u>			<u>1,000,000</u>
2012			2012		
Jan 1	Balance b/d	1,000,000	Jan 1	Vehicle Disposal A/c	400,000
Jan 1	Bank (Veh. 3)	<u>800,000</u>	Dec 31	Balance c/d	<u>1,400,000</u>
		<u>1,800,000</u>			<u>1,800,000</u>
2013			2013		
Jan 1	Balance b/d	1,400,000	Dec 31	Balance c/d	2,400,000
Jan 1	Bank (Veh. 4)	<u>1,000,000</u>			
		<u>2,400,000</u>			<u>2,400,000</u>
2014					
Jan 1	Balance b/d	2,400,000			

INSIGHT

(b) PROVISION FOR DEPRECIATION A/C

		GHC	DATE		GHC
2009			2009		
Dec 31	Balance c/d	<u>100,000</u>	Dec 1	Compreh. Income	<u>100,000</u>
		<u>100,000</u>			<u>100,000</u>
2010			2010		
Dec 31	Balance c/d	350,000	Jan 1	Balance b/d	100,000
		<u>350,000</u>	Dec 31	Compr. Income	<u>250,000</u>
					<u>350,000</u>
2011			2011		
Dec 31	Balance c/d	600,000	Jan 1	Balance b/d	350,000
		<u>600,000</u>	Dec 31	Compr. Income	<u>250,000</u>
					<u>600,000</u>
2012			2012		
Jan 1	Veh. Disposal	300,000	Jan 1	Balance b/d	600,000
Dec 31	Bal c/d	<u>650,000</u>	Dec 31	Compr. Income	<u>350,000</u>
		<u>950,000</u>			<u>950,000</u>
2013			2013		
Dec 31	Balance c/d	1,250,000	Jan 1	Balance b/d	650,000
			Dec 31	Compr. Income	<u>600,000</u>
					<u>1,250,000</u>
			2014		
			Jan 1	Balance b/d	1,250,000

(c) MOTOR VEHICLE DISPOSAL A/C

DATE		GHC	DATE		GHC
2012			2012		
Jan 1	Motor vehicle A/c	400,000	Jan 1	Bank	100,000
		<u>400,000</u>	Jan 1	Provision for depr.	<u>300,000</u>
					<u>400,000</u>

INSIGHT

GARKI LIMITED

INCOME STATEMENT (EXTRACT)

		Expenses	GHC
2009	Dec. 31	Depreciation	<u>100,000</u>
2010	Dec. 31	Depreciation	<u>250,000</u>
2011	Dec. 31	Depreciation	<u>250,000</u>

d. (ii) GARKI LIMITED

STATEMENT OF FINANCIAL POSITION (Extract) AS AT 31 DECEMBER

	COST GHC	ACCUM DEP. GHC	2009 CARRYING VALUE GHC
<u>Non-Current Assets:</u>			
Motor vehicles	400,000	100,000	300,000
NON-CURRENT ASSETS:			
			2010
Motor Vehicles	1,000,000	350,000	650,000
NON-CURRENT ASSETS:			
			2011
Motor Vehicles	1,000,000	600,000	400,000

EXAMINER'S COMMENT

Accounting for depreciation of non-current assets is the subject matter of this question. As common and fundamental as the topic is to students of accounting, the real book-keeping entries on depreciation are yet to be fully grasped by most candidates. The whole process of acquisition, addition and disposal of non-current assets and the method of showing the substance of the transaction in the final accounts must be learnt by candidates. Only about 50% of candidates attempted the question but close to half of the candidates could not properly show the extracts of the Income Statement and Statement of Financial Position.

INSIGHT

SOLUTION 5

KONTE

Statement of comprehensive income for the year ended 31 December, 2013

	Le'000	Le'000	Le'000
Sales			892,000
Less: Cost of sales			
Opening inventory		65,600	
Add: Purchases		<u>640,000</u>	
		705,600	
Less: Closing inventory		<u>80,640</u>	<u>624,960</u>
Gross profit			627,040
Add: Discount received			<u>15,840</u>
			<u>282,880</u>
Less Expenses:			
Salaries	140,160		
Add: Accrual	<u>48,000</u>	188,160	
Rent and rates		22,432	
General expenses		17,888	
Motor expenses		10,240	
Discounts allowed		16,160	
Insurance	7,840		
Less: Prepaid	<u>2,800</u>	5,040	
Bad debts		<u>12,160</u>	<u>272,080</u>
Net profit			<u>10,800</u>

KONTE

Statement of financial position as at December 31, 2013

	Le'000	Le'000
<u>NON-CURRENT ASSETS:</u>		
Motor Vehicles		80,000
<u>CURRENT ASSETS</u>		
Inventory	80,640	
Trade Receivables	116,000	
Prepaid Insurance	2,800	
Bank Balance	<u>49,600</u>	249,040
TOTAL ASSETS		<u>329,040</u>

INSIGHT

EQUITY AND LIABILITIES

Owner's Equity		224,000
Net profit		<u>10,800</u>
		234,800
Drawings		<u>(20,000)</u>
		214,800

CURRENT LIABILITIES

Trade payables	66,240	
Accrued salaries	<u>48,000</u>	114,240
		<u>329,040</u>

EXAMINER'S COMMENT

This question has tested the usual topic on preparation of a set of final accounts of a sole trader from a given Trial Balance. Candidates are no doubt familiar with the topic. However, candidates have continued to use the 'T' format instead of the vertical format (statement format). Though candidates were not penalized at this level, they are advised to get used to the vertical format at this early stage. They may be penalized in future.

SOLUTION 6

AGBELUSI FARM ADJUSTED CASH BOOK

	₤		₤
Balance b/d	2160	Bank charges	80
Difference in bal. (3308 – 3165)	143	Errors in cheque drawn	210
		Dishonoured cheque	40
		Balance c/d	<u>1973</u>
	<u>2303</u>		<u>2303</u>
Balance c/d	<u>1973</u>		

INSIGHT

Bank Reconciliation Statement As on 31st December 2013

	₦	₦
Balance per adjusted cash book		1973
Add Unpresented cheques:		
Cheque 1	482	
Cheque 2	832	
Cheque 3	<u>68</u>	<u>1382</u>
		3355
Less: Uncredited cheque	3267	
Debit in error by the bank	<u>162</u>	<u>(3426)</u>
Balance per Bank Statement (overdrawn)		<u>(74)</u>

AGBELUSI FARM ADJUSTED CASH BOOK (alternative)

	₦		₦
Balance b/f	2160	Bank charges	80
Dishonored cheque	40	Payment recorded as receipt (105 x 2)	210
Diff. in opening balance (3308 – 3165)	<u>143</u>	Balance c/d	<u>2053</u>
	<u>2343</u>		<u>2343</u>
Balance b/d	2053		

AGBELUSI FARM BANK RECONCILIATION STATEMENT AS ON 31ST DECEMBER 2013

Balance as per bank statement	(74)	
Add: Uncredited lodgement	3267	
Cheque debited in error on bank statement	<u>162</u>	<u>3429</u>
		3355
Deduct: Unpresented cheques (482 + 832 + 68)		<u>1382</u>
Adjusted Cash Book Balance		<u>1973</u>

Note:

The cash book balance did not reconcile with the bank statement balance (₦74) because of some technical defect (Re-~~₦40~~ drawn cheque returned unpaid).

INSIGHT

EXAMINER'S COMMENT

Candidates are required to write up an adjusted cash book and draw up a bank reconciliation statement. This also is a familiar exercise to candidatures. As expected over 95% of the candidates attempted the question. Not less than 50% of the candidates who attempted the question scored above average marks.

INSIGHT

AT/141/PL2

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION - MARCH 2014
ECONOMICS**

Time Allowed: 3 hours

SECTION A: PART I

ATTEMPT ALL QUESTIONS

(30 Marks)

MULTIPLE-CHOICE QUESTIONS

Write ONLY the alphabet (A, B, C, D, or E) that corresponds to the correct option in each of the following questions/statements:-

1. As a methodology in economics, deductive approach means
 - A. Reasoning from the general to the particular
 - B. Reasoning from the particular to the general
 - C. Generalization from the particular to the general
 - D. Using figures from observed phenomenon to substantiate points
 - E. Establishing verifiable laws

2. The income elasticity of demand coefficient for a normal good is
 - A. Positive
 - B. Negative
 - C. Zero
 - D. Infinite
 - E. Less than zero

3. Two goods X and Y are said to be complementary when
 - A. The two goods are independent
 - B. A rise in the price of X does not affect the demand for Y
 - C. A fall in the price of X does not affect the demand for Y
 - D. A fall in the price of X causes a fall in the demand for Y
 - E. A fall in the price of X raises the demand for Y

4. Demand for any factor of production is a
 - A. Competitive demand
 - B. Derived demand
 - C. Joint demand
 - D. Composite demand
 - E. Normal demand

INSIGHT

5. **ONE** of the assumptions of the ordinalist theory of consumer behaviour is that
- A. Choice is inconsistent
 - B. Total utility is a function of price
 - C. Consumer is irrational
 - D. Satisfaction is measurable
 - E. Utility can be ranked
6. The marginal product of labour is zero when
- A. Average product is rising
 - B. Total product is rising
 - C. Total product is falling
 - D. Total product is at maximum
 - E. Average product is at maximum
7. The oldest and simplest form of business organisation is
- A. Public Corporation
 - B. Cooperative Society
 - C. Joint Stock Company
 - D. Partnership
 - E. Sole Proprietorship
8. The necessary condition for a firm to be at equilibrium at a given level of output is where
- A. Marginal cost is falling
 - B. Marginal cost is greater than the marginal revenue
 - C. Marginal cost is equal to marginal revenue
 - D. Marginal cost is less than the marginal revenue
 - E. Price is equal to marginal revenue
9. The following are the characteristics of land as a factor of production **EXCEPT** where
- A. It is geographically fixed in supply
 - B. It is subject to the law of diminishing returns
 - C. It is highly mobile
 - D. The stock of land cannot be replaced once exhausted
 - E. It is a free gift of nature

INSIGHT

10. Which one of the following is **NOT** an advantage of division of labour?
- A. It makes possible greater use of machinery
 - B. Greater skills of workers
 - C. Employment of specialists
 - D. Extreme interdependence
 - E. Savings of time
11. For monopoly firm, the demand curve is
- A. Inelastic
 - B. Perfectly inelastic
 - C. Perfectly elastic
 - D. Elastic
 - E. Unitary elastic
12. The market condition for a typical firm is given as $P=100-4q$ and the total cost function is $C=50+20q$. The price and output level that maximize profit are
- A. 60 and 10 respectively
 - B. 20 and 10 respectively
 - C. 10 and 10 respectively
 - D. 10 and 20 respectively
 - E. 30 and 20 respectively
13. In the multiplier equation expressed as $K = \frac{1}{1-mpc}$, where mpc is marginal propensity to consume. If the marginal propensity to save (mps) is 0.25, then the value of investment multiplier (K) is
- A. 25
 - B. 4.0
 - C. 2.5
 - D. 2.0
 - E. 1.0
14. The following factors exert influence on the size of a country's national income **EXCEPT**
- A. Quantity and quality of labour
 - B. Availability of national resources
 - C. Mobility of labour
 - D. Technical know-how
 - E. Social and economic overhead
-

INSIGHT

15. The difference between the Gross National Product (GNP) and the Gross Domestic Product (GDP) is
- A. Consumption of fixed capital
 - B. Net factor income from abroad
 - C. Disposable income
 - D. Per capita income
 - E. Depreciation
16. Which of the following statements correctly describes precautionary demand for money?
- A. To meet unforeseen expenses
 - B. For day to day expenses
 - C. For expected better investment opportunity
 - D. To meet irregular expenses
 - E. As a unit of account
17. Which of the following is **NOT** among the characteristics of money?
- A. Durability
 - B. Portability
 - C. Flexibility
 - D. Homogeneity
 - E. General acceptability
18. Open Market Operations (OMO) is concerned with the purchase and sale of
- A. Operational assets
 - B. Equity
 - C. Debentures
 - D. Shares
 - E. Government securities
19. Which of the following is a measure of contractionary fiscal policy?
- A. Increase in government expenditure
 - B. Increase in taxes
 - C. Granting subsidies to firms
 - D. Granting tax holiday to local industries
 - E. Collection of loans from the multilateral creditors

INSIGHT

20. A tax system in which the tax rate falls as income rises illustrates
- A. Progressive tax system
 - B. Regressive tax system
 - C. Proportional tax system
 - D. Conventional tax system
 - E. Exceptional tax system
21. The incidence of taxes levied on a good whose demand is perfectly price inelastic falls heavily on the
- A. Government
 - B. Producer
 - C. Consumer
 - D. Wholesaler
 - E. Retailer
22. Inflation reduces the standard of living of the following category of people **EXCEPT**
- A. Pensioners
 - B. Creditors
 - C. Rent receivers
 - D. Salary earners
 - E. Businessmen
23. Which of the following is **NOT** an advantage of international trade?
- A. Increase in total world output
 - B. Brings about interdependence among nations
 - C. Efficient use of world resources
 - D. Encourages diseconomies of scale
 - E. Increases world standard of living
24. The policy instruments used in many countries to restrict imports include
- A. Price indexation
 - B. Excise duties
 - C. Bank rate
 - D. High tariffs
 - E. Subsidies

INSIGHT

25. Which one of the following is **NOT** an assumption of the theory of comparative cost advantage?
- A. Perfect mobility of factors of production
 - B. Trade restrictions
 - C. Two countries in the world
 - D. No transportation cost
 - E. Existence of full employment
26. The following are some of the objectives of the International Monetary Fund (IMF) **EXCEPT**
- A. Establishment of a system which facilitates utilization of foreign exchange among member countries
 - B. Maintenance of stable exchange rate among the member countries
 - C. Facilitating convertibility of nation's currencies and elimination of exchange restrictions
 - D. Assisting member countries to solve their balance of payment problem
 - E. Providing long term loans for development projects
27. Which of the following countries is **NOT** a member of the Economic Community of West African States (ECOWAS)?
- A. Nigeria
 - B. Guinea Bissau
 - C. Cameroun
 - D. Gambia
 - E. Ghana
28. Which of the following international organisations' currently monitors and enforces rules on international trade?
- A. General Agreement on Trade and Tariff (GATT)
 - B. World Trade Organisation (WTO)
 - C. United Nations Conference on Trade and Development (UNCTAD)
 - D. International Finance Corporation (IFC)
 - E. International Trade Union (ITU)

INSIGHT

29. Which of the following is **NOT** a feature of developing economies?

- A. Low level of income
- B. Low life expectation
- C. Low population growth rate
- D. Export of primary products
- E. Predominance of primitive technology

30. Economic growth is achieved if there is

- A. A sustained increase in a country's real output
- B. A significant decline in inflation rate
- C. An increase in the level of consumption in the economy
- D. An increase in population growth rate
- E. A reduction in infant mortality rate

SECTION A: PART II

ATTEMPT ALL QUESTIONS

(20 Marks)

SHORT-ANSWER QUESTIONS

Write the answer that best completes each of the following questions/statements:

1. To make a rational choice, the consumers are guided by their
2. A table showing how much of a product firms will sell at alternative prices is known as
3. The practice by which a government fixes a maximum price for a commodity to be sold is called
4. The point at which the budget line is just tangent to an indifference curve is called the
5. The downward portion of a firm's long run average cost curve shows the range of output over which the firm is experiencing
6. If a firm's total cost function is given as $TC = L\$1200 + 32q - 2q^2$, what is the value of the average total cost when $q=20$?
7. If output increases by 30%, following a 50% increase in the factor inputs, the firm is experiencing

INSIGHT

8. A firm which fixes low price for its products with the intention to drive out rivals or prevent new firms from entering the market is said to be engaged in.....
9. The flow of payments and receipts and the interdependence between the major economic units in an economy is usually demonstrated by a diagram known as.....
10. In a two-sector economy, the marginal propensity to consume (MPC) is 0.75. By how much should the investment expenditure be increased to enable the equilibrium national income increase by ₦800 million?
11. The main macroeconomic problem which may arise as a result of rapid growth in money supply is.....
12. By engaging in the purchase and sale of stocks and shares for its customers, the commercial banks perform the function of
13. Taxes levied on consumption of goods and services are classified as.....
14. The type of budget that should be adopted to stimulate economic growth during economic depression is the.....
15. Unemployment caused by insufficient aggregate demand in an economy is known as.....
16. Given the exchange rate between the United States Dollars (US\$) and the Nigerian Naira (₦) as US\$1=₦158. How much will a Nigerian buyer pay for a good worth US\$102?
17. Quantitative restrictions on imports and exports are called.....
18. The highest level of economic integration is.....
19. The European Economic Community (EEC) is now known as.....
20. A conscious and deliberate effort on the part of government to maximize the social economic welfare through efficient allocation of resources is.....

INSIGHT

SECTION B

ATTEMPT FOUR QUESTIONS IN ALL

(50 Marks)

PART I

MICROECONOMICS

(Attempt Any TWO Questions)

QUESTION 1

a. **Explain:**

i. Price elastic demand (2 Marks)

ii. Price inelastic demand (2 Marks)

b. Discuss with the aid of appropriate diagram, the incidence of excise tax imposed on the commodity whose demand is:-

i. Price elastic (4 $\frac{1}{4}$ Marks)

ii. Price inelastic (4 $\frac{1}{4}$ Marks)

(Total 12 $\frac{1}{2}$ Marks)

QUESTION 2

a. Describe an “indifference curve”. (2 $\frac{1}{2}$ Marks)

b. Mention any **FOUR** properties of Indifference Curve. (6 Marks)

c. Under the indifference curve approach, state and illustrate the consumer equilibrium condition. (4 Marks)

(Total 12 $\frac{1}{2}$ Marks)

QUESTION 3

a. Explain the term “production function”? (2 $\frac{1}{2}$ Marks)

b. Explain with the aid of appropriate diagram, the relationship between total, marginal and average products. (10 Marks)

(Total 12 $\frac{1}{2}$ Marks)

INSIGHT

PART II:

MACROECONOMICS

(Attempt Any TWO Questions)

QUESTION 4

The Central Banks in both developed and developing economies formulate and execute monetary policy to promote the general performance of their economies.

Required:

- a. Explain the term “monetary policy”. (4½ Marks)
 - b. Identify any **FOUR** tools available to the Central Bank of your country in the conduct of its monetary policy. (8 Marks)
- (Total 12½ Marks)

QUESTION 5

The following table shows the determination of equilibrium national income using the aggregate demand – aggregate supply approach (all information in million naira):

Consumption (C)	Investment (I)	Government spending (G)	Export (X)	Import (M)	Aggregate Demand (AD)	Aggregate Supply (Y)
42	20	12	12	6	A	50
82	20	12	12	6	B	100
122	20	12	12	6	C	150
162	20	12	12	6	D	200
202	20	12	12	6	E	250
242	20	12	12	6	F	300
282	20	12	12	6	G	350

Required:

- a.
 - i. Compute the values of A, B, C, D, E, F and G to obtain aggregate demand trend. (3½ Marks)
 - ii. Determine the value of the equilibrium national income. (2 Marks)
 - iii. What is the value of net export for the economy? (1 Mark)

INSIGHT

b. Explain the terms:

i. Inflationary gap (3 Marks)

ii. Deflationary gap (3 Marks)

(Total 12½ Marks)

QUESTION 6

Despite the benefits of international trade, countries still impose some barriers on the volume of imports.

Required:

Give any **FIVE** reasons in support of trade protection.

(Total 12½ Marks)

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

1. A
2. A
3. E
4. B
5. E
6. D
7. E
8. C
9. C
10. D
11. D
12. A

INSIGHT

13. B
14. C
15. B
16. A
17. C
18. E
19. B
20. B
21. C
22. E
23. D
24. D
25. B
26. E
27. C
28. B
29. C
30. A

EXAMINER'S COMMENT

The questions were selected from all topics in the syllabus. About 58% of the candidates scored pass marks in this part.

PART II SHORT-ANSWER QUESTIONS

1. Scale of preference
2. Supply schedule
3. Price ceiling
4. Consumer equilibrium point
5. Increasing returns to scale/economies of scale
6. $ATC = \$52.00$

INSIGHT

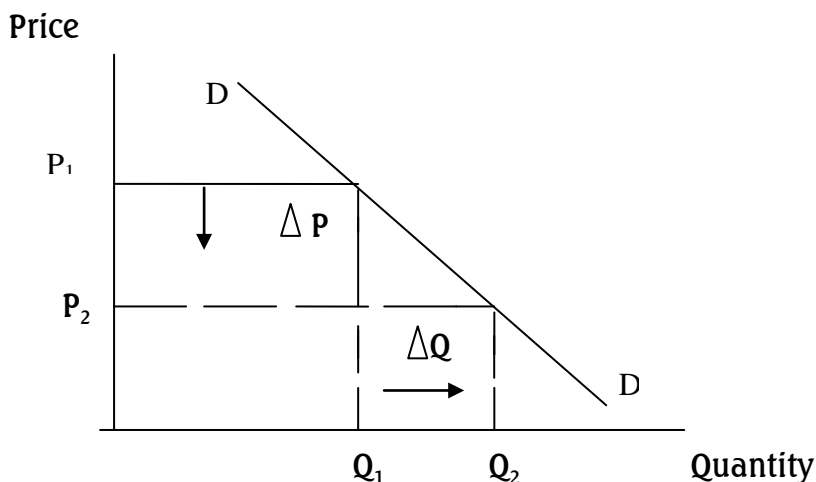
7. Decreasing returns to scale / diseconomies of scale
8. Price War
9. Circular flow of income
10. ₦200 million
11. Inflation
12. A broker
13. Indirect taxes
14. Deficit budget
15. Cyclical unemployment
16. ₦16,116
17. Quota
18. Economic Union (EU)
19. European Union (EU)
20. Development planning

EXAMINER'S COMMENT

The questions in this part provided a good coverage of the syllabus. About 42% of the candidates scored pass marks.

SOLUTION 1

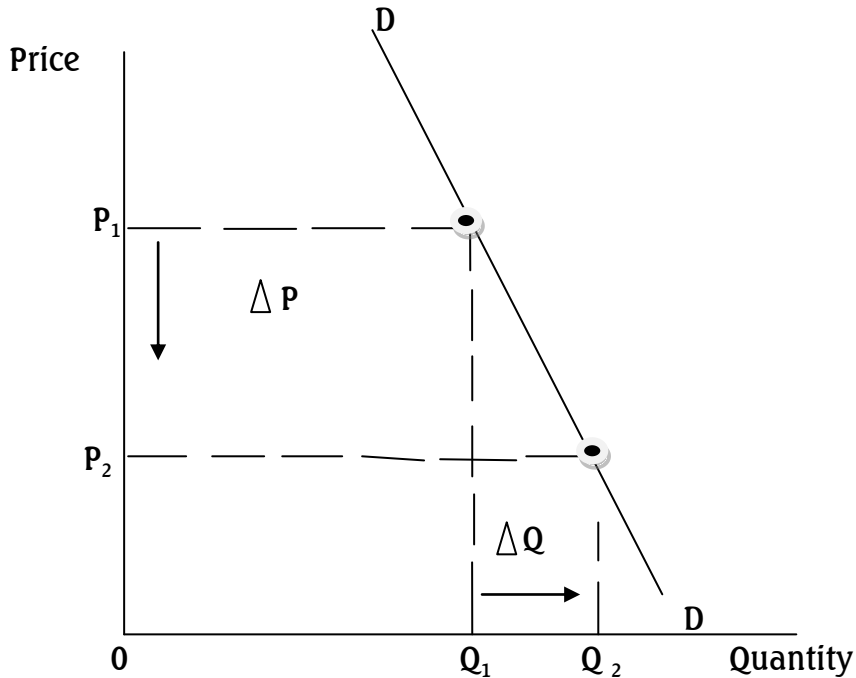
- a.(i) **Price Elastic Demand:-** Demand for a commodity is price elastic if a given percentage change in price gives rise to a greater percentage change in quantity demanded. The demand curve for such a commodity will exhibit a gentle slope as shown in the figure below:



INSIGHT

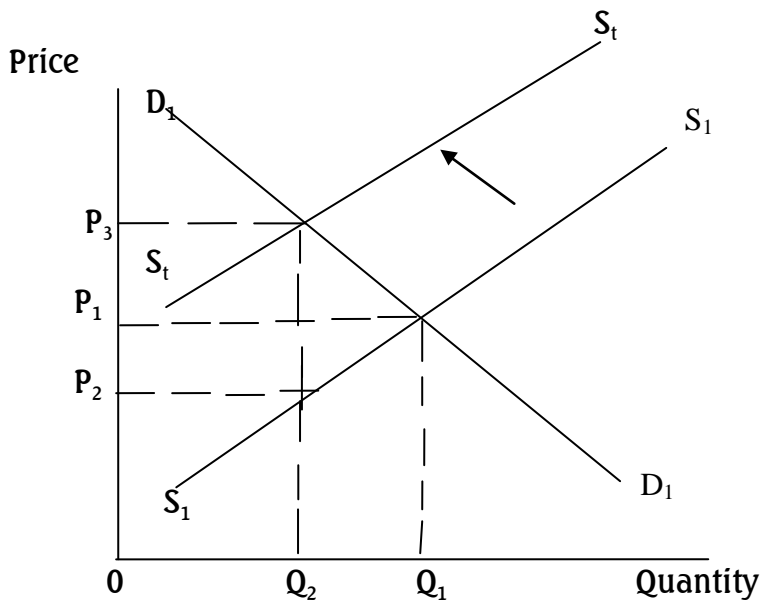
ii. Price Inelastic Demand

Demand for a commodity is price inelastic if a given percentage change in price gives rise to a lesser percentage change in quantity demanded. This is illustrated in the figure below:



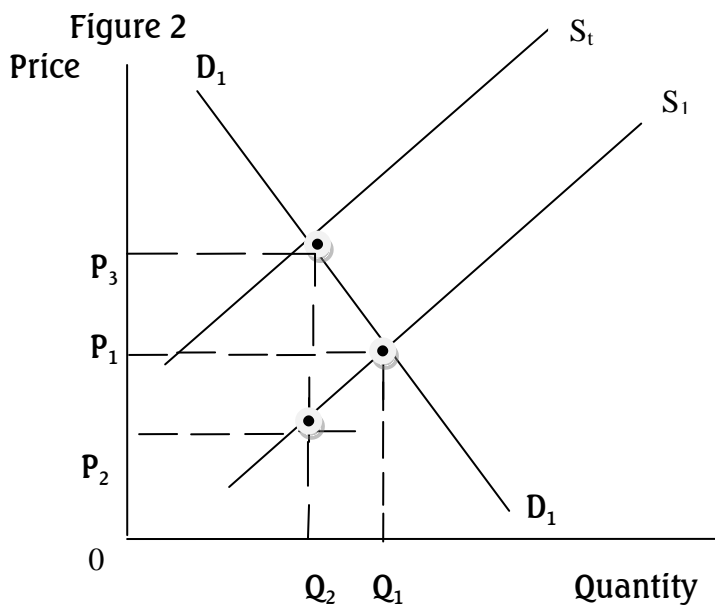
- (b) **Excise taxes** are taxes levied on goods produced within the country. The incidence of tax depends on the price elasticity of demand and supply. Since the tax is collected from the producer, this indirectly implies a rise in the production cost which can be illustrated with an upward (leftward) shift in the supply curve.
- i. **The incidence of Tax on a product whose demand is Price Elastic:-** The burden of tax will fall on both the producer and the consumer but the greater burden falls on the producer. This is illustrated in the figure (i) below.

INSIGHT



The supply curve shifts from S_1 to S_t due to the imposition of tax. This leads to an increase in market price from P_1 to P_3 . The price actually received by the producer falls from P_1 to P_2 and the amount paid in tax to the Government is the difference between P_3 and P_2 . Since $P_3 - P_1$ is greater than $P_1 - P_2$, the greater burden falls on the producer and a lesser quantity is traded on the market.

- (ii) **The incidence of Tax on a Product whose demand is price Inelastic:-** In this case, both the consumer and the producer bear the burden of tax but the greater burden falls on the consumers. This is illustrated in the figure (2) below:



INSIGHT

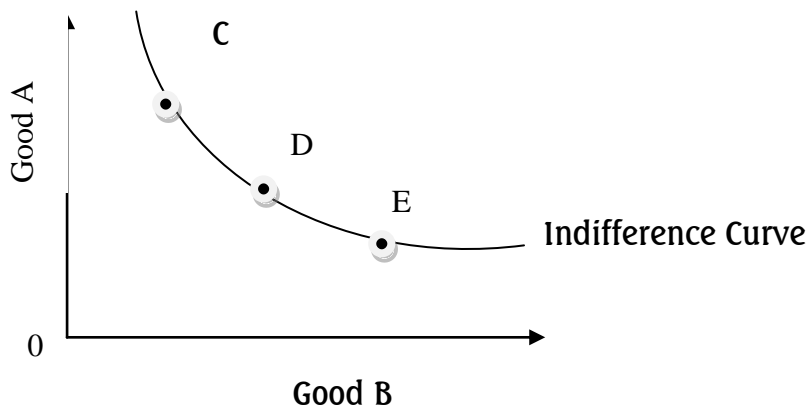
Figure (2) shows that the burden of tax on the producer ($P_1 - P_2$) is less than the burden on the consumer ($P_1 - P_2$). The quantity traded on the market also falls from Q_1 to Q_2 , which is relatively smaller.

EXAMINER'S COMMENT

The question tested candidates' knowledge of selected degrees of price elasticity of demand as well as the application of the concept of price elasticity of demand in the analysis of the incidence of an indirect tax. The question was attempted by about 85% of the candidates and the success rate was about 24%. About 70% of those who attempted the question demonstrated complete ignorance of the concept of incidence of tax, while about 20% of them who drew the diagrams failed to make reference to the diagrams to support their explanations concerning how the burden of tax would be shared between the producer and the consumer under the given demand conditions. Candidates should note that to score well in any question that requires 'explanation with the aid of diagram' there must be a linkage between the diagram drawn and the explanation provided.

SOLUTION 2

An **indifference curve** is a locus of points that shows the different combinations of two goods which give the consumer the same level of satisfaction. A graph of indifference is shown below.

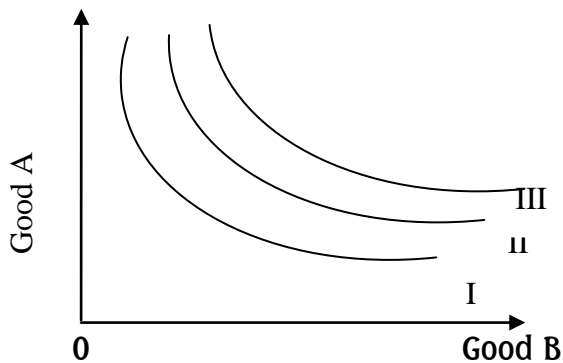


Any point on the curve, such as C, D and E gives the consumer the same level of satisfaction.

INSIGHT

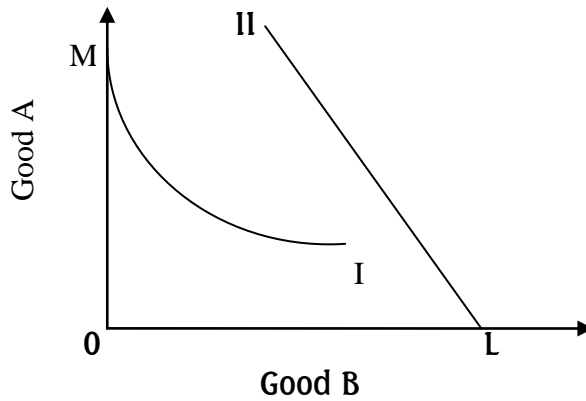
(b) The main Properties of an *Indifference Curve* are discussed below:

- i. **An indifference curve has a negative slope:-** This means that the indifference curve is downward sloping. It also shows that as less quantity of good A is consumed, a greater quantity of good B must be consumed to enjoy the same level of satisfaction
- ii. **The higher the indifference curve, the higher the level of satisfaction:-** A higher indifference curve to the right of another represents a higher level of utility and preferable combination of the two goods.

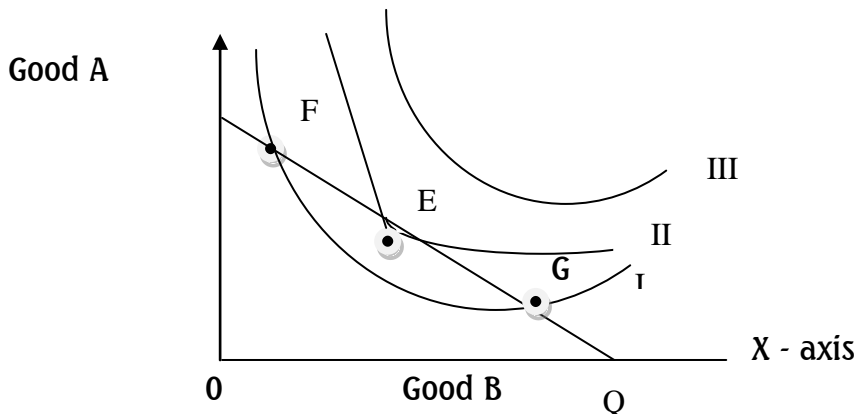


- iii. **Indifference curves cannot intersect:-** If two indifference curves intersect, the point of intersection will represent two different levels of utility, and this will be unreasonable and illogical.
- iv. **An indifference curve is convex to the origin:-** This implies that as the consumer substitutes one commodity for the other, the marginal rate of substitution diminishes.
- v. **An indifference curve cannot touch either axis:-** If an indifference curve touches either of the axis, it violates the assumption that the consumer consumes two goods. For instance, in the diagram below, if the indifference curve I touches the Y-axis at M, it implies that the consumer consume OM of good A and Zero of good B. Similarly, if the indifference curve touches the X-axis at point L, it implies that the consumer consumes OL of good B and zero of good A.

INSIGHT



- (c) Under the indifference curve approach, the consumer is at equilibrium where the budget line is tangential to the indifference curve. At this point, the slope of the budget line (the negative prices ratio) equals the slope of the indifference curve (the ratio of the marginal utilities or MRS)



In the above diagram, Line PQ is the budget line while curves I, II, III represent indifference curves. The consumer is at equilibrium at point E where the indifference curve II is tangential to the budget line PQ.

EXAMINER'S COMMENT

The question on the *Indifference curve – Budget line* approach to the theory of customer behaviour is straight forward. The question was attempted by about 34% of the candidates but only about 20% of them scored pass marks. Candidates should realize that all aspects of the syllabus are examinable; hence they should read wide and effectively.

INSIGHT

SOLUTION 3

- (a) **Production function** for any commodity is purely a technical relationship between quantities of various inputs used and the maximum output of the commodity that can be produced during a given period of time. Specifically, the production function gives a summary of the technically efficient methods of combining inputs to produce output.

Mathematically,

$$Q = f(L, \underline{K}, T) \text{ - Long run}$$

$$Q = f(L, K) \text{ - Short run}$$

- bi. **Total product (TP):-** This is the total amount of the commodity that can be produced using a fixed amount of the fixed input and different amount of all other inputs during a given period of time. In the short run, total product will vary with the quantity of the variable factor used.
- ii. **Marginal Product (MP):-** This can be defined as the addition to total product resulting from using one more or less unit of the variable factor. It is equal to the change in the total product of labour divided by the change in the quantity of labour.

$$MP_L = \frac{\Delta TP_L}{\Delta L}$$

- iii. **Average Product (AP):-** The average product of an input is the output per unit of the input. It is found by dividing the total product of the input by the quantity of the input used.

Mathematically,

$$AP_L = \frac{TP_L}{L}$$

Where:

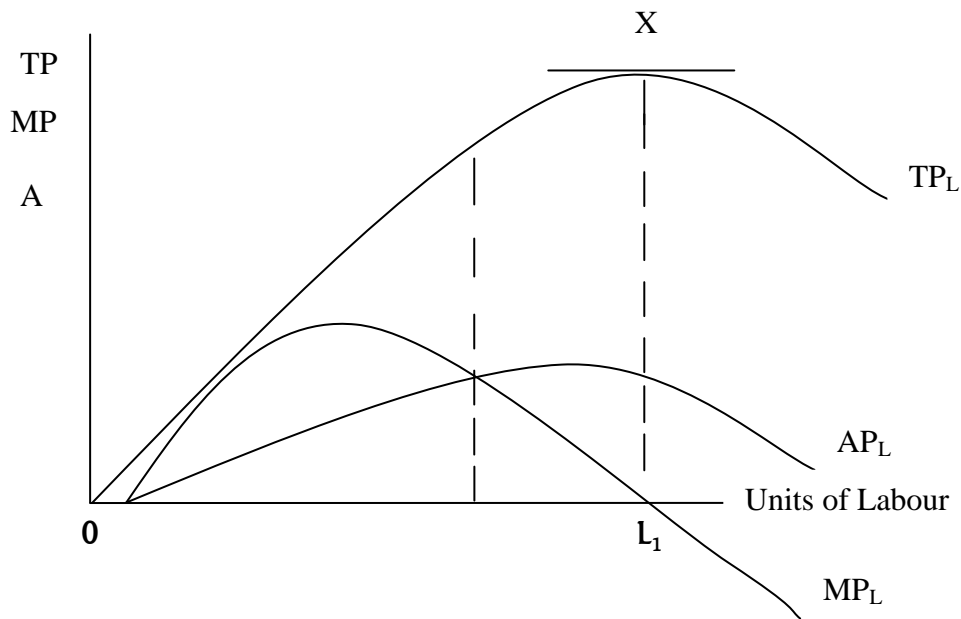
AP_L = average product of labour

TP_L = total product of labour

L = units of labour employed

The relationship between total product, marginal product and average product can be observed from diagram below.

INSIGHT



It is clear from the diagram that at first TP_L rises, reaches maximum and then falls, as units of variable factor employed increases beyond point X.

When TP_L is rising, marginal product and AP are equally rising with MP_L above TP_L .

At the maximum point of AP_L , MP_L cuts AP_L from above.

At the maximum point of TP_L , MP_L is at point zero.

When MP_L is falling, AP_L is equally falling but AP_L is above the MP_L .

EXAMINER'S COMMENT

This question on the *theory of production* tested candidates understanding of the concepts of *production function*, *total product (TP)*, *average product (AP)* and *Marginal Product (MP)*. The question was attempted by about 75% of the candidates with about 52% of them scoring pass mark. About 44% of the candidates lost vital marks for their inability to draw the required diagram correctly.

Candidates should prepare well for future examinations to ensure that they perform well.

INSIGHT

SOLUTION 4

- a. **Monetary policy** refers to the combination of measures designed to control money supply and credit availability in the economy. Monetary policy can either be expansionary or contractionary (restrictive). An expansionary monetary policy is that which is designed to increase money supply and credit availability in the economy. On the other hand, it is called contractionary or restrictive monetary policy if it is meant to reduce money supply and credit volume.

In Nigeria, the main instruments of monetary policy are open market operations (OMO), selective credit control, reserve requirements, monetary policy rate (MPR), special deposit, and moral suasion.

The objectives of monetary policy include; promoting price stability, economic growth, external balance, and full-employment.

- b. The tools available to the central bank in the conduct of its monetary policy are:-
- i. **Reserve requirements:** - This refers to the proportion of total deposit liabilities which the commercial and merchant banks are expected to keep as reserves. To curtail commercial banks lending operations during the period of inflation, the Central bank can raise the reserve requirements; this implies a reduction of the money supply. On the other hand, to expand credit availability, the Central bank can lower reserve requirements.
- ii. **Open Market Operations:** - OMO is the sale or purchase of government securities in the financial market by the Central Bank. When the Central bank sells treasury bills in the open market, the excess reserves of the banking system and the money supply will decline thereby reducing the capacity of the banks to extend credit. Conversely, the Central bank buys Treasury bill or any other eligible financial instrument in the open market if it wishes to increase the money supply.
- iii. **Discount rate:** - This is the interest rate charged by the Central bank on its loans. In other words, it is the rate at which the Central bank is prepared to lend to the commercial and merchant banks in the performance of its function of a *lender of last resort*. To check credit expansion, the Central bank will increase discount rate. On the other hand, if the aim is to encourage lending and thus investment, the Central bank will lower the discount rate.

INSIGHT

- iv. **Credit Ceiling:-** Setting of credit ceilings involves the fixation by the central bank, of the maximum credit that the commercial and merchant banks can grant to the domestic economy. If the Central bank raises the ceiling, increased lending operations will be undertaken and the money supply will increase. A lowering of the credit ceiling will have opposite effects.
- v. **Selective Credit Control:-** This involves issuance of directives to the commercial and merchant banks on the proportions of the total credit to be allocated to various sectors of the national economy.
- vi. **Moral Suasion:-** This is simply a process by which the intentions of the Central bank are clarified to the commercial and merchant banks as agents for monetary policy execution.
- vii. **Special deposits:-** In order to influence bank liquidity, the Central bank may also call for special deposits. In order to raise such deposits, the commercial and merchant banks have to call in some of their loans, especially *call money* which is invested on a day-to-day basis.

EXAMINER'S COMMENT

This question on monetary policy was attempted by about 96% of the candidates. About 73% of the candidates who attempted the question scored pass marks, while about 27% who scored poorly was as a result of misinterpreting the part (b) to mean functions of the central bank instead of the tools (instruments) of monetary policy required. Adequate preparation will ensure better performance in future examinations.

SOLUTION 5

- a. i. $AD = C + I + G + X - M$
 - $A = 42 + 20 + 12 + 12 - 6 = N80\text{million}$
 - $B = 82 + 20 + 12 + 12 - 6 = N120\text{million}$
 - $C = 122 + 20 + 12 + 12 - 6 = N160\text{million}$
 - $D = 162 + 20 + 12 + 12 - 6 = N200\text{million}$
 - $E = 202 + 20 + 12 + 12 - 6 = N240\text{million}$
 - $F = 242 + 20 + 12 + 12 - 6 = N280\text{million}$
 - $G = 282 + 20 + 12 + 12 - 6 = N320\text{million}$

INSIGHT

ii. At equilibrium, $AD = AS$
 \therefore The equilibrium national income is ~~₦~~200million

iii. Net export = $(X - M)$
 $= (12 - 6)$ million
 $=$ ~~₦~~6 million

b.

i. **An inflationary gap** exists when the equilibrium level of income is greater than the full employment level of income. Mathematically, inflationary gap,

$$G_{inf} = \frac{Y_e - Y_f}{K} \text{ where}$$

G_{inf} = inflationary gap

Y_e = equilibrium national income

Y_f = Full – employment national income

K = multiplier

ii. **Deflationary gap** exists when the equilibrium level of income is less than the full employment level of income.

$$G_{def} = \frac{Y_e - Y_f}{K} \text{ where}$$

Y_f = full-employment national income

Y_e = equilibrium national income

G_{def} = Deflationary gap

K = Multiplier

EXAMINER'S COMMENT

This is a question on the determination of equilibrium national income and the concepts of inflationary and deflationary gaps. Only about 8% of the candidates attempted the question and the pass rate was about 12%. The pass rate could have been higher but for their carelessness in not putting 'millions' and 'Naira' (unit of measurement) behind the computed figures. For instance it was wrong in (aii) to put the value of equilibrium national income as ~~₦~~200 instead of ~~₦~~200 million. Ditto for the computed figures in (ai) and (aiii).

INSIGHT

SOLUTION 6

The main reasons in support of trade protection include the following:

- a. **To protect infant industries:-** An infant industry is an industry that is newly established and in its early stage of development; and whose domestic share of the market is currently small due to competition from foreign competitors. When such industries are protected, it facilitates their growth and achieves cost competitiveness through the acquisition of economies of scale.
- b. **To expand domestic employment:-** The tariffs and other trade restrictive measures make imports more expensive in relation to locally produced substitutes. This makes the consumers to shift their consumption expenditures in favour of locally produced goods. This helps the producers to expand their production capacity and domestic employment opportunities.
- c. **To correct balance of payments deficit:-** The correction of balance of payments requires the reduction of the imports value, drawing down on the nation's foreign reserves among others. Thus, the imposition of high tariffs and other measures reduce the volume and values of imported goods and in eventually correcting the existing balance of payments deficit.
- d. **To prevent dumping:** - This is the practice of selling goods and services in the foreign markets at a cheaper price than in the home market. This practice is aimed at unloading unwanted and substandard goods and to monopolise the domestic markets or driving away the domestic producers. Tariffs are therefore imposed to discourage the practice of dumping.
- e. **To enhance national security:-** protective tariffs and other measures are required to promote the survival as well as strengthen industries producing strategic goods necessary for national security. The National security of a nation will be threatened if the supply of arms and ammunitions are left in the hands of the foreigners.
- f. **To promote Self-Sufficiency:-** High tariffs and other measures would be imposed on imported goods to reduce dependence entirely on foreign countries and encourage the production of such commodities locally. This would encourage self-sufficiency in time of crisis.

EXAMINER'S COMMENT

The question is on the rationale behind the imposition of trade barriers. Not less than 92% of the candidates attempted the question and the success rate was about 83%.

INSIGHT

AT/141/PL3

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION - MARCH 2014**

BUSINESS LAW

Time Allowed: 3 hours

SECTION A: PART I

ATTEMPT ALL QUESTIONS

(30 Marks)

MULTIPLE-CHOICE QUESTIONS

Write **ONLY** the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements:

1. The major disadvantage of Arbitration is
 - A. Privacy
 - B. Confidentiality
 - C. Publication in the newspaper
 - D. High cost
 - E. Swearing an affidavit

2. Appeals will lie from the Court of Appeal/Circuit Court Liberia to the
 - A. National Industrial Court
 - B. House of Lords
 - C. West African Court of Appeal
 - D. ECOWAS Court of Appeal
 - E. Supreme Court

3. Criminal Law is associated with the following **EXCEPT**
 - A. Death sentence
 - B. Imprisonment
 - C. Award of damages to the claimants
 - D. Arraignment
 - E. Punishment to the litigant

4. Which of the following is **NOT** a requirement for the existence of a duty of care with regard to negligent misstatement?
 - A. There must be an enquirer who consults another with special knowledge
 - B. Reliance by the inquirer

INSIGHT

- C. Such reliance is reasonable and the person to whom the inquiry was made knows reliance is likely
 - D. The person relying on the misrepresentation suffers loss
 - E. There is a contract between the inquirer and the person making the statement
5. Your Country's legislation consists of the following **EXCEPT**
- A. Acts
 - B. Laws
 - C. Bills
 - D. Bye-laws
 - E. Decrees
6. Which of the following is **NOT** an element of a contract?
- A. Minor
 - B. Agreement
 - C. Consideration
 - D. Intention to create legal relations
 - E. Offer
7. John Kokoti entered into a contract for the supply of clothing and Mr. Jaguda promised to pay on delivery. The consideration in this contract is
- A. The promise to supply the goods
 - B. The clothing that will be supplied
 - C. Mr. Jaguda's promise to pay
 - D. The supply of the goods and the promise to pay
 - E. There is no consideration in the contract
8. A breach of a condition in a contract leads to
- A. Adopting the contract
 - B. Repudiating the contract and claiming damages for any loss
 - C. Requesting for validation of the contract
 - D. Requesting for apology from the party in breach
 - E. Asking the party that breached the condition to sue for damages and repudiate the contract

INSIGHT

9. The Courts will enforce restrictive covenants only if the following conditions are met, **EXCEPT**
- A. The clause protects a legitimate interest of the employer
 - B. The clause protects public morality
 - C. The clause protects the profitable interest and secret of the employer
 - D. The clause goes no further than is reasonably necessary to protect that legitimate interest
 - E. It is in the public interest to enforce the clause
10. In *Robinson V Davison* (1871), a piano player was unable to perform due to illness. The contract was discharged by frustration. The effect of the discharge is
- A. Discharge only
 - B. Of no effect
 - C. That the Court can order the other party to make a payment corresponding to the benefit already received
 - D. To automatically correct the contract
 - E. To renegotiate the contract
11. Agency may be created in the following ways **EXCEPT** by
- A. Agreement
 - B. Necessity
 - C. Estoppel
 - D. Ratification
 - E. Inducement
12. The duties imposed on an agent in favour of the principal are the following **EXCEPT** to
- A. Perform fully
 - B. Make secret profit
 - C. Exercise due care and diligence
 - D. Account to the principal
 - E. Act personally

INSIGHT

13. Which of the following goods may **NOT** be classified under Sale of Goods Act?
- A. Specific goods
 - B. Unascertained goods
 - C. Real property
 - D. Existing goods
 - E. Future goods
14. The following are remedies available to the buyer of goods when the seller breaches the contract, **EXCEPT**
- A. Rejection of the goods and repudiation of the contract
 - B. Damages for non-delivery
 - C. Specific performance
 - D. Retaining the goods for an unreasonably long time
 - E. Recovery of the price paid
15. The following are the obligations of the owner in hire purchase to the hirer **EXCEPT** to
- A. Deliver the goods to the hirer
 - B. Have good title to the goods
 - C. Pay the agreed instalments
 - D. Ensure that the goods correspond with the description
 - E. Ensure that the hirer enjoys a quiet possession of the goods
16. A contract of hire purchase can be terminated in any of the following ways **EXCEPT** by
- A. Mutual agreement
 - B. Repudiation
 - C. Restitution
 - D. Performance
 - E. Frustration
17. Which of the following is **NOT** the duty of the employee?
- A. Duty of care
 - B. Duty to render service personally
 - C. Duty to engage in illegal contract
 - D. Duty to obey lawful orders
 - E. Duty to be faithful

INSIGHT

18. Which of the following is **NOT** a test required to determine the existence of a master and servant relationship?
- A. Control test
 - B. Dismissal test
 - C. Organisation test
 - D. Ability test
 - E. Termination test
19. The following people are parties to an insurance contract **EXCEPT**
- A. The insured
 - B. The insurer
 - C. The carrier
 - D. The broker
 - E. The agent
20. Which of the following is **NOT** a Negotiable Instrument
- A. Cheque
 - B. Bills of Exchange
 - C. Credit cards
 - D. Debentures
 - E. Banker's draft
21. The statutory maximum number of partners in a firm of accountants is
- A. 20
 - B. 10
 - C. Infinity
 - D. 30
 - E. 36
22. A partner that contributes capital but is not involved in the day-to-day administration of the firm is a/an
- A. Limited partner
 - B. Active partner
 - C. Dormant partner
 - D. General partner
 - E. Illegal partner

INSIGHT

23. The meeting of a company's shareholders which is called to address specific issues is called an/a
- A. Extra-ordinary General Meeting
 - B. Annual General Meeting
 - C. Shareholders Meeting
 - D. Directors Meeting
 - E. Stakeholders Meeting
24. The document that regulates the internal management of a company is called
- A. Memorandum of Association
 - B. Articles of Association/Incorporation
 - C. Register of members
 - D. Minutes of meetings
 - E. Regulation
25. The shares of the company that bear the financial risk of the business is
- A. Cumulative preference shares
 - B. Preference shares
 - C. Ordinary shares
 - D. Qualification shares
 - E. Chairman shares
26. A Unit Trust is a
- A. Sole proprietorship
 - B. Guarantee scheme
 - C. Collective investment scheme
 - D. Cooperative society
 - E. Merger company
27. A Bill of Exchange is an unconditional order written by the drawer to
- A. A drawee
 - B. An Acceptor
 - C. A holder
 - D. A Sheriff
 - E. A Registrar

INSIGHT

28. The duty of secrecy between a bank and its customer is

- A. An open secret
- B. Confidentiality
- C. On customer's instruction
- D. Unethical
- E. Not known to law

29. The holder of a Bill of Exchange is the person

- A. In possession of the bill
- B. Who gave the bill
- C. Who pays the bill
- D. Who issued the bill
- E. Who has information on the bill

30. It is the duty of a banker to honour the obligation of

- A. The presenter
- B. The drawer
- C. The payee
- D. The holder
- E. The negotiator

SECTION A: PART II

ATTEMPT ALL QUESTIONS

(20 Marks)

SHORT-ANSWER QUESTIONS

Write the answer that best completes each of the following questions/statements:

1. List any **TWO** duties of an employee under a contract of employment.
2. The owners of a limited liability company are called
3. The complainant in a civil case is called
4. A professional who carelessly misled a client that relied on his professional advice and suffered loss is liable of.....
5. The term of a contract that goes to the root of an agreement and allows the aggrieved party to rescind the contract is a.....

INSIGHT

6. The destruction of the subject-matter of a contract at the time it was made and concluded, is known as.....
7. The measure of payment in a contract in which one person has performed part of his obligation in the contract is.....
8. A situation in which one of the parties to a contract makes a mistake as to the identity of the subject matter of the contract is known as.....
9. In agency, a person in whose possession goods are entrusted with implied authority to sell them in his name is.....
10. In Sale of goods Law, goods which are to be manufactured, identified and agreed upon with the seller after making the contract are.....
11. The relationship between the parties in a hire purchase transaction is that of..... and
12. Contract of employment connotes the relationship ofand.....
13. The principle of Insurance Law in which the insured is to be placed in his original position before the loss is known as.....
14. In partnership, a partner who stays at the background but shares in its profits and losses is called a.....
15. An Extra-Ordinary General Meeting of a company is usually called by.....
16. The relationship between a banker and customer is regarded in Law as that of a.....and a.....
17. A bill that is signed for the purpose of lending by a person who has not received value for the bill is called.....
18. The effect of a general crossing on a cheque is that the proceeds of the cheque may only be collected through
19. Where some conditions are imposed by the acceptor of a bill are subject to the arrival of a stated date, the acceptance is called.....
20. A written instrument containing an unconditional promise by a party to pay in future is called.....

INSIGHT

SECTION B:

ATTEMPT ANY FOUR QUESTIONS

(50 Marks)

QUESTION 1

- a. Alternative Dispute Resolution (ADR) provides a quicker and at times more equitable ways of dispute resolution. List **THREE** advantages and **TWO** disadvantages of ADR.
- b. Mr. Ojo sought and obtained a business plan from his Chartered Accountant, Mr. Aina, who advised him to invest in a particular line of business. The advice was wrong and Mr. Ojo suffered a loss.
You are required to advise Mr. Ojo on the nature of liability of Mr. Aina.
(5 Marks)
- c. A contract has been defined “as an agreement which the law recognises as binding on the parties and which is enforceable in Law”. Explain briefly **ONE** element of a contract
(2½ Marks)
(Total 12½ Marks)

QUESTION 2

- a. Bartholomew invented a Computer database. He asked Joseph to assist him to patent the invention and arrange licensing agreements with interested users.

Bartholomew wrote subsequently, commending Joseph’s laudable efforts and offered to pay him 15% of the net receipts from the invention for the job. Bartholomew has refused to pay Joseph, who intends to seek legal redress.

Required:

Advise Joseph accordingly. (5 Marks)
- b. Explain and give **ONE** example of a contract in restraint of trade. (2½ Marks)
- c. Alexander was employed as a canvasser by a press company. His letter of appointment stipulated that he should not canvass for any other press company even during his free periods and he should not, on termination of his appointment, solicit any of the customers of the company for himself or on behalf of any other company.

Required:

Examine the prohibitions and their enforceability against Alexander.
(5 Marks)
(Total 12½ Marks)

INSIGHT

QUESTION 3

- a. Write short notes on the following:
- (i) *Negotiorum Gestor*
 - (ii) Agency of Necessity
 - (iii) *Nemo dat quod non habet* (9 Marks)
- b. Explain briefly the hirer's right and method to terminate a hire purchase contract (3½ Marks)
(Total 12½ Marks)

QUESTION 4

- a. The relationship of a Principal and an Agent may arise in various ways. Among such ways is agency by ratification.
- i. What is agency by ratification? (2 Marks)
 - ii. Explain **THREE** conditions necessary for ratification to be valid (3 Marks)
- b. Ade discovers that a trader, Segun, is selling bags of rice which his friend, Olu, would want to buy if he were present. Ade, therefore purports to buy the bags of rice on Olu's behalf.

At that stage, Ade was acting without Olu's agreement or authority. However, when Ade informed Olu of the purchase, Olu was pleased to adopt the transaction.

Required

Explain the legal position of the parties in the situation and comment on the legality of the transaction. (4½ Marks)

- c. Describe **TWO** items which an insured needs not disclose to the insurer in the proposal form on aspects of material facts. (3 Marks)
(Total 12½ Marks)

QUESTION 5

- a. People may pool resources together to run businesses and share whatever benefits they realise from the association or partnership.
- Required:**
Explain briefly **TWO** types of partnership. (5 Marks)

INSIGHT

- b. Elo and Abu are friends. Elo, who has an oil palm farm, borrowed ₦100,000 from his friend, Abu, in 2010 which he used to develop the farm and set up an oil mill there. Abu, in his free times, assisted his friend in the farm. In 2013, Abu demanded for the repayment of his ₦100,000. Elo told Abu that he is not entitled to repayment because they were running a partnership. He told Abu to wait for harvest time when the produce would be sold for Abu to recover his money. Abu is not happy with the idea of partnership.

Required:

State the law and advise the parties

(4½ Marks)

- c. The Corporate Affairs Commission/Registrar General/Business Registry Department was established in your Country under the enabling law to perform certain functions.

Required

State any **THREE** of those functions.

(3 Marks)

(Total 12½ Marks)

QUESTION 6

- a. Write brief notes on each of the following:

i. Crossed cheque

ii. Inchoate bill

iii. Promissory Notes

iv. Dishonour of a bill

(10 Marks)

- b. A bank is bound to serve its customers. From this statement, state and explain briefly **ONE** duty of a banker to its customers.

(2½ Marks)

(Total 12½ Marks)

INSIGHT

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

1. D
2. E
3. C
4. None
5. C
6. A
7. D
8. B
9. C
10. C
11. E
12. B
13. C
14. D
15. C
16. C
17. C
18. A
19. C, D, & E
20. C

INSIGHT

- 21. C
- 22. C
- 23. A
- 24. B
- 25. C
- 26. C
- 27. A
- 28. B
- 29. A
- 30. B

EXAMINER'S COMMENT

The MCQs substantially covered the syllabus and performance was impressive with about 65 – 70% scoring above average marks.

PART II: SHORT-ANSWER /QUESTIONS

- 1. Obey instruction/duty of care/duty to be faithful/duty of personal service
- 2. Shareholders
- 3. Plaintiff/claimant
- 4. Negligent misstatement/misrepresentation
- 5. Condition
- 6. Res-extincta/frustration
- 7. Quantum meruit
- 8. Unilateral mistake

INSIGHT

9. Factor/Mercantile Agent
10. Future Goods
11. Bailee/Bailor Owner/hirer
12. Master/Servant
13. Indemnity
14. Dormant/Sleeping
15. Directors
16. Debtor and Creditor
17. Accommodation Bill
18. A collecting bank
19. Conditional Acceptance
20. Promissory Note

EXAMINER'S COMMENT

SAQs also covered the syllabus though pass rate was slightly lower than MCQ. Pass rate is reasonably put at 60% (i.e. those who scored 10 and above)

SOLUTION 1

- 1a. Alternative Dispute Resolution (ADR) has numerous advantages, which include the following
 - i. It is cheaper than litigation
 - ii. It guarantees privacy
 - iii. It is faster than litigation
 - iv. It achieves amicable resolution of disputes
 - v. No victor, no vanquished position is achieved by parties

INSIGHT

Disadvantages of ADR include the following:

- i. Parties' consent must be obtained
 - ii. Parties' must participate
 - iii. Dissent by a party terminates the process
- b. The nature of liability of Mrs. Aina is civil liability and liability deals with the private rights and obligations which arise between individuals.

The facts of the case reveal the tort of negligent misstatement. The principle is that someone possessed of special skill undertakes to apply that skill for the assistance of another person who relies upon such skill, a duty of care will arise, and where a breach occurs, the inquirer can bring an action for damages.

However, the parties must be contractually bound and one party must have sustained a loss arising from his reliance on the statement.

In this case, Mr. Ojo and Mr. Aina are contractually involved. Therefore, Mr. Ojo can successfully institute a civil action under the tort of negligent misstatement and seek damages from Mr. Aina.

The following are some elements of a binding contract:

- i. Agreement between parties: The agreement must be made up of offer and acceptance. The parties must be at *consensus ad idem*, that is, there must be a meeting of the minds.
- ii. There must be an intention to create legally relations. The parties must not only agree but must intend to create legal enforceable rights and obligations.
- iii. There must be "offer" and "acceptance": An offer must be made from the offeror and must be accepted by the offeree within the stipulated terms of the offeror.

EXAMINER'S COMMENT

Part A of this question tests candidates' knowledge of ADR and is coming out for the first time. Part B tests knowledge of Tort (negligent misstatement) while Part C deals with elements of a contract. Probably due to the novel nature of Part A of the question, pass rate fell below average. Overall, about 60% attempted the question.

INSIGHT

SOLUTION 2

- a. This is a case of past consideration. Any act, service or promise which is freely and gratuitously performed prior to and independently of a contract is called past consideration and is unenforceable in Law.

Using the principle of law, Batholomew cannot be sued because it is a past consideration and Joseph may not succeed in an action against Batholomew for same reason.

However, one exception to the rule of past consideration is that, where services are rendered at the express or implied request of a person who subsequently promises to pay for them, it will be assumed that the parties have agreed the services are to be paid for, which contract now becomes enforceable.

Re: CASEY PATENT

In this case, using the exception rule, Joseph may successfully institute legal action for the 15% promised him.

- a. Contracts in restraint of trade are agreements or clauses in contracts which seek to restrict the freedom of a party to practice his trade, business or profession. At common law, it is void.

There are several categories of contracts in restraint of trade. The following are presently recognized:

- i. Employer and Employee situation
- ii. Seller and Purchaser of business concern
- iii. Solid Agreements
- iv. Restrictions on partners
- v. Pricing and Production Target Agreements.

- a. Employers often insert clauses in employment contracts restricting employees' freedom to practice his trade, business or profession within a specified period; such restrictive clauses are void and unenforceable in law.

However, the court may enforce a contract in restraint of trade where the terms of the restraint is necessary to protect an interest of the employer and it is reasonable in terms of period and area covered.

INSIGHT

In the case at hand, the restriction that Alexandra should not canvass for any other press company during his free period appears reasonable to protect the business interest of the employer.

However, that Alexandra should not, on termination of his appointment, solicit any of the customers of the company, for himself or on behalf of any other company appears to be too wide and no limitation as to date or location. The restriction is void and will be unenforceable against Alexandar.

EXAMINER'S COMMENT

Part A tests knowledge of candidates on Past Consideration. While Parts B and C pertain to contracts in restraint of trade. About 40% of the students attempted the question while pass rate was below average.

SOLUTION 3

- a) i. *Negotiorum Gestor* refers to where anyone who without authority (expressed or implied) comes into possession of another persons' property and has to take steps to preserve such property.

The question that arises here is whether such a person is entitled to reimbursement or commission from the actual owner who did not authorize the person to act for him. As a general rule, the law regards such a person as a volunteer who cannot claim any reward or commission.

The general rule is that no liability may be imposed upon any person without his consent.

- ii. Agency of Necessity; This is actually necessitated by circumstances which enables the agent to bring his principal into a contractual relationship with the third party. A good example of agency of necessity is the ship master as well as the acceptor of a Bill of Exchange who does it on behalf of the ship-owner and may even sell part of the cargo to defray any expenses; as was held in *NOLARA V HENDERSON* (1872).

Generally, agency of necessity will arise under the following conditions:

- i. It must be impossible for the ship master to communicate with the owner of the ship or cargo for instruction.
- ii. The action taken by the agent must be for the benefit of the principal
- iii. The ship master must have acted in good faith

INSIGHT

- iii. S.21 of the Sale of Goods Act provide that where goods are sold by a person who is not the owner, the buyer acquired no better title than the seller had unless;
 - a) The seller had authority or consent of the owner or
 - b) The owner is estopped from denying the sellers authority to sell.

The basic common law rule is that ' No man gives away that which is not his own. Nemo dat quod non habet'. That principle is as stated in S.21 of the Sale of Goods Act.

- b) Under hire-purchase contract, a hirer has the right to re-deliver the goods to the owner and terminate the contract at any time.

The following are methods to terminate a hire-purchase contract:

- i. He may give notice of termination in writing to any person that is entitled to collect or receive the hire rent.
- ii. Upon giving the notice, he must pay any installments which are in arrears,

EXAMINER'S COMMENT

Part A of the question tests understanding of two fundamental concepts of law, "Nemo Dat" Rule and Negotiorum Gestor, as well as Agency by Necessity. Part B deals with hire purchase agreements. About 70% attempted the question with most exhibiting poor understanding. Pass rate was not up to 20%.

SOLUTION 4

- a) i. Agency by ratification can arise in a situation where an agent acts in the name of or professedly on behalf of a principal in existence and ascertainable, or exceeds his mandate without the principal's authority, the latter way ratify the act and make it as valid as if it had been done with his authority.
- ii. The conditions that must exist for a valid ratification to take place are:
 - i. Existence of the principal: The principal must be in existence when the transaction he seeks to ratify was entered into by the agent.
 - ii. Capacity of the principal: A principal can only ratify acts and transactions if he had capacity to do those things as at the time they were done.

INSIGHT

- iii. Transaction is undertaken on principal's behalf: only a principal whose existence was disclosed to the third party can ratify.
 - iv. Lawful quality of the transaction: An unlawful or illegal transaction cannot be ratified.
 - v. Time for ratification: If ratification of an unauthorized act is delayed unduly, ratification becomes impossible.
- b) The legal position of the parties in the question is as follows:
- i. Ade at the time he discovered the bags of rice had no mandate to act on behalf of Olu
 - ii. The transaction was nevertheless legal (i.e. It does not infringe on any law)
 - iii. Olu had the capacity to enter into the contract as required by the conditions for ratification
 - iv. Olu's adoption of Ade's action constitutes Ade agent of Olu for the particular transaction in question, not by prior agreement or authority but by subsequent approval or ratification.
 - v. The transaction is therefore a valid agency by ratification
 - vi. Segun can enforce the contract against Olu
- c) The basic principle of insurance is that the insured must disclose all material facts which will enable the insurer to decide whether to accept the offer of the insured in the contract of insurance.

There are however exceptions to this rule: Those exceptions are:

- i. Facts which the Insured does not know
- ii. Facts which might diminish the risk
- iii. Facts within the knowledge of the insurer
- iv. Facts which are waived by the Insurer

EXAMINER'S COMMENT

Parts A and B tasks students understanding of how Agency by Ratification is created as well as conditions necessary for ratification, while Part C deals with non-disclosure of material facts in an insurance contract. About 50% of candidates attempted the question while rate of those who scored above 5 marks was about average.

INSIGHT

SOLUTION 5

- a)
 - i. **General Partnership:** One which every partner is fully liable for the debt and liabilities of the partnership business, and every partner has a right to participate in the running of the business.
 - ii. **Limited Partnership:** One in which the liability of one or more partners is limited by agreement to the amount contributed as capital, but such partner must not participate in the running of the partnership business.

- b) A partnership is defined in S.1 of the Partnership Act 1890 as a relationship which subsists between persons carrying on a business in common with a view of profit.

The essential requirement of a partnership is that the partners must carry on the business with an intention of making and sharing profit, where the intention is not to share the profits, the relationship shall not qualify as a partnership even where the parties are jointly involved in carrying on the business.

In the instant case, Elo and Abu did not agree to sharing a profit of the business. There is no partnership between them and as such Abu can recover his ₦100,000 from Elo because it is a loan to him and not capital to the business as a partner. The relationship between them contemplates that of a debtor/creditor and not a partnership.

- c) The function of the Corporate Affairs Commission are as follows:
 - i. Administration of the Act with regards to regulation and supervision of the formation and incorporation of companies.
 - ii. Registration, management and winding-up of companies
 - iii. Establishment and maintenance of companies' registry or branches in all the states of the federation.
 - iv. Arrangement and conduct of investigation into the affairs of any company where the interest of shareholders and the public so demand.
 - v. Performance of such functions as may be specified by any other law.
 - vi. Undertaking such activities which may be necessary to give full effect to the provision of the Act.

INSIGHT

EXAMINER'S COMMENT

Although Part A of the question was straightforward, a lot of candidates lacked understanding of the distinction between types of Partners and types of Partnerships, while Part B further tests students' detailed understanding of the Law of Partnership. The question scenario was well structured. Part C requires students to state the functions of CAC. About 90% attempted the question while about 60 – 70% did well.

SOLUTION 6

- a) i. A crossed cheque is one which has two parallel lines on its face. It cannot be paid across the counter, but into the payee's account.

Where it has the name of a banker between the parallel lines, it is referred to as a special crossing. Only the banker can collect its proceeds on behalf to its customer.

- ii. A bill which is drawn lacking in some material particulars but which is signed and delivered is referred to as an incomplete or inchoate bill e.g. a blank cheque which is signed and delivered.
- iii. A promissory note is defined as "An unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay on demand or at a fixed or determinable future time a sum certain in money to or the order of a specified person or to bearer"
- iv. Where a time bill is presented to the drawee for acceptance but the drawee refuses to indicate such or gives a conditional acceptance, It may be treated as dishonoured. Where on the due date the drawee or acceptor fails to pay on the bill it is dishonoured. The holder can then proceed to enforce it against any of the parties liable on it.

- b) A banker owes the following duties to its customers:

- a. **To Honour the Customer's Cheques:** a banker is bound to honour the customers cheques presented to it as long as the customers has sufficient funds in their account.
- b. **To Exercise due care in his dealings:** The banker must be careful in the dealings on behalf of the customers with a third party.

INSIGHT

- c. **Not to pay without authority:** The banker must not exceed the mandate given to it by the customers;
- d. **To maintain secrecy:** The banker must not disclose the state of the account of the customers to third parties without the consent of the customer.
- e. **To Advise the customers correctly on Investments:** The banker may give professional advise to the customer in respect of any investment portfolio the customers are about to engage in.

EXAMINER'S COMMENT

The question generally deals with banking law in both parts A and B. Attempt rate is about 90% and success rate was impressive with about 60% scoring above average.

INSIGHT

AT/141/PI.4

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION - MARCH 2014**

COMMUNICATION SKILLS

Time Allowed: 3 hours

SECTION A: PART I ATTEMPT ALL QUESTIONS (20 Marks)

MULTIPLE-CHOICE QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements:

1. Which of the following is a system of signs governed by rules explicitly or implicitly between members of the using culture?
 - A. Codex
 - B. Code
 - C. Message
 - D. Dissonance
 - E. Grammar

2. The means by which the sender affects the receiver is
 - A. Message
 - B. Feedback
 - C. Codification
 - D. Paradigm
 - E. Culture

3. A process which enables meaning to be produced is
 - A. Commutation
 - B. Semantics
 - C. Broadcasting
 - D. Reference
 - E. Communication

INSIGHT

4. Human communication began with
 - A. Writing
 - B. Literacy
 - C. Sign language
 - D. The word of mouth
 - E. Reading

5. The grape-vine is a
 - A. Channel of communication
 - B. Message in the communication process
 - C. Feedback
 - D. Formal communication
 - E. Non-verbal communication

6. The punctuation mark used to separate words in a series is
 - A. Comma
 - B. Colon
 - C. Dash
 - D. Hyphen
 - E. Semi-colon

7. Which of the following words is correctly spelt?
 - A. Accomodation
 - B. Acomodation
 - C. Accommodation
 - D. Accomondation
 - E. Acommodation

8. The following sentences are correct **EXCEPT**
 - A. Each child is an adult-to-be
 - B. She eats three times daily
 - C. None of the candidates have arrived
 - D. Neither the boys nor the girl has left
 - E. The committee has been set up

INSIGHT

9. Which of the following words is correctly spelt?
- A. Programe
 - B. Programme
 - C. Proggramme
 - D. Proogram
 - E. Prooگرامe
10. Capital letter can be used to begin each of the following **EXCEPT**
- A. Proper Nouns
 - B. Plural Words
 - C. Complimentary close of a letter
 - D. Title
 - E. Sentence
11. Which of the following salutations is the most appropriate in a formal letter?
- A. Dear Daddy
 - B. Dear Sir
 - C. Dear Honey
 - D. Dear Sweetheart
 - E. Dear Uncle
12. Writer's address in a letter could appear
- A. At the top left hand corner of the page
 - B. At the bottom left hand corner of the page
 - C. At the top right hand corner of the page
 - D. At the centre of the page
 - E. At the bottom right hand corner of the page
13. Which of the following is an example of a formal letter?
- A. Letter of complaint
 - B. Letter to an uncle
 - C. Letter to a father
 - D. Letter to a friend
 - E. Letter to a relative

INSIGHT

14. Which of the following is **NOT** an example of a formal letter?
- A. Memorandum
 - B. Letter of Appeal
 - C. A credit letter
 - D. Application for employment
 - E. Letter to a colleague
15. Which of the following is the usual complimentary close in any formal letter?
- A. Yours affectionately
 - B. Yours faithfully
 - C. Yours always
 - D. Yours in business
 - E. Yours lovely
16. Each of the following letters must contain the signature of the writer **EXCEPT**
- A. Letter of enquiry
 - B. Letter of query
 - C. Letter of order
 - D. Letter to an uncle
 - E. Letter of appeal
17. Which of the following is **NOT** a formal feature of a memorandum?
- A. Date
 - B. Subject
 - C. To:
 - D. From:
 - E. E-mail address
18. A letter to all members of a professional club inviting them to a meeting is
- A. Letter of commendation
 - B. Letter of authority
 - C. Circular letter
 - D. Letter of appeal
 - E. Letter of support

INSIGHT

19. Reference number in a formal letter is used
- A. To refer to the writer
 - B. To refer to the number of letters written
 - C. For record purposes
 - D. To indicate the referee number of the company
 - E. For proper future identification
20. Which of the following is used by organizations for internal communication among workers on a regular basis?
- A. House Journal
 - B. News letter
 - C. Memorandum
 - D. Newspaper
 - E. Magazine

SECTION A: PART II

ATTEMPT ALL QUESTIONS

(20 Marks)

SHORT-ANSWER QUESTIONS

Write the answer that best completes each of the following questions/statements:

1. A letter written to a person who recently received an award is called a(n) letter.
2. The acronym "ECOWAS" stands for
3. The abbreviation "Mr." stands for
4. When somebody's writing is not clear, it is said to be
5. A type of essay that is usually factual and persuasive is essay.
6. "Bola", said Yomi, "will you be going to Paul's party this weekend"? This is an example of a(n) speech.
7. He asked where her bag and car keys were. This is a(n) speech.

INSIGHT

8. "There is no fewer than fifty cows in the field" The grammatical error in this sentence is
9. I have two highly-placed and rich uncles, but none of them cares for me. The correct form of the underlined word in this sentence is
10. "The layout of most of our towns are not planned". The error contained in this sentence is that of
11. Speech making is an example of communication.
12. For intelligibility, a speaker must pronounce his words with appropriate patterns while making a speech.
13. The technical name that refers to the situation or environment in which a speech is made is called
14. A speech delivered from an outline is said to be.....
15. In speech making, the speaker's voice must be
16. A speaker delivering a speech to a large audience for the first time, may likely suffer
17. A piece of writing which is meant for delivery as a speech is referred to as a
18. When delivering a speech..... aids are used to supplement the speech.
19. Letter writing is an example of Communication.
20. Impromptu requires no.....

INSIGHT

SECTION B:

QUESTION 1

COMPULSORY

COMPREHENSION

(30 Marks)

Read the following passage carefully and answer the questions on it.

It is now fashionable to hear discussions centring on the disproportionate representation of males and females in the population. It is indeed not uncommon to hear people say that for every man there are about two or three women; so, every man can marry more than one woman. This theory is, of course, more popular among those who favour the seeming glamour of the polygamous way of life. The big question is: "How correct is this theory"? And, what are the facts?

The stark reality is that in any normal population, out of every one hundred conceptions, about fifty-three to fifty-five are boys, and about forty-five to forty-seven are girls. So, there are potentially more boys than girls in any normal population. However, because of many factors, some of which are not fully clear, the male foetus is far more fragile than a female one. There are therefore more miscarriages of male than of female babies. As a result, by the time the babies are born, the ratio between boys and girls has fallen to about fifty-two boys to forty-eight girls.

As infants, boys are more delicate than girls. Boys are less resistant to certain killer diseases and girls thus have a higher chance of survival. The result is that before adolescence, between the ages of nine and eleven years, the numbers of boys and girls are virtually at par in the population.

Throughout adolescence, from ages twelve to nineteen years, boys are known to fall victim to a variety of ailments in much higher numbers than girls. Besides, the tendency of boys to be adventurous and daring exposes them to more mishaps, some of these fatal. So, by the beginning of adulthood, there are slightly more girls than boys. The relative rates of reduction, in the numbers of males and females continue throughout adulthood. Men are the bread-winners, the soldiers and the travellers. It is during their middle age that very many men die tragically, as soldiers in their boots, so to say. The net result of this is that within any normal population, there are more women in their mid-thirties and forties than there are men.

INSIGHT

Finally, in their late forties and fifties, far more men than women die of cardiac diseases like hypertension, heart-attack and anxiety. This is the period when there are clearly more widows than widowers.

On the whole, therefore, there are more females than males but certainly not in the proportion claimed by adherents of polygamy. During their marriageable years, there are about eleven wives to ten husbands – that is, husbands and wives of the same age. That in some communities one man could marry as many as fifteen wives is a result of the fact that men normally marry from among the ladies younger than themselves. This, more than any other factor, allows some men who are inclined to polygamy to have their way.

*(Culled from O.O. Idowu et al, *Round-up English*, PP 69- 70)

- a. What is the author referring to as ‘this theory’? (3 Marks)
- b. What is the factor that brings down the potential ratio of boys to girls? (2 Marks)
- c. State briefly what brings to par the numbers of boys and girls at infancy. (3 Marks)
- d. Apart from (b) and (c) state briefly **THREE** other reasons for reduced male population. (6 Marks)
- e. Why do polygamous men have their way? (2 Marks)
- f. ‘It is indeed not uncommon’. What does this statement mean? (2 Marks)
- g. What sentence types are the following?
 - i. “It is now fashionable”
 - ii. “The relative rates of reduction, in the numbers of males and females continue throughout adulthood”.
 - iii. “This is the period when there are clearly more widows than widowers”. (6 Marks)
- h. Give **ONE** word that could replace each of the following as used in the passage:
 - i. Glamour
 - ii. Stark
 - iii. Fragile

INSIGHT

- iv. Fatal
- v. Tragically
- vi. Adherents

(6 Marks)
(Total 30 Marks)

SECTION C: ATTEMPT ANY TWO QUESTIONS (30 Marks)

QUESTION 2

- a. What is “listening”? (3 Marks)
- b. Explain any **FOUR** ways in which effective listening can be promoted.
(12 Marks)
(Total 15 Marks)

QUESTION 3

- a. Each of the following sentences contains a figure of speech. Write out the figure of speech used in each of the sentences.
 - i. Oh death! Where is thy string?
 - ii. John Bull was a bull on the field.
 - iii. The sun sometimes looks intensely upon the earth.
 - iv. The more you look, the less you see.
 - v. Two million people attended my sister’s wedding ceremony.
 - vi. Give us this day, our daily bread.
 - vii. Departure is a sweet sorrow.
 - viii. Rumour spreads like a wild fire.
 - ix. Mr. Wright has the right to write the speech.
 - x. To err is human, to forgive is divine. (10 Marks)
- b. The following pairs of words are used as nouns as well as verbs. Write out in capital letters the syllable on which the primary stress is placed in each of the words to show the difference between the nouns and the verbs.
 - i. Import/import
 - ii. Rebel/rebel
 - iii. Increase/increase
 - iv. Refuse/refuse
 - v. Record/record (5 Marks)(Total 15 Marks)

INSIGHT

QUESTION 4

- a. What is speech writing? (3 Marks)
- b. Explain briefly, with examples, any **FOUR** techniques for an effective speech delivery. (12 Marks)
- (Total 15 Marks)**

QUESTION 5

- a. What is a paragraph? (6 Marks)
- b. Explain any **THREE** structural elements of a paragraph. (9 Marks)
- (Total 15 Marks)**

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

1. B
2. A
3. E
4. D
5. A
6. A
7. C
8. C
9. B
10. B
11. B
12. C
13. A

INSIGHT

14. E
15. B
16. D
17. E
18. C
19. E
20. B

EXAMINER'S COMMENT

The questions cover all sections of the syllabus. The candidates' performance was good as about 75% of them scored 50% and above of the allocated marks.

Candidates can still perform better in future examinations by ensuring that they cover all areas of the syllabus.

PART II SHORT-ANSWER QUESTIONS

1. Congratulatory
2. Economic Community of West African States
3. Mister
4. illegible/ not legible
5. argumentative
6. direct
7. indirect/reported
8. number error
9. neither
10. concord / agreement
11. oral/verbal
12. intonation
13. context/setting
14. extemporaneous
15. audible/clear

INSIGHT

16. stage fright
17. manuscript/script
18. visual
19. written
20. preparation/script/notes

EXAMINER'S COMMENT

The questions cover all the sections of the syllabus.

Candidates' performance was below average as about 40% of them scored 50% and above of the allocated marks. Candidates should familiarize themselves with all the sections of the syllabus for better performance in future examinations.

SOLUTION 1

- a. The theory is that women are twice the population of men and so every man can marry more than one wife.
- b. Miscarriages of male babies.
OR The rate of miscarriages of male babies is higher than that of female
- c. Boys are more prone to killer diseases than girls.
OR Boys are less resistant to certain killer diseases than girls.
- d.
 - i. Boys engage in risky adventures which result in fatality.
 - ii. Variety of diseases kill more boys than girls.
 - iii. More men die of heart-related ailments in their forties and fifties than women.
- e. Men tend to marry younger women than themselves.
- f. It is common/It is usual.
- g.
 - i. Simple sentence
 - ii. Simple sentence
 - iii. Complex sentence

INSIGHT

- h.
 - i. glamour – fascination, attractiveness, excitement, enchantment
 - ii. stark - sheer, utter, downright, complete
 - iii. fragile - delicate, brittle, frail, tender, weak, feable
 - iv. fatal - mortal, deadly
 - v. tragically - calamitously, disastrously, pathetically, melancholically, sorrowfully
 - vi. adherents – supporters, followers, practitioners

EXAMINER'S COMMENT

The question tests candidates' understanding of the content of a given passage. Candidates' performance was fair as about 45% of them scored more than 50% of the allocated marks. The commonest pitfalls were inability to understand the content of the passage, how to answer comprehension questions and low vocabulary level. Candidates are advised to embark on wide reading for pleasure and specific purposes. They should also practice answering comprehension questions a lot.

SOLUTION 2

- a. Listening is one of the four basic communication skills. It is a process of receiving, constructing meaning and responding to spoken message. Listening can take different forms. The major types of listening include informative, empathic, attentive and critical. Listening is a skill that could be enhanced or developed through practice. (3 Marks)

- b.
 - i. **Living up to expectation**

A good listener can demonstrate some specific traits that would enable the speaker think there is the likelihood that the information flow would be enhanced. It is one thing to be a good listener, but it is better if one is seen to really be one. A speaker wants one to listen and so he looks for clues to show that one is really listening. (3 Marks)

- ii. **Use of other bodily receptors**

Ears are the primary means by which the human body receives sound impulses. Nevertheless, a good listener should exploit other bodily receptors in order to enhance effective listening. For example, the habit of maintaining a good eye contact with the speaker enables him to know whether or not the audience members are listening attentively to him. This will enable the speaker to adjust his speech to keep the interest of his audience. (3 Marks)

INSIGHT

iv. **Clarifying by asking questions**

Attending to a message affords the opportunity to collect or acquire information. The next step is for the listener to assign meaning to the message received through evaluation. Clarification of the speaker's motives is done through asking questions by the listener. This brings about the desired interaction between the speaker and the listener, thereby enhancing listening. (3 Marks)

v. **Eliminating or avoiding distractions**

Active listening requires full concentration by the listener. An active listener will move away from any form of distractions or eliminate anything that can affect concentration during the course of communication. For instance, a listener who wants to engage in effective listening may decide to put off his or her mobile phone or put it in the silent mode. He or she may also try to put behind him or her any problems that may impair his full concentration. (3 Marks)

vi. **Interest arousal**

The speaker must learn to arouse the interest of his audience by consciously aiding them to listen. An unusual throat-clearing sound will jolt the audience to attention at the beginning of the speech exercise. This should be followed by a short but funny anecdote that the audience will remember throughout the duration of the speech or even after. Occasional jokes in the course of the speech will promote the interest of the audience in the speech and thereby eliciting effective listening. (3 Marks)

vii. **Avoidance of prejudice**

If a listener dislikes the person of a speaker for any reason, the listener may equally dislike the speech of the speaker. The listener may hear the speech without understanding it. Mind wandering sets in and tiresome irrelevances creep into the mind to blot out the speaker's message. The listener in this position must consciously shift his attention from the person of the speaker in order to give objective attention to the message. This is the only way the listener can promote effective listening in this situation.

(Total 15 Marks)

INSIGHT

EXAMINER'S COMMENT

The question tests candidates' understanding of one of the language skills – listening. About 95% of the candidates attempted the question. The performance was very poor as about 15% of the candidates scored 50% and above of the allocated marks. The commonest pitfall was their inability to explain what listening is and ways of promoting effective listening. Candidates are advised to pay attention to the four language skills for better performances in future examinations. They should also make use of ICAN Study Packs and past question papers.

SOLUTION 3

- a.
- i. Rhetorical question/Metaphor
 - ii. Metaphor/Pun
 - iii. Personification
 - iv. Paradox
 - v. Hyperbole/Exaggeration
 - vi. Synecdoche
 - vii. Oxymoron
 - viii. Simile
 - ix. Alliteration
 - x. Antithesis

b.

	Noun	Verb
i.	IMport	imPORT
ii.	REbel	reBEL
iii.	INcrease	InCREASE
iv.	REfuse	reFUSE
v	REcord	reCORD

(Total 15 Marks)

EXAMINER'S COMMENT

The question tests candidates' knowledge of figure of speech and stress pattern in English. About 75% of the candidates attempted the question. Candidates' performance was good as about 80% of them scored well above average mark. Candidates should intensify effort in the area of language use section of the syllabus for better performance.

INSIGHT

SOLUTION 4

- a. Speech writing is the art of putting oral presentation into written form. It demands specific skills to be successful. It is more demanding than speech making. The writer of a speech is expected to engage in audience analysis with a view to making his speech understandable to the audience. The writer must, therefore, adhere strictly to writing conventions like the use of relevant punctuation marks, varied sentence structures, grammatical rules, etc. The writer can write his speech himself or employ a professional speech writer to do it for him.

bi. **The Read Method/Manuscript Presentation**

A speaker adopting this method reads aloud his/her speech word for word from a prepared text to an audience. Certain speeches must be delivered word for word according to a meticulously prepared manuscript. Examples include an accountant's report to a professional committee, a President's message to the National Assembly or a Governor's budget presentation to the State House of Assembly. It is used frequently in broadcast journalism, in high-level politics, or in situations where the audience is extremely large.

It is usually a well-planned, organized and error-free form of speech which can be arranged serially, chronologically, or logically. This, in effect, presents ideas, facts, figures etc in such a way that has form and format, regulated by some conventions or principles. This makes it lacking in spontaneity and freshness.

The written speech has the potential of enhancing vital and accurate information within a given time and space. It can be preserved for future reference. It cannot be denied.

ii. **The Memorised Method/Technique**

This is a method in which a speaker writes his/her speech and commits it to memory and 'regurgitates' verbatim at the venue of speech making. A practiced speaker of this method gives the audience the impression of his eloquent oratory. A good speaker using this method is able to make the necessary eye contact with his audience and compels them to give him their attention. This method encapsulates all the attributes of the read speech in addition to its own unique attribute: memory may fail and cause untold embarrassment to the speaker.

ii. **Impromptu Method/Technique**

An impromptu speech is an unexpected, unprepared, off-the-cuff talk. It is a speech delivered on the spur of the moment. It is delivered with little or no preparation. Many of the speeches given in life are impromptu and they are

INSIGHT

reserved for experienced and knowledgeable people with a vast resource of residual knowledge, not the average speaker. This method can be rambling and digressing because of its off-the-cuff nature.

iv. Extemporaneous Method/Technique

An extemporaneous method entails a carefully planned, researched, organized presentation in outline form as a memory aid to the speaker. The actual speech composition is done spontaneously before the audience. A good speaker will have rehearsed his/her presentation before the day of actual presentation.

This limits digression and allows the speaker to make eye contact with the audience to gauge their interest or lack of it in the speech and to allow the speaker to make amends as the need arises.

iv. Eclectic/Holistic Method/Technique

This method combines all the above techniques. A holistic speaker has the advantage of preparing well for the speech, reading parts of the presentation from a manuscripts and reciting parts that have been memorized. The speaker can interact freely with the audience the understanding of the speech. The holistic method combines beautifully formality and informality for effect.

EXAMINER'S COMMENT

The question tests candidates' knowledge of speech writing and different techniques/methods of speech delivery. About 25% of the candidates attempted the question. Candidates' performance was very poor as about 5% scored above average mark. The commonest pitfalls were candidates' inability to understand what speech writing and methods of speech delivery are. Majority of them confused 'techniques/methods' with how to make speech delivery effective. Candidates are advised to study speech writing/making for better performance in future examinations.

SOLUTION 5

- a. A paragraph is a section of a piece of writing consisting of several related sentences dealing with a single idea. It can also be defined as a unit of discourse consisting of a string of sentences on a point within a larger discourse. The core of a paragraph is the topic sentence around which revolve elaborating sentences.

INSIGHT

b. Structural Elements of the Paragraph

- i. **Topic Sentence:-** This is a sentence that shows the central idea or thesis which the paragraph deals with. It can occur anywhere in the paragraph. To make readers understand the topic sentence, it should be placed near the beginning of the paragraph as much as possible.
- ii. **Elaborating sentence:-** This discusses fully and adequately what the topic sentence deals with. It defines terms, gives examples, illustrations, facts, evidences and statistics elucidating the issue raised in the topic sentence.
- iii. **Concluding sentence:-** This is used to summarize the main idea discussed in the paragraph. It may be a repetition of the idea in the graph, using a synonymous expression.
- iv. **Coherence:-** This element makes the paragraph understandable. It is achieved when the idea expressed in a previous sentence flows into the next through the use of repetition of key words and synonymous words in several sentences in a logical sequence. Pronouns can be used to refer to nouns in previous sentences and transition words can be used to link ideas from different sentences.
- v. **Unity:-** Every sentence in a paragraph must focus on a central idea. The focus started with must be sustained. To maintain focus, every intrusive idea outside the focus of the paragraph should be expunged in order to achieve the principle of unity of the paragraph. If any intrusive idea is considered important, it should be reserved for a new paragraph.

EXAMINER'S COMMENT

The questions tests candidates' knowledge 'paragraphing' under writing skill. About 15% of the candidates attempted the question. The performance was very poor as only 5% of those who attempted the question scored above average mark. The major pitfall of the candidates was their inability to state what a paragraph is and its structural elements. Candidates are advised to pay attention to this item on the syllabus if they want to improve their performance in future examinations.