

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

IN SPITE OF THE EXAMINERS' GENERAL COMMENTS 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 ALLOWED IN EACH PAPER; AND

- B) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH SECTION.

INADEQUATE COVERAGE OF THE SYLLABUS

IT HAS BECOME OBVIOUS 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 with a view to improving their knowledge and presentation in subsequent examinations;
- (iii) Lecturers and students interested in acquisition of knowledge in the relevant subject contained therein; and
- (iv) The profession in a bid to improving pre-examination and screening processes.

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.

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AT/171/PI.1 ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA

**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2017
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(30 Marks)**

ATTEMPT ALL QUESTIONS IN THIS SECTION

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 books is both a subsidiary book and a ledger account?
 - A. Purchases Day Book
 - B. Sales Day Book
 - C. Purchases Returns Book
 - D. Cash Book
 - E. Sales Returns Book

2. Shares issued above their nominal value are referred to as shares issued at
 - A. a premium
 - B. a discount
 - C. a loss
 - D. face value
 - E. par value

Use the information below to answer questions 3 to 5

Extracts from a trader's books show:

	Le
Inventory at start	20,000
Inventory at close	18,000
Purchase of raw materials	800,000
Carriage inwards	2,700
Direct labour	75,000

3. What is the value of the Raw material consumed?
 - A. Le 802,700

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- B. Le 804,700
C. Le 820,700
D. Le 838,000
E. Le 879,700
4. The Prime Cost is
- A. Le 875,000
B. Le 877,700
C. Le 879,700
D. Le 893,000
E. Le 895,000
5. What is the raw materials consumed as a percentage of prime cost?
- A. 90.94%
B. 91.47%
C. 93.29%
D. 93.79%
E. 95.34%
6. Information extracted from Degara's Cashbook
- | | ₦ |
|--------------------|---------|
| Sales | 500,000 |
| Purchases | 200,000 |
| Capital introduced | 385,000 |
| Rent Paid | 25,000 |
| Rent Received | 5,000 |
| Stationery | 3,000 |
- The Cash book balance carried forward is
- A. ₦287,000
B. ₦338,000
C. ₦658,000
D. ₦662,000
E. ₦667,000
7. Which of the following will normally be shown on the credit side of Trial Balance?
- A. Discount received
B. Equipment account

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- C. Cash account
- D. Prepaid expenses
- E. Discount allowed

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8. The total of the Sales Day Book for one month is L\$89,300. It has been entered in the Sales account as L\$83,900 after the individual customers' account have been correctly posted. The error is corrected by
- A. Debiting the Suspense account and crediting the Sales account with L\$5,400
 - B. Debiting the Sales Day Book and Crediting the Sales account with L\$5,400
 - C. Debiting the Sales account and crediting the Sales Day Book with L\$5,400
 - D. Debiting the Sales account and crediting the Suspense account with L\$5,400
 - E. Debiting the Suspense account and crediting the Sales Returns account with L\$5,400
9. A partner who makes no capital contribution and does not take part in the management of the partnership business is a/an
- A. Ordinary partner
 - B. Limited partner
 - C. Dormant partner
 - D. Nominal partner
 - E. Sleeping partner
10. Which of the following is found in the Memorandum of Association of a Limited Liability Company?
- A. Names of Directors
 - B. Appointment of Directors
 - C. Objects of the business
 - D. Dividend Policy
 - E. Members voting rights
11. Which of the following is the implication of the entity concept to sole trader?
- A. Business can sue and be sued separately
 - B. Liability of the owner is limited
 - C. The owner cannot own private assets
 - D. Private use of business assets reduces owner's capital
 - E. Owner can issue shares to the public

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12. The introduction of a Delivery Van into a business by the proprietor will result in a credit entry into
- A. Assets account
 - B. Inventory
 - C. Capital account
 - D. Investment account
 - E. Receivables
13. In recording a transaction in the books, a posting was made in a wrong class of accounts, such error is
- A. Error of commission
 - B. Error of principle
 - C. Compensating error
 - D. Error of original entry
 - E. Error of Omission

Use the following information to answer questions 14 and 15

The main cashier reimbursed the petty cashier with ~~₦~~50,000 on 1 July. The following expenses were incurred and paid for:

- Postages ~~₦~~12,500
- Stationery ~~₦~~16,500
- Motor repairs ~~₦~~8,000

14. The balance in the petty cash book is
- A. ~~₦~~50,000
 - B. ~~₦~~37,000
 - C. ~~₦~~25,000
 - D. ~~₦~~18,000
 - E. ~~₦~~13,000
15. How much will be reimbursed by the main cashier at the end of that period?
- A. ~~₦~~50,000
 - B. ~~₦~~37,000
 - C. ~~₦~~18,000
 - D. ~~₦~~13,000
 - E. ~~₦~~ 9,000

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16. Which of the following can be regarded as revenue expenditure?
- A. Acquisition of non-current assets acquired
 - B. Formation expenses of a new business
 - C. Payment for registration with government
 - D. Expenditure incurred on repairs of non-current assets
 - E. Cost incurred on warehouse expansion
17. The parties to a cheque are
- A. Drawer, Payer and Payee
 - B. Drawee, Payer and Payee
 - C. Drawer, Drawee and Payee
 - D. Drawer, Drawee and Payer
 - E. Acceptor, Drawer and Drawee
18. Which of the following is **NOT** a means of making electronic transfer of money?
- A. Automated Teller Machine
 - B. Electronic Fund Transfer
 - C. E-transact
 - D. Standing order
 - E. Electronic Fund Transfer at Point of Sales
19. Which of the following is **NOT** a non-current asset?
- A. Land
 - B. Furniture and fittings
 - C. Buildings
 - D. Motor vehicle
 - E. Inventory
20. Which of the following transactions would reduce both assets and liabilities?
- A. Sales of goods on credit
 - B. Cash paid to trade receivables
 - C. Purchases of goods on credit
 - D. Cash purchases
 - E. Cash received from trade payables
21. A statement that shows the performance of a business organisation during an accounting period is
- A. Statement of Financial Position
 - B. Statement of Profit or Loss

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- C. Statement of Cash flows
D. Fund Flow Statement
E. Value Added Statement
22. What is the cost of goods sold, given that sales is GH¢ 8 million with a mark-up of 25%?
- A. GH¢ 6,400,000
B. GH¢ 6,000,000
C. GH¢ 5,360,000
D. GH¢ 1,600,000
E. GH¢ 1,260,000
23. In the final account of a Not-for-Profit organisation, revenue expenditure is recorded in
- A. Income and Expenditure account
B. Subscription account
C. Statement of Financial Position
D. Profit or Loss account
E. Statement of Accumulated Fund
24. Which of the following is **NOT** a user of financial accounting information?
- A. Competitors
B. Employees
C. Quality Control Analysts
D. Business Communities
E. Prospective Investors
25. From the following information, determine the amount collected on Trade Receivables during the year
- | | |
|--|-------------|
| Receivables at the beginning of the year | GH¢ 700,000 |
| Receivables at close of the year | 1,000,000 |
| Credit Sales for the Year | 1,200,000 |
- A. GH¢ 500,000
B. GH¢ 700,000
C. GH¢ 900,000
D. GH¢ 1,000,000
E. GH¢ 1,900,000
26. Which of the following is a component of Prime Cost of production?

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- A. Cost of goods produced
 - B. Factory overheads
 - C. Depreciation of Plant and Machinery
 - D. Royalty
 - E. Administrative Salaries
27. Which of the following is **NOT** a cause of depreciation of non-current assets?
- A. Physical deterioration
 - B. Inflation
 - C. Depletion
 - D. Effluxion of time
 - E. Obsolescence
28. The following affects the agreement of the Trial Balance **EXCEPT**
- A. Listing a credit balance to the debit side of the trial balance
 - B. Under/over statement of opening or closing balances
 - C. Error of original entry
 - D. Listing of debit balance to the credit of the trial balance
 - E. Error of extracting wrong figure from the ledger to the trial balance
29. If an item is recorded on the debit side of a Bank Statement without corresponding credit on the Cash book. What is the effect on the balance of the Bank Statement?
- A. Bank Statement balance will be understated
 - B. Bank Statement balance will be overstated
 - C. It results in lower commission on turnover
 - D. There will be no effect on the bank statement balance
 - E. The Bank Statement cannot be reconciled

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30. When goods are taken by the owner of a business for personal use, the accounting entry is
- A. Dr. Cash account Cr. Capital account
 - B. Dr. Cash account Cr. Drawings account
 - C. Dr. Drawings account Cr. Capital account
 - D. Dr. Drawings account Cr. Inventory
 - E. Dr. Drawings account Cr. Profit or Loss account

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. The business of an individual who owns and controls his business is referred _____ to _____ as
.....
2. Debenture/loan notes that are unsecured are also known as.....
3. The concept that justifies the charging to expenses the cost of ceiling fan, even though the ceiling fan has useful life of more than a year is
4. The main source document for recording cash paid into bank is
.....

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5. Related data/information stored in a computer-based accounting system which can be arranged into any desired format is
6. An overdraft would be represented as a balance in a business entity's cash book
7. In line with the requirements of International Financial Reporting Standards, balance sheet of a firm is now being referred to as
8. A manufacturing company has electricity bills of ₦72,000 in a month to be shared among factory, office and marketing in ratio 5:2:3. The electricity charge to marketing is
9. The document that contains the terms and agreement of partners is
10. A business total assets is Le250,000 with Le75,000 suppliers credit outstanding. Calculate the owner's stake in the business
11. What type of service is provided by an accountant in public practice who acts as Receiver and Manager in the process of winding up a company?
12. Two interest bearing accounts in the banking sector are and
13. The full meaning of the acronym EFTPOS is
14. A technique devised with the purpose of ascertaining profit or loss on goods manufactured by stating the market value of the goods in the trading account is

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15. The charges that banks make to their customers based on the volume of the customers' transactions for the period is described as
16. When an accountant decides to use the historical cost in the valuation of an asset so as not to be influenced by personal bias of management, which accounting concept is being applied?
17. The alternative name for current account in the banking industry is
18. Profit shown as a percentage or fraction of selling price, refers to
19. Information on Mr Kente's cash book(Bank Account)
- | | |
|------------------|-----------|
| Receipts of cash | GH¢92,770 |
| Cash payments | GH¢87,000 |
| Balance on hand | GH¢ 4,200 |

How much was the opening balance in the cash book?

20. Kester supplied the following information:
- | | |
|-------------------------|------------|
| His Capital 31/12/ 2016 | L\$265,000 |
| Capital 01/01/2016 | L\$190,000 |
| Drawings during 2016 | L\$104,000 |

What was his profit for the year ended 31 December 2016?

**SECTION B: ATTEMPT ANY FOUR QUESTIONS IN THIS SECTION
(50 Marks)**

QUESTION 1

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- a. Briefly explain what ethics means to an Accountant.
(2½ Marks)
- b. Cash is an asset that is easily susceptible to theft or other forms of loss.
You are required to:
- i. State **FOUR** objectives of management for setting a good internal control over cash.
(4 Marks)
 - ii. List **SIX** control measures that management should put in place to secure an entity's cash.
(6 Marks)
- (Total 12½ Marks)**

QUESTION 2

- a. List **SIX** sources of information commonly used for the preparation of control accounts.
(3 Marks)
- b. Baba Eko Enterprises of No. 20 Lawanson Street, Lagos had the following transactions with Adamu Trading Company of No. 40 Freeman Avenue, Kano in January 2016.
- 2 January - Invoiced goods worth ₦2.3 million on invoice number 526
- 9 January - Invoiced goods worth ₦1.62 million on invoice number 589
- 16 January - Adamu Trading Co. paid a sum of ₦2.5 million with cheques
- 25 January - Credit note number 1376 for ₦60,000 was sent

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Prepare a Trade Receivables Statement of Baba Eko Enterprises for the month of January 2016 to show these transactions.
(9½ Marks)

**(Total 12½
Marks)**

QUESTION 3

SEME Enterprises started business with a capital of Le 960,000 on 1 July 2016 and paid the money into the bank on that date. His records revealed the following transactions for the month

July 2016		Le'000
4	Purchases by cheque	32,760
7	Credit purchases	30,240
10	Sales	
	- Credit	51,024
	- Cheque	60,000
	- Cash	576
11	Paid trade payables by cheque	18,120
	Drew cash for office use	2,400
	Cash discount recorded from creditors	384
12	Cash sales	20,538
	Wages paid by cash	600
14	Cheques received from customers	47,040
	Discount allowed to customers	960
	Purchases	
	- Credit	54,000
	- Cheque	6,000
	- Cash	23,000
22	Cash sales	65,400
24	Paid trade payables by cheque	32,400
31	Discount received from trade payables	120

Required:

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- a. Prepare from the above transactions the Cash book of SEME Enterprises for the month of July 2016.
(10 Marks)
- b. Show the ledger accounts for discount received and discount allowed
(2½ Marks)
- (Total 12½ Marks)**

QUESTION 4

- a. List **TWO** uses of journal in accounting.
(1 Mark)
- b. You have received a trial balance and drawn up accounts for the year ended 31 December 2016. There was a difference of GH¢2,920 on the credit side of the trial balance and a suspense account has been opened for that amount.

In addition to the above, the following errors made in 2015 but were discovered in 2016.

- GH¢550 received from sales of old equipment has been entered in the sales account
- Purchases day book had been overcast by GH¢600
- A private purchase of GH¢1,150 had been included in the business purchases
- Bank charges of GH¢380 entered in the cash book have not been posted in the bank charges account
- A sale of goods to Benue GH¢6,900 was correctly entered in the sales book but entered in the personal account as GH¢9,600

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You are required to:

- i. Show the Journal Entries to correct the errors.
(5 Marks)
 - ii. Write-up the Suspense Account showing the correction of the errors.
(4 Marks)
 - iii. The net profit originally calculated for 2015 was GH¢113,700. Show your calculation of the revised profit or loss figure
(2½ Marks)
- (Total 12½ Marks)**

QUESTION 5

On 1 April 2015, the assets and liabilities of FASHION LADIES CLUB were as follows:

	N'000
Furniture and fittings	3,000
Subscriptions in arrears	60
Insurance Prepaid	40
Subscription in advance	160

For the year to 31 March 2016, the summary of receipts and payments are as follows:

RECEIPTS		PAYMENTS	
	N'000		N'000
Balance b/d (1/4/2015)	920	Electricity	540
Subscriptions	1,040	Expenses of annual fete	620

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Donations	1,000	Expenses on dance	540
Sales of tickets for annual fete	1,180	Cleaners' wages	1,040
Sales of dance tickets	1,340	Printing and Stationery	100
		Repairs	280
		Insurance	240
		Balance c/d	<u>2,120</u>
	<u>5,480</u>		<u>5,480</u>
Balance b/d	2,120		

The records of the secretary revealed additional information as follows:

- (i) Subscriptions received included an amount in arrears for the previous year, ~~₦~~40,000 was in arrears for the current year.
- (ii) Repairs outstanding amounted to ~~₦~~60,000.
- (iii) Annual insurance premium of ~~₦~~240,000 was paid for the period to 30 June 2016.
- (iv) 10% depreciation is to be written-off the balance as at 31 March 2015 of Furniture and fittings.

Required:

- a. A statement showing the Accumulated Fund as at 1 April 2015.
(3½ Marks)
- b. The Income and Expenditure Account for the year ended 31 March 2016.
(9 Marks)

(Total 12½ Marks)

QUESTION 6

Many companies are designing computer application packages for routine usage.

You are required to:

- a.
 - i. List **FIVE** of such packages
(5 Marks)
 - ii. Give **TWO** examples of each of the listed packages
(5 Marks)

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- b. i. List **TWO** types of data used in a payroll sub-system
(1½ Marks)
- ii. State **TWO** transaction data items in a Sales Ledger sub-system
(1 Mark)
- (Total 12½ Marks)**

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SUGGESTED SOLUTIONS

MULTIPLE CHOICE QUESTIONS (MCQ)

1. D
2. A
3. B
4. C
5. B
6. D
7. A
8. A
9. D
10. C
11. D
12. C
13. B
14. E
15. B
16. D
17. C
18. D
19. E
20. B
21. B
22. A
23. A
24. C
25. C
26. D
27. B
28. C
29. A
30. D

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WORKINGS

3 and 4

	Le
Inventory at start	20,000
Purchases	
800,000	
Carriage inwards	<u>802,700</u>
<u>2,700</u>	
	822,700
Inventory at close	<u>(18,000)</u>
Raw Materials consumed	804,700
Direct labour	<u>75,000</u>
Prime cost	<u>879,700</u>

5. $\frac{\text{raw materials consumed}}{\text{prime cost}} \times 100$

= $\frac{804,700}{879,700} \times 100$

= 91.47%

	N
6. Cash sales	500,00
	0
Capital introduced	385,00
	0
Rent Received	
	<u>5,000</u>
Total Receipts	890,00
	0
Deduct: Outgoings	
Purchases 200,00	
	0
14. Balance as per in the petty cash book is:	
Rent paid	25,000
Stationery	<u>3,000</u> <u>228,00</u>
	0
Balance c/f	<u>662,00</u>
	0

	N	N
Main Cashier Reimbursed		50,000

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Less: Postages	12,50	
	0	
Stationeries	16,50	
	0	
Motor repairs	<u>8,000</u>	<u>37,000</u>
Balance c/fwd		<u>13,000</u>

15. Amount reimbursable by main cashier

	₦
Postages	12,500
Stationeries	16,500
Motor Repairs	<u>8,000</u>
Total expenditure to be reimbursed	<u>37,000</u>

22. Mark-up = 25%

$$\text{Margin} = \frac{25}{100 + 25} = \frac{25\%}{125\%} = 20\%$$

∴ Cost of sales = 100% - 20% = 80%

80% of ₦8,000,000 = ₦640,000

25.

	GH¢
Receivables at the beginning of the year	700,000
Credit sales for the year	<u>1,200,000</u>
	1,900,000
Deduct:	
Receivables at close of the year	<u>1,000,000</u>
Total amount collected	<u>900,000</u>

Examiner's Report

The Multiple Choice Questions are well structured and adequately spread across the syllabus. However, question 28 was considered somewhat ambiguous and has consequently been reframed to read "The following affects the agreement of the Trial Balance EXCEPT". All candidate attempted questions in this section as required and close to 90% of the candidates scored above the average mark, regardless of the defective question 28.

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SHORT ANSWER QUESTIONS (SAQ)

1. Sole Proprietorship
2. Naked Debenture
3. Materiality concept
4. Bank pay-in-slip or Deposit Slip
5. Database
6. Credit balance
7. Statement of Financial Position
8. ₦21,600
9. Partnership Deed/Agreement
10. ₦175,000
11. Insolvency Service
12. Savings Account and Fixed Deposit
13. Electronic Fund Transfer at Point of Sale (EFTPOS)
14. Transfer Pricing
15. Commission on Turnover (COT)
16. Objectivity Concept
17. Demand Deposit
18. Margin
19. GH¢1,570 (Overdraft)
20. L\$179,000

Workings:

8. Electricity Bill - Le 72,000
Sharing ratio factory, Office, marketing 5:2:3
Marketing Share = $\frac{3}{10} \times \text{Le}72,000$
= Le21,600

10. Total asset = Owner's Stake + Liabilities
Let x represent owner's stake

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Therefore,

$$\text{Le}250,000 = x + 75,000$$

$$\text{Le}250,000 - 75,000 = x$$

$$\text{Le}250,000 - 75,000 = \text{Le}175,000 \text{ (Owner's stake)}$$

19.		GH¢
	Cash Receipts	92,770
	Cash payments	<u>(87,000)</u>
	Surplus for	5,770
	period	
	Balance on hand	<u>(4,200)</u>
	Balance b/f	<u>1,570</u>
	(OD)	

20.		L\$
	Capital	265,000
	31/12/2015	
	Add	
	Drawings	<u>104,000</u>
		369,000
	Less:	
	Capital January 1,	<u>190,000</u>
	2015	
	Profit for year	<u>179,000</u>

Examiner's Report

The short answer questions (SAQs) are both straightforward and unambiguous and are also within the level of candidates' understanding from their studies of the syllabus. They are well structured and spread. All candidates attempted the questions as required and not less than 60% of the candidates scored average mark.

Overall, candidate's performance in the first part of the paper is average.

ESSAY QUESTIONS

SOLUTION TO QUESTION 1

- a. Ethics represent a set of moral principles, rules of conduct, or values.

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Ethics apply when an individual has to make a decision from various alternatives regarding moral principles. Indeed, all individuals and societies possess a sense of ethics in that they have some sort of agreement as to what right and wrong are.

The nature of the work carried out by accountants requires a high level of ethics. This is because many users of the financial statements prepared by accountants rely heavily on them to make informed decisions about their investments. Accountants- (members and registered students) have a duty, therefore, to achieve the highest standards of conduct and integrity and to uphold the good standing and reputation of the profession.

- b. (1) Cash includes cheques, money order, coins and paper money that a bank will accept for immediate deposit from a customer.

A good internal control over cash will help management to achieve the following objectives

- i. There will be accurate accounting for cash transactions
- ii. Provision of adequate amount of cash at all times for the entity's operations
- iii. There will not exist excessive idle cash which could be invested in profitable ventures.
- iv. Losses of cash from fraud and theft is avoided
- v. Employees will be saved from unnecessary suspicion and harassment that result from losses of cash through fraud or theft

- (2) In order to have a good internal control over cash, the following measures could be taken by management in handling cash.

- i) Cash must be deposited daily in the bank
- ii) All payments (except for petty cash transactions) should be made by cheque.
- iii) Establish a good system of internal check by separating the function of receiving cash from that of maintaining records of cash.
Each of the functions should be performed by different persons

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- iv) A cash register should be kept for all cash receipts. At the end of each day the amount in the register should be compared with the physical cash.
- v) Before payments are made, they should be checked and approved by responsible Officers.
- vi) The function of approving payment must be separated from the function of signing cheques.
- vii) Carbonised receipts must be issued for all cash sales and other cash receipts.
- viii) When payment is made for a transaction the invoice and all other supporting documents relating to the transaction should be stamped “paid” with date so that payment will not be made for a transaction twice.

Examiner’s Report

- a. Candidates are tested on their understanding of the meaning of ethics to an accountant in 1(a). Most candidates appeared to have no idea of what ethics is all about either as a concept or as it relates to the accountant. On the average, above 50% of the candidates attempted this part of the question but were not able to produce satisfactory definition of ethics. Candidates are expected to study the solution in the insight in case a similar question is asked in future. The general performance was below average.
- (b) Part (b) of the question tested candidates on internal control objectives over cash and measures to secure an entity’s cash. While candidates appeared to appreciate the objectives of instituting internal control measures over cash, they could not give sufficiently good measures that can support the objectives. The overall candidates’ performance can best be described as average.

SOLUTION TO QUESTION 2

- b. Sources of Information for Control Accounts
 - i. Trade receivables account
 - ii. Trade Payables account

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- iii. Returns Inwards account
- iv. Returns Outwards account
- v. Dishonoured cheques
- vi. Bills payable accounts
- vii. Bills receivable accounts
- viii. Cash book
- ix. Sales day book
- x. Purchases day book
- xi. Discounts received account
- xii. Discounts allowed account

c.

Adamu Trading Company

40, Freeman Avenue, Kano

Statement of Account for January, 2016

Date of Invoice	Details	Credit Note No	N	N	N
January					
2	Goods	526	2,300,000		2,300,000
9	Goods	589	1,620,000		3,920,000
16	Payment	cheque		2,500,000	1,420,000
25	Credit Note	1376		60,000	1,360,000

Amount due on January 31,2016 ₦1,360,000

Examiner's Report

Question 2(a) is on control accounts, a very familiar topic to many candidates. This part requires candidates to state six sources from which information for drawing control accounts are obtained. About 70% of the candidates attempted this question and scored the average mark. A few candidates were however unable to give satisfactory sources.

The part (b) of the question required candidates to prepare a simple Trade Receivables Statement from a few transactions. As simple as the

INSIGHT

question is, about 50% of the candidates who attempted the question were drawing ledger accounts instead of the required statement of account. This is definitely unacceptable and such candidates lost very valuable marks. Candidates are to be mindful of answering questions in the form and format required by the examiner always

SOLUTION TO QUESTION 3

SEME ENTERPRISES

CASH BOOK

Three Column Cashbook for the month of July 2016

Date	Particular	Disc. Allowed	Cash	Bank	Date	Particular	Discount Received	Cash	Bank
2016		Le'000	Le'000	Le'000	2016		Le'000	Le'000	Le'000
Jul-01	Capital			960	Jul-04	Purchases			32,760
Jul-10	Sales		576	60,000	Jul-11	Trade Payable	384		18,120
Jul-11	Bank (c)		2,400		Jul-11	Cash (c)			2,400
Jul-12	Sales		20,538		Jul-12	Wages		600	
Jul-14	Trade Receivable.	960		47,040	Jul-14	Purchases		23,000	6,000
Jul-22	Sales		65,400		Jul-24	Trade Payable			32,400
					Jul-31	Trade	120		

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						Payable			
		—			Jul-31	Balance c/d		65,314	16,320
		960	88,914	108,000			504	88,914	108,000
Aug. 1	Bal. b/d		65,314	16,320					
Discount Received Account									
				Le'000					Le'000
Jul-31	Balance c/d			504	Jul-31	Cashbook- Sundry Trade Payables			504
					Aug. 1	Balance b/d			504
Discount Allowed Account									
				Le'000					Le'000
Jul-31	Cashbook -Sundry Trade Receivables			960	Jul-31	Balance c/d			960
Aug. 1	Balance b/d			960					

Examiner's Report

This question has tested candidates on their ability to prepare a normal three-column cash book with only one 'contra' entry. Again, this is a very familiar topic to most candidates as this is supposed to be their basic area of competency at this level. As expected, over 90% of the candidates attempted the question, but sadly enough, over 50% of the candidates scored below the average mark, their major pitfalls included:

- (i) failure to post the correct figures into the cash book as the question was in millions but candidates made their postings in thousands. This is a very critical mistake in the approach of the candidates to writing a financial accounting paper.
- (ii) failure to fully grasp the basic double entry principle in the preparation of a cash book.
- (iii) failure to prepare the cash book in columnar form and not just lumping all postings (discount, cash and bank) into a single column.
- (iv) making postings in the reverse order/posting debit entries on the credit side and vice versa.

SOLUTION TO QUESTION 4

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a. Uses of the Journal

The journal is used for the following:

- i. Opening and closing entries
- ii. Transfer from one account to the other
- iii. Purchases and sales of non-current assets on credit.
- iv. End of period adjustments
- v. Correction of errors.

b. CORRECTING JOURNAL ENTRIES FOR THE YEAR ENDED 31 DECEMBER, 2015

(i)	PARTICULARS	DR GH¢	CR GH¢
	Sales Account Disposal of equipment a/c Being proceed from sale of equipment credited to sales a/c in error, now reversed	550	550
	Suspense a/c Statement of profit or loss (Purchases a/c) Being overcast of purchases day book, now corrected	600	600
	Drawings a/c Purchases Account Being private purchases of the owner of the business, posted to purchases a/c in error, now reversed	1,150	1,150
	Statement of profit or loss (Bank charges a/c) Suspense a/c Being omission of bank charges recorded on the cash book, from bank charges a/c, now corrected	380	380
	Suspense a/c	2,700	
	Trade receivables- (Benue) a/c Being sales of goods of GHC 6,900 to Benue, recorded in his account as GHC 9,600, now corrected		2,700

ii)

Suspense a/c

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GH¢			GH¢
Purchases 600		Balance b/f	2,920
Trade receivables- Benue a/c	<u>2,700</u>	Bank charges	<u>380</u>
	3,300		3,300

**iii) REVISED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED
31 DECEMBER, 2015**

	GH¢	GH¢	
Net profit as per a/c		113,700	
Add:			
Purchases day book overcast	600		
Private purchases in business purchases	<u>1150</u>	1750	
		<u>115,450</u>	
Less:			
Proceed from sale of equipment			
Credited to sales	550		
Bank charges omitted	<u>380</u>	930	
ADJUSTED NET PROFIT FOR THE YEAR		<u>114,520</u>	

Examiner's Report

This question tested candidates on the Journal, its uses and preparation to correct identified errors. Following from this, candidates were also tested on their ability to prepare a suspense account to clear the errors from the books. A revised profit or loss statement was also required to be prepared by the candidates. Indeed, the question has been well packaged to test candidates' ability to perform double entry operations successfully.

Not less than 80% of the candidates attempted the question. About 50% of the candidates scored the average mark while many others exhibited complete lack of mastery of the topic. The usual errors include:

- (i) putting the credits before the debits;
- (ii) transposing the entries in the accounts; and
- (iii) omitting to provide narrations

Candidates were not able to prepare a revised profit or loss figure as they could not appreciate the effects the errors have on profit. Candidates are advised to study the solution provided in the Insight in case they are required to perform a similar exercise in future examinations.

INSIGHT

SOLUTION TO QUESTION 5

FASHION LADIES CLUB

a. Accumulated fund as at 1st April, 2015

	N'000
Furniture and Fittings	3,000
Insurance prepaid	40
Subscription in arrears	60
Bank balance	<u>920</u>
	4,020
Less Liabilities: Subscription in advance	<u>160</u>
Accumulated fund 1/4/2014	<u>3,860</u>

b. FASHION LADIES CLUB

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

	N'000	N'000
INCOME		
Subscription (W1)		1,180
Donations		1,000
Annual Fete (W2)		560
Dance (W 3)		<u>800</u>
		3,540
Expenditure		
Depreciation on Furniture & Fittings (10% x 3000)	300	
Insurance (W4)	220	
Electricity	540	
Cleaners wages	1040	
Printing & Stationery	100	
Repairs (W5)	<u>340</u>	<u>2,540</u>
Surplus of income over expenditure		<u>1,000</u>

ATSWA PART I MARCH 2017 DIET

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Workings

1.	Subscription account			
	N'000		N'000	
Bal b/d	60	Bal b/d	160	
Income & expenditure	1180	Bank	1,040	
	<u>1,240</u>	Bal c/d	<u>40</u>	
Bal b/d	40		<u>1,240</u>	

2.	Annual Fete Account			
	N'000		N'000	
Bank	620	Bank	1,180	
Income & expenditure	560			
	<u>1,180</u>		<u>1,180</u>	

3.	Dance Account			
	N'000		N'000	
Bank	540	Bank	1,340	
Income & expenditure	800			
	<u>1,340</u>		<u>1,340</u>	

4.	Insurance Account			
	N'000		N'000	
1/4/15 Bal b/d	40	Income & Expenditure	220	
31/3/16 Bank	240	Bal c/d	60	
	<u>280</u>		<u>280</u>	

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1/4/ 16 Bal b/d 60 |

5. Repairs Account		N'000	N'000	
31/3/16	Bank	280	Income & Expenditure	340
31/3/16	Bal c/d	60		
		<u>340</u>		<u>340</u>
			1/4/ 16 Bal b/d	60

Examiner's Report

This is a question on preparation of the Income and Expenditure account of a not-for-profit entity. Candidates are no doubt very familiar with the topic. They are required to prepare the opening statement of affairs and the Income and Expenditure account for the year. At least, 60% of the candidates attempted the question but disappointingly scored below the average mark. The question is expected to be a mark booster, but alas, it was not. Prima facie conclusion is that candidates are ill-prepared before entering for the examinations. The following common problems could be identified:

- (i) Candidates could not clearly distinguish between assets and liabilities at start for purpose of determining the opening Accumulated Fund.
- (ii) Income and Expenses were transposed. Some candidates even recorded assets and liabilities in the Income and Expenditure account.
- (iii) Not following the principles of double entry in the working ledgers.

SOLUTION TO QUESTION 6

- a (i) Computer application packages for routine usage by companies include:
- Word processing packages

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INSIGHT

- Spread sheets packaging
- Database management system packages
- Accounting packages
- Desktop publishing
- Banking Application
- Antivirus packages

(ii) Examples of the above listed packages include:

- Word processing; MS word, Wordstar, Word Perfect, Multivale
- Spread sheet; MS Excel, lotus 1-2-3, super cale, Qualto Pro, Symphony
- Data base Management System: Fox pro, Data base I-IV, Oracle, Clippers Sybase
- Accounting packages, Oracle, Peach Tree, Sage, Tally
- Desktop Publishing, Page maker, Corel Draw, Paintbrush, Harvard Graphics, Ms Power point, PageMaker, AutoCAD
- Banking Application, Globus Finacle, Flexcube, Bank master
- Anti virus packages, MacAfee, Norton Antivirus, Samdav, DR Solomon

b(i) Types of data being used in a payroll sub system are:

- Master data e.g employee pay, grade level, name of bank account etc rates of pay, details of deduction
- Transaction data, gross pay to date, overtime hours done, tax to date, pension contribution etc

(ii) Transaction data items in a sales ledger sub-system, quantity of order, selling price relating to items sold to customers, current discount allowed based on sales volume.

Examiner's Report

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This is a question that tested candidates' knowledge of computerized accounting systems, particularly accounting packages and types of transaction data. Not more than 20% of candidates attempted the question and more than half of them performed below average. This is an indication that candidates know next to nothing about the computerized accounting system. Candidates and their tutors are therefore enjoined to pay more attention to this particular area of the syllabus. The ICAN ATSWA Study Text should be a reference material that can assist candidates in this regard.

FINAL REMARK

Candidates are yet to heed the advice of the examiner such as the following:

- (i) Being mindful to use the appropriate currency denomination as given in the question e.g. ₦'000.
- (ii) Refraining from writing answers in pencil.
- (iii) Not answering questions strictly according to the required form and format, e.g. if a statement is required, a ledger presentation will definitely be marked wrong.
- (iv) Starting the answer to a question on one page and continuing the same question many pages ahead.

From all indications, candidates are ill-prepared for the examination. They should be aware that Book-keeping and Accounts is different from other essay subjects and that the mastery of principles is very essential for success in the subject. More time and efforts should therefore, be given to the study of the subject during the time they are preparing for the examinations.

Building a good foundation in the subject at this level will certainly be rewarding at higher levels.

INSIGHT

AT/171/PI.2 ASSOCIATION OF ACCOUNTANCY BODIES IN WEST
AFRICA

ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA

PART I EXAMINATIONS – MARCH 2017

ECONOMICS

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(30 Marks)

ATTEMPT ALL 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 view that economics is “An enquiry into the nature and causes of the wealth of Nations” was expressed by
 - A. Alfred Marshall
 - B. Adam Smith
 - C. David Ricardo
 - D. Lord Lionel Robbins
 - E. Thomas Malthus

2. Which of the following is a feature of a Capitalist economy?
 - A. Public ownership of resources
 - B. Absence of freedom of choice
 - C. Private ownership of resources
 - D. Central allocation of resources
 - E. Private and public ownership of resources

3. If an individual spends all his income on only **TWO** goods X and Y, the price consumption curve for good Y can be derived by varying
 - A. Money income
 - B. The price of good X
 - C. The taste of the consumer
 - D. The price of good Y
 - E. The price of goods X and Y

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4. If the supply and demand functions of a commodity are $Q_s = 9 + 4P$ and $Q_d = 24 - P$ respectively. What will be the equilibrium price?
- A. L\$9.00
 - B. L\$8.00
 - C. L\$6.00
 - D. L\$5.00
 - E. L\$3.00
5. The expression that gives the range of numerical coefficients (E_d) for price elasticity of demand is
- A. $E_d = 0$
 - B. $E_d = 1$
 - C. $E_d = \alpha$
 - D. $0 \leq E_d \leq \infty$
 - E. $1 > E_d > \alpha$
6. Marginal utility equals to zero where
- A. Total utility is at the lowest point
 - B. Total utility equals zero
 - C. Average utility and marginal utility intersects
 - D. Total utility is at its maximum
 - E. Average utility is at its maximum
7. In the long-run,
- A. All costs are fixed
 - B. All costs are variable
 - C. Variable costs equal fixed costs
 - D. Fixed costs are greater than variable costs
 - E. Fixed costs are less than variable costs
8. Which of the following statements correctly defines Average Product (AP)?
- A. Output achieved per worker
 - B. Output generated by the firm's workforce
 - C. Extra output contributed by additional worker employed
 - D. Total output of some of the workers
 - E. The percentage of the output sold
9. In the short-run, which of the following cost curves is horizontal in nature?
- A. Average Cost (AC)
 - B. Marginal Cost (MC)

INSIGHT

- C. Total Fixed Cost (TFC)
 - D. Total Cost (TC)
 - E. Total Variable Cost (TVC)
10. Which of the following is **NOT** an advantage of division of labour?
- A. Increase in total product
 - B. It saves time
 - C. It increases the risk of unemployment
 - D. Improvement of workers skills
 - E. Increase in production efficiency
11. An example of primary production activities is
- A. Furniture making
 - B. Production of shoes
 - C. Distribution of bread for consumers
 - D. Production of legal services
 - E. Planting of rice
12. The profit maximisation condition that Price = Marginal Cost = Marginal Revenue ($P = MC = MR$) applies to
- A. Monopoly firms
 - B. Perfectly competitive firms
 - C. Oligopoly firms
 - D. Monopolistic firms
 - E. Firms in all types of industries
13. There is a clear cut mutual interdependence with respect to price-output decisions between sellers in
- A. Pure monopoly
 - B. Monopolistic competition
 - C. Oligopoly
 - D. Pure competition
 - E. Monopoly
14. The difference between personal income and personal disposable income is
- A. Depreciation
 - B. Personal savings
 - C. Net national product
 - D. Investment expenditure
 - E. Personal income tax
15. Given that the 1990 nominal GNP is ₦54,000, while the 1990 real GNP at 1984 prices is ₦30,000; what is the GNP price index for 1990?

INSIGHT

- A. 1.8 percent
 - B. 55.56 percent
 - C. 80 percent
 - D. 100 percent
 - E. 180 percent
16. In a closed-economy, the sum of Marginal Propensity to Save (MPS) and Marginal Propensity to Consume (MPC) is
- A. Between zero and 1
 - B. Equal to one
 - C. Less than one
 - D. Greater than one
 - E. Equals to zero
17. Which of the following is **NOT** a feature of money?
- A. Acceptability
 - B. Divisibility
 - C. Portability
 - D. Measureability
 - E. Durability
18. Commercial banks perform all but **ONE** of the following functions
- A. Acceptance of deposit
 - B. Discounting bill of exchange
 - C. Issue and distribution of currency
 - D. Grant overdraft to their customers
 - E. Pay on behalf of the customers
19. The amount of money that the public is willing to hold during a given period of time is called
- A. Demand for money
 - B. Supply of money
 - C. Quasi- money
 - D. Deposit money
 - E. Optimum quantity of money
20. A document containing statements of intended expenditure and expected revenue of the government for a period of time is called
- A. Balance of Payments Statement
 - B. Balance Sheet Statement

INSIGHT

- C. Public Budget
 - D. Development Plan
 - E. Profit or Loss Account
21. Mrs. John earns ₦160,000 and pays ₦40,000 as tax, while Mr. Japado earns ₦240,000 and pays ₦60,000 as tax. This form of taxation is called
- A. Progressive Tax
 - B. Regressive Tax
 - C. Personal Income Tax
 - D. Petroleum Profit Tax
 - E. Proportional Tax
22. Which of the following is an example of direct taxes?
- A. Poll tax
 - B. Import duties
 - C. Export duties
 - D. Value Added Tax (VAT)
 - E. Excise duties

INSIGHT

23. A good tax system should conform to the following principles **EXCEPT**
- A. Inequality
 - B. Certainty
 - C. Convenience
 - D. Flexibility
 - E. Economy
24. The unemployment type associated with the period of economic recession is
- A. Frictional
 - B. Cyclical
 - C. Structural
 - D. Voluntary
 - E. Seasonal
25. Inflation caused by excess of money in the hands of individuals and firms in the economy is
- A. Demand - Pull
 - B. Cost - Push
 - C. Demand - Push
 - D. Spiral
 - E. Hyper - Inflation

INSIGHT

26. Which of the following measures **CANNOT** be used to solve unemployment problem?
- A. Population control
 - B. Labour intensive technique
 - C. Promoting rural-urban migration
 - D. Expansionary fiscal policy
 - E. Foreign Direct Investment Drive
27. Economic growth is a sustained
- A. Increase in employment
 - B. Increase in money supply
 - C. Efficient resource allocation
 - D. Increase in per capita output
 - E. Increase in population
28. Which of the following countries is **NOT** a member of ECOWAS?
- A. Nigeria
 - B. Ghana
 - C. Togo
 - D. Cameroun
 - E. Burkina Faso
29. When the total receipts on the current and capital accounts exceed total payments on current and capital accounts, we have
- A. Balance of payments surplus
 - B. Balance of payments deficit
 - C. Balance of trade surplus
 - D. Balance of trade deficit
 - E. Terms of trade
30. A member of the World Bank Group whose core functions include provision of insurance services to member countries is
- A. International Finance Corporation (IFC)
 - B. International Development Association (IDA)
 - C. Multilateral Investment Guarantee Agency (MIGA)
 - D. International Monetary Fund (IMF)
 - E. International Bank for Reconstruction and Development (IBRD)

INSIGHT

**SECTION A: PART II SHORT-ANSWER QUESTIONS
(20 Marks)**

ATTEMPT ALL QUESTIONS

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

1. The limited availability of economic resources relative to society's insatiable desire for goods and services is captured by the concept of.....
2. A type of economic analysis dealing with a statement that reflects people's subjective value judgements belongs to
3. The branch of economics focusing on aggregate economic activities such as national income, employment, level of investment and the general price level is the
4. The ability and willingness of consumers to purchase goods at each alternative price during specified period of time is called.....
5. The difference between what the consumer is willing to pay for a product and what he actually paid at the ruling market price is described as
6. The cross-price elasticity of demand coefficient for goods that are not related to each other is
7. The line which shows the various combination of two goods that a consumer can buy given the unit price of each good is called
8. In the marginal utility theory, demand curve corresponds to curve

INSIGHT

9. The type of market structure in which there are only two sellers of a commodity or service is called
10. The difference between Average Total Cost (ATC) and Average Fixed Cost (AFC) is
11. “There is more than one owner and the business does not have a legal existence separate from the owner”. The form of business organisation described in this statement is.....
12. The reward to an entrepreneur as a factor of production is
13. The ability of a given initial change in planned expenditure to cause a bigger total change in equilibrium national income is known as
14. The situation whereby the equilibrium level of income is less than full employment level of income creates
15. The type of money that has its face value greater than its value as a commodity is otherwise referred to as
16. The type of unemployment associated with people changing jobs is referred to as
17. Company income tax, petroleum profit tax and capital gains tax are examples of
18. The component of balance of payments where transactions on short and long term capital movement are recorded is called
19. An international cartel formed primarily to regulate supplies of oil in the world market and stabilise oil prices is the

INSIGHT

20. Economic growth is a necessary condition for

SECTION B: ATTEMPT ANY FOUR QUESTIONS IN THIS SECTION (50 Marks)

PART 1 MICROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 1

All economic systems deal with human behaviour in the areas of economic needs and they are equally faced with the problems of scarcity and choice.

- a. What do you understand by the basic economic concepts of scarcity and choice? (5 Marks)
- b. Explain briefly how the problems of scarcity and choice are resolved in a market economy, a planned economy, and a mixed economy.

(7½ marks)

(Total 12½ Marks)

QUESTION 2

- a. With the aid of appropriate diagrams, distinguish between 'increase in quantity supplied' and 'increase in supply'. (8 Marks)
- b. Explain the effects of an increase in supply on the market situations of a product with demand remaining unchanged (Use appropriate illustrative diagram). (4½ Marks)

INSIGHT

(Total 12½
Marks)

QUESTION 3

The table below shows a short-run production schedule for a particular firm in Lagos.

Fixed input	No. Of workers	Total Product	Average Product	Marginal Product
3	0	0	-	-
3	1	8	c	8
3	2	28	14	E
3	3	a	18	26
3	4	80	20	F
3	5	100	d	20
3	6	b	18	8
3	7	98	14	G

You are required to:

- Calculate the values for a, b, c, d, e, f, and g. (3½ Marks)
- Using your completed table, plot a graph to show the Total Product, Average Product and Marginal Product curves. (5 Marks)
- Explain briefly the relationship between Average Product and Marginal Product. (4 Marks)

(Total 12½
Marks)

PART II

MACROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

Most people opt to hold some of their assets in the form of cash rather than in other forms such as stocks, bonds, real estate and commodities.

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- a. What are the **THREE** motives for holding money in cash?

(7¹/₂Marks)

- b. Explain **TWO** determinants of demand for money.

(5 Marks)

(Total 12¹/₂
Marks)

QUESTION 5

- a. Explain the difference between Direct Taxes and Indirect Taxes making reference to your country's tax structure.
(5 Marks)

- b. There are various ways by which taxation can be used to further the growth and development processes, especially in a developing economy.

Explain briefly **THREE** uses of taxation in your country.
(7¹/₂ Marks)

(Total 12¹/₂
Marks)

QUESTION 6

The Organisation of Petroleum Exporting Countries (OPEC) was formed as an international cartel to promote the common interests of member nations.

- a. State **THREE** principal objectives of the organization.

(7¹/₂ Marks)

- b. Briefly explain **TWO** major problems facing the organization towards the realisation of its objectives.
(5 Marks)

(Total 12¹/₂
Marks)

INSIGHT

SUGGESTED SOLUTIONS

MULTIPLE-CHOICE

1. B
2. C
3. D
4. E
5. D
6. D
7. B
8. A
9. C
10. C
11. E
12. B
13. C
14. E
15. E
16. B
17. D
18. C
19. A
20. C
21. E
22. A
23. A
24. B
25. A
26. C
27. D
28. D
29. A
30. C

Examiner's Report

The questions in this part of the question paper were drawn from all areas of the syllabus. It is a compulsory part of the paper; hence all the

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candidates attempted the questions. The success rate recorded is about 76%. Effective coverage of the ICAN prepared Study Pack and the recommended textbooks in the syllabus are germane to achieve excellent performance.

SHORT ANSWER

1. Scarcity
2. Normative economics
3. Macroeconomics
4. Effective demand/Demand
5. Consumer surplus
6. Zero
7. Budget line
8. Marginal utility curve
9. Duopoly
10. Average Variable Cost (AVC)
11. Partnership
12. Profit
13. Multiplier Effect
14. A Deflationary gap
15. Token money
16. Frictional Unemployment
17. Direct taxes
18. Capital account
19. Organisation of Petroleum Exporting Countries (OPEC)
20. Economic development

Examiner's Report

This is another compulsory part of the question paper. All the candidates attempted the questions which were also well spread over the

INSIGHT

microeconomics and macroeconomics topics in the syllabus. The success rate recorded is about 64%.

INSIGHT

ESSAY SECTION

SOLUTION 1

- a. In economics, the concept of scarcity refers to the situation whereby resources are limited relative to unlimited human wants. This implies that human desires for goods and services are not only greater than the available productive resources in every society, but are even naturally insatiable.

The concept of choice, on the other hand, refers to the selection of one thing out of a number of items or wants that are simultaneously desired. The necessity of making economic choices with respect to production, consumption, and distribution is created by scarcity. And to make a satisfactory choice requires making a rational decision to recognise what we desire most at any point in time.

Every human society faces the problems of scarcity and choice.

- b.
- (i) In a market economy, resources are owned and controlled by private individuals and firms. The forces of demand and supply (price mechanism) determine how the problem of scarcity is resolved. That is, the problem of what to produce, how to produce and for whom to produce (allocation of resources) are resolved by private individuals and firms. Government only provides law and order to ensure smooth running of the system.
 - (ii) In a planned economy, ownership of resources is surrendered to the state. The problems of what to produce, how to produce and for whom to produce are undertaken by the government. Thus, allocation of resources are centrally planned to maximise social welfare, since individuals and firms have surrendered their freedom of choice to the state.
 - (iii) A mixed economy combines the features of both the market economy and the planned economy. Both the government and private sectors owned and controlled some resources and participated in the allocation of resources. The government undertakes allocation of resources where market forces lead

INSIGHT

to unsatisfactory results, and allow the private sector to operate in other areas.

Examiner's Report

The question tests candidates' knowledge of the basic economics problems of scarcity and choice facing every society and the mechanism of resource allocation in each of the market economy, planned economy and the mixed economy. The question was attempted by about 62% of the candidates with about 54% of them scoring about 50% of the total marks

The common pitfall was the misinterpretation of the question by some candidates as requiring a straight-jacket explanation of the Lionel Robbins' Scarcity definition of economics.

Candidates are advised to read each topic deeply to the point of good understanding

SOLUTION 2

- a. **Increase in quantity supplied.** This refers to a supply of a greater quantity of a commodity as a result of a rise in commodity's own price. It is usually illustrated as an upward movement along the supply curve, such as from point **a** to **b** in Figure 1 below:

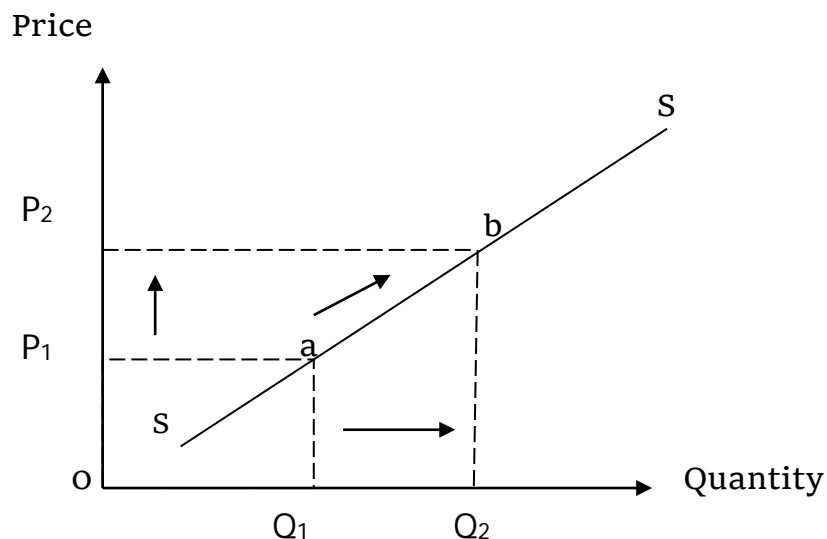


Fig. 1 - Increase in Quantity Supplied

INSIGHT

- b. **Increase in supply**, on the other hand, refers to the supply of a greater quantity while commodity's own price remains unchanged. The causes of increase in supply include: a fall in the price of factors of production; adoption of a new and cheaper technology; a fall in the price of other products of the firm; and so on. It is usually illustrated as rightward shift in the supply curve, such as from S_1S_1 to S_2S_2 in Figure 2 below:

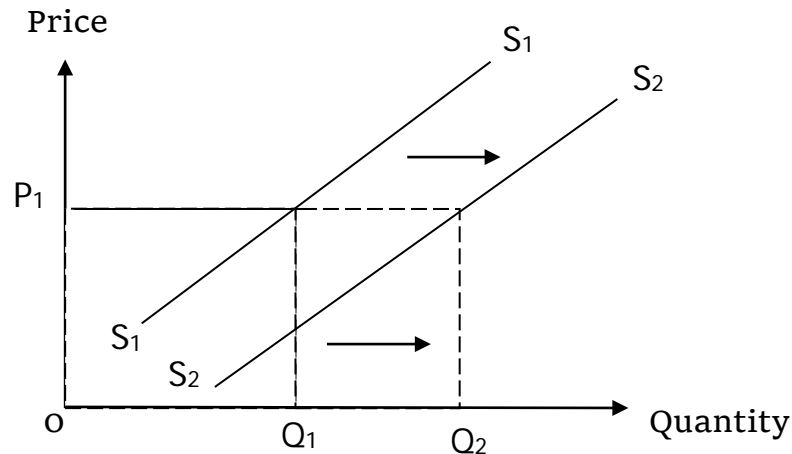
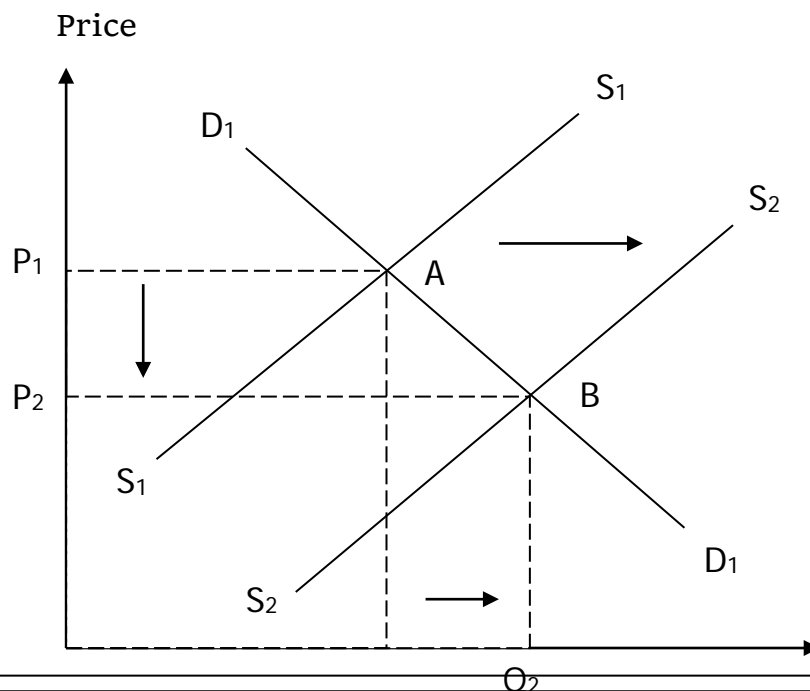


Fig. 2 - Increase in Supply

- b. The effects of an increase in supply of a product with demand remaining unchanged is illustrated in Figure 3 below:



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Q_1

Quantity

Fig. 3 – The Effect of an increase in supply

Initially, the market price and quantity traded on the market are P_1 and Q_1 respectively. Increase in supply is illustrated as a rightward shift in the supply curve from S_1S_1 to S_2S_2 . Thus, the effects are:

- i. A fall in the market price from P_1 to P_2 and
- ii. An increase in the equilibrium quantity (i.e. quantity traded on the market) from Q_1 to Q_2 .

Examiner's Report

Part (a) of the question is specific requiring the explanation and graphic illustration of the difference between 'increase in quantity supplied' and 'increase in supply'. Part (b) requires determination of the seller's or producer's action on the market situation of a normal commodity.

About 72% of the candidates attempted this question with about 55% scoring marks. Those candidates who scored poor marks were those who discussed difference between 'change in quantity supplied' and 'change in supply'

It is important for candidates' to appreciate the importance of demand – and – supply diagram as a basic tool of economic analysis.

SOLUTION 3

a. Given that $AP = \frac{TP}{L}$

$$\therefore a = TP_3 = AP_3 \times L = 18 \times 3 = 54$$

$$b = TP_6 = AP_6 \times L = 18 \times 6 = 108$$

$$c = AP_3 = \frac{TP_1}{L} = \frac{8}{1} = 8$$

$$d = AP_5 = \frac{TP_5}{L} = \frac{100}{5} = 20$$

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INSIGHT

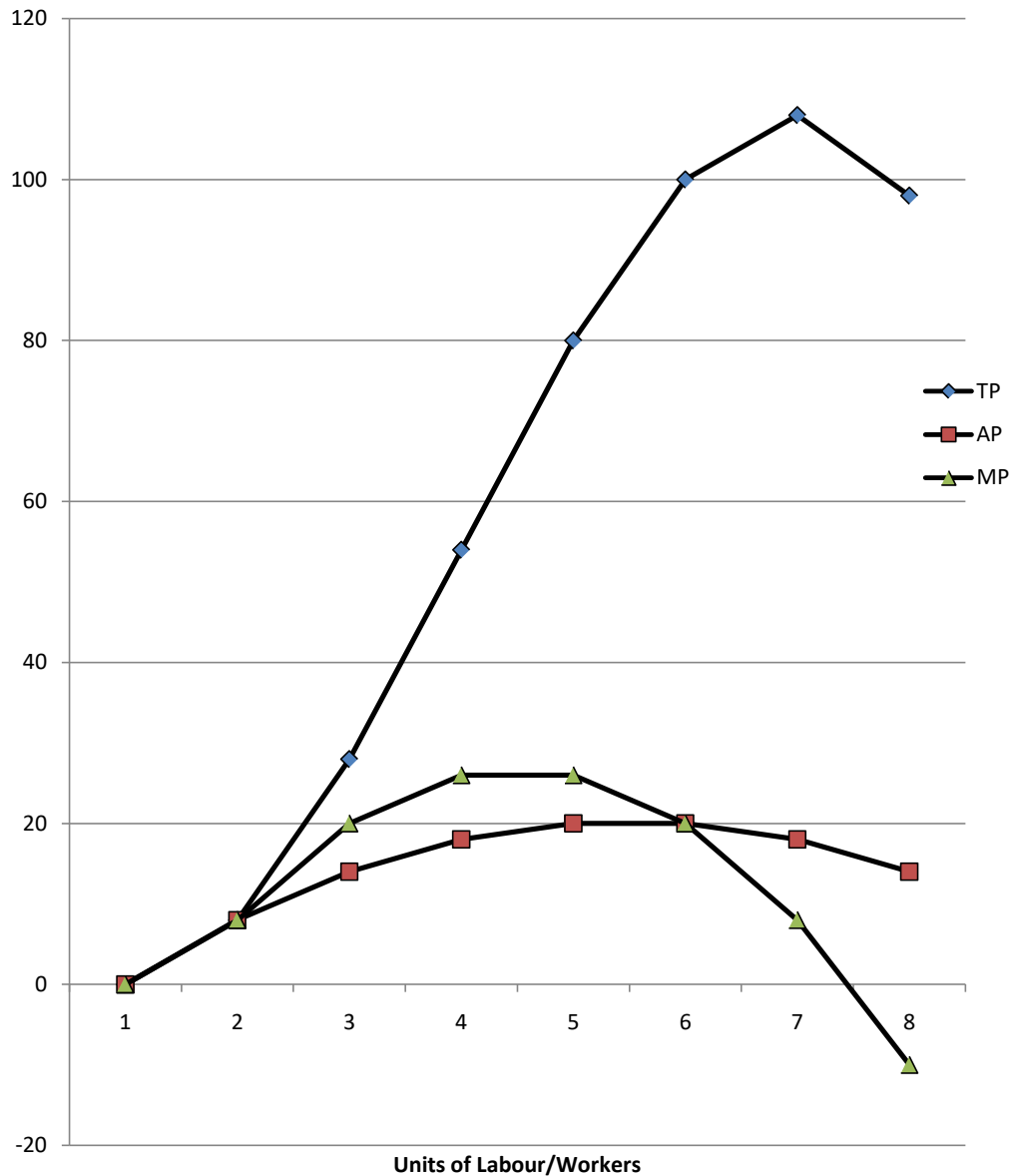
$$e = MP_2 = TP_2 - TP_1 = 28 - 8 = 20$$

$$f = MP_4 = TP_4 - TP_3 = 80 - 54 = 26$$

$$g = MP_7 = TP_7 - TP_6 = 98 - 108 = -10$$

- b. The graph showing the Total Product, Average Product and Marginal Product curves

INSIGHT



- c. The relationships between Average Product (AP) and Marginal Product (MP) as shown in the diagram are:
- When both Marginal Product (MP) and Average Product (AP) are rising, MP rises faster (or greater) than AP.
 - When the AP is at its maximum (when 5 units of workers employed), it is equal to the MP.

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INSIGHT

- iii. When both AP and MP are falling, the MP falls faster (or less than) than the Average Product (AP).

Examiner's Report

The question tests candidates' understanding of the basic concepts of production. Specifically, it requires the calculation and graphical representation of the Total Product (TP), Average Product (AP) and Marginal Product (MP), as well as the explanation of the relationship between AP and MP.

About 80% of the candidates attempted the question and the success rate of about 65% was recorded. Inability of many of the candidates to label the graph properly and explain the relationship between AP and MP led to loss of vital marks. Candidates are advised to always pay attention to the requirements of the questions and provide answers accordingly.

SOLUTION 4

- a. The three motives for holding money in cash as identified by J. M. Keynes (1883 – 1946) are:
 - i. **Transaction motive.** This refers to demand for money as cash balances to meet daily needs and wants such as transport fares, food items, groceries, petrol to run automobiles, and so on.
 - ii. **Precautionary motive.** It is the cash balance maintained for emergencies or unpredictable occurrences. It is usually referred to as the money kept for the rainy day. Such money is kept to take care of sudden illness, car break down, natural disasters, and so on.
 - iii. **Speculative motive.** This is demand for money in cash balances in anticipation of reaping from an investment opportunities, which is about to arise, in preference to financial assets whose prices are falling. For example, if the price of a bond is expected to fall, it is a rational decision to convert it to cash to avoid suffering a financial loss.

INSIGHT

b. The factors determining the demand for money include the following:

- i. **Income.** As income rises, demand for money for various needs also increases. Thus, income and demand for money are directly related.
- ii. **Interest Rate.** As interest rate rises, the quantity of money demanded falls. Rational economic agents will prefer to keep their money to earn interest rather than holding idle cash balances. This means that an inverse relationship exists between interest rate and demand for money.
- iii. **Inflation.** As price rises, during the period of inflation, more money is required to meet the usual needs and wants. Therefore, demand for money increases as inflation rate increases.
- iv. **Credit Availability.** The greater the access to credit facilities, the less the amount of money demanded or held as cash balances.

Examiner's Report

The question is straightforward. It is about the three motives of economics agents for holding money in cash and the determinants as identified in 1936 by J. M. Keynes (1883 - 1946).

About 96% of the candidates attempted the question, while about 73% of them scored pass marks.

SOLUTION 5

- c. **Direct taxes** are taxes levied directly on the incomes of individuals and business organisations. The burden of direct taxes falls directly on the tax payers. Examples include personal income tax, company tax, petroleum profit tax and capital gain tax.

Indirect taxes are taxes levied on goods and services. The burden of taxation falls first on the payers (such as the manufacturers,

INSIGHT

importers or wholesalers) who later pass the burden to the consumers through increase in prices. Examples include, import duties, excise duties and Value Added Tax (VAT).

- d. The uses of taxation include the following:
- i. **To protect infant industries.** Tariffs also known as import duties are levied on imports to protect import substitution industries. For instance, a high tariff on beer will discourage the importation of beer and encourage the consumption of locally produced substitutes. This will create more job opportunities and increase the Gross Domestic Product (GDP) of the economy.
 - ii. **To finance government expenditure.** Taxes are imposed primarily to generate revenue for the financing of its expenditure. Taxes form an important source of government revenue and this revenue goes a long way to finance the government expenditure.
 - iii. **To redistribute income and wealth.** Under the progressive tax system, more money is taken from the rich than the poor. The government uses the money accrual from such taxes to provided public goods such as roads, bridges, hospital, etc., which will be of equal benefit to both the rich and the poor. Government in this way is able to reduce income and wealth inequalities in the economy.
 - iv. **To discourage the consumption of certain goods.** Government can discourage the consumption of non-essential and/or harmful goods either produced locally or abroad. This will increase the prices of affected goods, and hence a fall in demand. High import duties and excise duties can serve this purpose.
 - v. **To correct balance of payment deficits.** A tax on import will, all things being equal, reduce imports and consequently reduce the deficits in the current account of the Balance of Payment (BOP) statement
 - vi. **To manage the economy.** During the period of inflation, government can increase taxes to reduce disposable income and aggregate demand. During economic depression, government can reduce taxes to raise aggregate demand and stimulate economic growth and development.

INSIGHT

Examiner's Report

This question requires the explanation of the distinction between direct and indirect taxes exploring definition, incidence and examples from the tax structure of candidate's country.

About 95% of the candidates attempted the question, while the success rate of about 65% was recorded. Those candidates who failed to go beyond provision of the definitions of direct and indirect taxes were the ones who scored less than 50% of the marks allocated to the question.

SOLUTION 6

- c. The principal objectives of Organisation of Petroleum Exporting Companies (OPEC) are as follows:
- i. To promote oil price stability in international market through periodic review of members' oil-export volume (quota).
 - ii. To co-ordinate and unify the petroleum policies of member countries and determine the best means of safeguarding their interests individually and collectively.
 - iii. To provide an efficient and regular supply of petroleum to consuming nations.
 - iv. To guarantee a fair return on capital to those individuals and corporate bodies investing in the petroleum industry.
 - v. To provide financial assistance to poor non-oil producing countries so as to close the gap between the rich and the poor nations. OPEC Special Fund was established in 1976 in furtherance of this objective.
- d. The major problems facing OPEC are as follows:

INSIGHT

- i. Non-compliance of members to the export quota dictated by OPEC leading to over-production and the decline in petroleum prices and the member nation's revenues.
- ii. The production and market strategies of independent non OPEC oil exporting countries have always tended to undermine OPEC's resolutions.
- iii. Increasing research and development efforts of non-OPEC oil producing nations to find substitutes for oil.
- iv. The gang up of developed countries to disorganise the association.
- v. Increasing new discovery of oil deposits by countries outside OPEC.

Examiner's Report

The question is straightforward. It tested candidates' knowledge of the main objectives of OPEC as an international cartel, as well as the problems militating against its good performance.

Only about 40% of the candidates attempted the question and the success rate recorded was about 36%

INSIGHT

AT/171/PI.3 ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA

ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2017

BUSINESS LAW

Time Allowed: 3 hours

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(30 Marks)**

ATTEMPT ALL 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 businesses of a company are contained in the
 - A. Certificate of Registration
 - B. Company's Bye-laws
 - C. Memorandum of Association
 - D. Articles of Association
 - E. Company's Register

2. Shares rank "pari -passu" means that all the shares
 - A. Are of the same class
 - B. Confer equal benefits on the holders, both in respect of the right to dividend and return of capital
 - C. Eliminate favouritism and god-fatherism among the members of the company
 - D. Confer equal rights on holders of ordinary shares and preference shares if the Articles say so
 - E. Confer special benefits on the company and the members as to ownership and control of the company

3. When the consideration for which shares are issued is lower than the nominal value of the shares, they are said to be issued at
 - A. The floor of the Stock Exchange
 - B. A premium
 - C. A bullish price
 - D. A loss
 - E. A discount

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4. The payment made by each of **TWO** or more insurers in respect of a loss for which they are jointly liable is known as
 - A. Undertaking
 - B. Loss adjustment
 - C. Contribution
 - D. Indemnity
 - E. General insurance
5. Under Insurance Law, the right of the person to stand in the place of another in order to enjoy that other person's right or remedies is
 - A. *Locus standi*
 - B. Substitution
 - C. Subrogation
 - D. Contribution
 - E. Reinsurance
6. The body that has primary power to make written laws in a country is known as
 - A. Jurisprudence
 - B. Parliament/Legislature
 - C. Ombudsman
 - D. Judiciary
 - E. Executive
7. Which of the following is legislation within a country?
 - A. Acts
 - B. Voting
 - C. *Coup de tat*
 - D. Golden rule
 - E. Legal opinions
8. The head of the Supreme Court is
 - A. Chairman of the Supreme Court
 - B. Director of the Supreme Court
 - C. President of the Supreme Court
 - D. Chief Justice of the Nation
 - E. Chief Judge of the Supreme Court

INSIGHT

9. Which of the following is **NOT** a term used in criminal prosecution?
- A. Arraignment
 - B. Taking of plea
 - C. Sentencing
 - D. Damages
 - E. Imprisonment
10. Which of the following is **NOT** an obligation of the owner under a Hire Purchase agreement?
- A. Duty to deliver the hired goods to the hirer
 - B. Possession of good title to the goods
 - C. Duty to keep the goods fit for the purpose for which they are hired
 - D. Duty to allow the hirer enjoy quiet possession of the hired goods
 - E. Duty of the owner to maintain the goods in good condition and repair during the period of the hire
11. A hire purchase agreement may **NOT** be terminated by
- A. Due performance
 - B. Subsequent agreement
 - C. Breach and repudiation by hirer
 - D. Non-payment of instalments
 - E. Frustration
12. A false statement of fact made honestly but carelessly is known as
- A. Negative statement
 - B. Negligent mis-statement
 - C. Necessary statement
 - D. Honest statement
 - E. Irresponsible statement
13. Which of the following is **NOT** an essential element of a contract?
- A. Estoppel
 - B. Offer and acceptance
 - C. Consideration
 - D. Intention to create legal relations
 - E. Legal capacity
14. Which of the following contracts is an infant **NOT** liable for?
- A. Contract for necessities
 - B. Apprenticeship contracts

INSIGHT

- C. Contract for educational advancement
 - D. Contract for purchase of ostentatious goods
 - E. Contract for medication
15. A fundamental breach of contract will **NOT** occur **EXCEPT** when
- A. A party is carrying out the contract in its essential respects
 - B. There is failure by one party to perform a primary obligation which has the effect of depriving the other party of the benefit from the contract
 - C. The right of an injured party to repudiate a contract is guaranteed
 - D. A party relies on exemption clauses inserted in the contract for his benefit
 - E. A party is not entitled to protection under an exemption clause
16. Which of the following is **NOT** a void contract in common law?
- A. Contract to oust the jurisdiction of the courts
 - B. Contract prejudicial to the sanctity of marriage
 - C. Contract impeding parental duties
 - D. Contract in restraint of trade
 - E. Contract entered into by a party who lacks capacity
17. Discharge of a contract may occur in all of the following ways **EXCEPT** by
- A. Express agreement
 - B. Performance
 - C. Breach
 - D. Frustration
 - E. Decree of specific performance and injunction
18. Which of the following is **NOT** a duty of an agent?
- A. To obey the principal
 - B. To exercise due care and diligence
 - C. To act personally
 - D. To account to the principal
 - E. To make secret profits
19. Agency may be created in any of the following ways **EXCEPT** by
- A. Necessity
 - B. Disclosure

INSIGHT

- C. Ratification
 - D. Estoppel
 - E. Agreement
20. If the subject matter or the specific object needed to perform a contract is destroyed, the contract is said to be discharged by
- A. Cancellation
 - B. Performance
 - C. Frustration
 - D. Agreement
 - E. Breach
21. Under a sale of goods contract, 'goods' are classified under the following terms **EXCEPT**
- A. Specific goods
 - B. Unascertained goods
 - C. Future goods
 - D. Pledged goods
 - E. Existing goods
22. The consideration in a sale of goods contract is
- A. Specific goods
 - B. Barter
 - C. Price
 - D. Sales
 - E. Business
23. An employee owes his employer the following duties **EXCEPT**
- A. Duty of obedience
 - B. Duty of cooperation
 - C. Duty of care
 - D. Duty of honesty
 - E. Duty of infidelity
24. In a general partnership, all partners have implied authority to do all of the following **EXCEPT**
- A. Give valid receipts
 - B. Sign cheques
 - C. Engage and dismiss employees

INSIGHT

- D. Compete with the firm
 - E. Act as the firm's agent
25. Which of the following occurrences will **NOT** result in dissolution of a partnership?
- A. Unanimous change in the partnership business
 - B. Expiration of fixed term of partnership
 - C. Completion of the venture for which partnership is set up
 - D. Bankruptcy or death of a partner
 - E. Supervening illegality of partnership business
26. All the following persons **CANNOT** join in the composition of a body of Incorporated Trustees **EXCEPT**
- A. An infant
 - B. An adult
 - C. A person of unsound mind
 - D. An undischarged bankrupt
 - E. A convict
27. A holder of a bill of exchange has a duty to do all of the following, **EXCEPT**
- A. Mutilate the bill if dishonoured
 - B. Present the bill for acceptance
 - C. Give notice of dishonour to drawer
 - D. Present the bill for payment
 - E. Note and protest the bill when dishonoured
28. A bill of exchange becomes extinguished or discharged in all of the following situations **EXCEPT** when
- A. Paid in due course
 - B. Endorsed to a third party
 - C. Expressly renounced or waived
 - D. Cancelled
 - E. Materially altered
29. A banker's duty of non-disclosure of details of the customer's account ends on the occurrence of the following **EXCEPT**
- A. When the customer's account is closed
 - B. As a result of a court order
 - C. In furtherance of bank's public duty

INSIGHT

- D. In safe guarding bank's own interest
 - E. When authorised by customer
30. A Cheque which time of giving value is delayed to a future period is known as
- A. Post-coded
 - B. Prior-labelled
 - C. Back-dated
 - D. Pre-dated
 - E. Post-dated

SECTION A:PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

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

1. A Law passed by the Parliament or National Assembly/Legislature is called.....
2. The supreme law of the land is
3. An incidental statement made "by the way" by a judge while delivering a judgment of the court is
4. A formal statement made in court in a criminal proceeding by an accused person as a response to the charge made against him is
5. An agreement between two or more persons recognised and enforceable under the law is
6. A term of contract that goes to the root of an agreement, which when breached entitles the aggrieved party to rescind the contract and sue for damages is
7. A contract that has no legal effect is

INSIGHT

8. The remedy for a breach of contract that compels the defaulting party to perform his own side of an agreement is
9. A situation where the principal adopts or approves the acts or contracts that had been done or entered into in his name by his agent is agency by.....
10. The right of the seller to stop delivery of the goods to the buyer for non payment is
11. An agreement involving bailment of goods with an option to buy the goods is
12. The period during which an employer retains the right to confirm or not to confirm the appointment of an employee particularly on the grounds of performance and capability is
13. The contract of insurance under which the insured cannot recover more than his actual loss is
14. A partner who does not participate in managing the partnership but only receives share of profits when it becomes payable is
15. The first meeting of a public company which must be held within six months after incorporation of a company is
16. A person appointed by a member of a company to attend and vote on his behalf at a company meeting is a
17. A person having a legal title to property that he holds for the benefit of the ultimate beneficiaries is a
18. A bill that is payable to a specified person or to his order is
19. The party to whom an instruction is directed to pay another person in a bill is the

INSIGHT

20. The effect of notice of the death of a customer to his banker on the cheque drawn by that customer has the effect of

**SECTION B: ATTEMPT ANY FOUR QUESTIONS
(50 Marks)**

QUESTION 1

- a. Laws of a country originate in various ways, including legislation by Parliament, court decisions and customs.

Required:

Briefly explain Common Law and Equity.
Marks)

(2½

- b. Contracts entered into by parties are agreements that confer benefits on the parties and give rise to legal rights and obligations.

Required:

Briefly explain the term “consideration” in law of contract.
(2 Marks)

- c. John and Amao inherited a dilapidated bungalow from their parents. John renovated the bungalow with the sum of two million naira before informing Amao of the improvement he had done on the property. Amao promised to pay John one million naira later. Amao failed to fulfil the promise after many years. John has come to you for advice

Required:

Advise John of his legal rights, if any.
Marks)

(3

INSIGHT

- d. Insurance policies are taken to insure against losses and the hazards of life generally by persons who have insurable interests in the policies.

Required:

- i. Explain "Insurable Interest" in insurance contracts. (2 Marks)
- ii. Kehinde, a wealthy businessman, intends to take out an insurance policy on the lives of his wife and first son. He has come to you for advice.

Required:

Advise him on the proposed policy on his wife and son. (3 Marks)

(Total 12¹/₂

Marks)

QUESTION 2

- a. i. Obligations are conditions created in a contract, a breach of which may lead to repudiation.

Required:

Briefly explain a 'Condition' in a contract. (2 Marks)

- ii. Uyi who lost his father engaged Aboh, a musician, to play for him during the burial ceremony on 20 November 2009. On the 20 November, Aboh's wife was rushed to the hospital, and he sent one of his band men to perform on his behalf at the ceremony. Uyi was annoyed. After the burial ceremony, Uyi refused to pay Aboh the sum of ₦400,000 agreed upon. Aboh is threatening to sue Uyi.

Required:

Advise Aboh. (3 Marks)

INSIGHT

- b. Kwekwu was appointed an agent by Sandra to market Hollow Red Earth Blocks at a location in Uneme. Kwekwu was paid a commission for his efforts. Unknown to Sandra, Kwekwu made extra money from the engineer at the location without disclosing it to Sandra. Sandra got to know of the extra money that amounted to ~~N~~30,000.

Required:

Advise Sandra.
(5 Marks)

(5

- c. The effect of negligent misstatement is that it is injurious to its victims.

Required:

Briefly explain negligent misstatement.

(2¹/₂ Marks)

(12¹/₂

Marks)

QUESTION 3

- a. Proceedings are commenced in court by the filing of a Charge in criminal cases, and a Writ of Summons in civil matters.

Required:

i. State the parties to a criminal case.
(1 Mark)

ii. Briefly explain a Writ of Summons.

(1¹/₂

Marks)

- b. Mike and Fred formed a company known as Mike and Fred Company Ltd. Aminu engaged the company to clear farm land for him at an agreed sum of Le500,000. The company cleared the farm land as agreed. Aminu refused to pay despite several demands by the company.

Mike and Fred intend to sue Aminu in their individual names

Required:

Advise Mike and Fred.
(5 Marks)

(5

INSIGHT

- c. Akere, the owner of a motorbike, entered into Hire Purchase agreement with Ekpe, the Hirer. The hire price was Le800,000. Ekpe paid Le700,000 instalments out of the hire price before he defaulted. Akere repossessed the motorbike, and Ekpe is aggrieved. Ekpe has come to you for advice.

Required:

Advise Ekpe.
Marks)

(5

Marks)

(Total 12¹/₂

QUESTION 4

- a. Courts are hierarchically arranged from the lowest court to the Supreme Court, the latter being the highest court.

Required:

Briefly explain Judicial precedent.
Marks)

(2¹/₂

- b. Negotiable Instruments are instruments used in commercial transactions.

Required:

State **FIVE** Negotiable Instruments.
Marks)

(5

- c. Mensah is the owner of a Camry car that he bought in 2012. The car was stolen by Kwame who sold it to Agoh for GH¢ Two Million. After payment, Agoh discovered that it was stolen. Four months later, Agoh demanded for the money he paid for the car.

Required:

Advise Agoh.
Marks)

(5

(Total 12¹/₂ Marks)

QUESTION 5

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INSIGHT

- a. i. A Contract of employment is a voluntary relationship between the employer and the employee.

Required:

Briefly explain termination of employment. (2

Marks)

- ii. Jossy Company Limited employed Akin as an Assistant General Manager. An Internal audit revealed that Akin had embezzled Three Million Naira over the years.

A panel headed by the General Manager was set up to investigate Akin and recommended that Akin be dismissed. Akin was summarily dismissed after 15 years of service without any benefit. Akin is aggrieved.

Required:

Advise Akin. (3

Marks)

- b. The Banker/Customer relationship is based on trust.

Required:

- i. State **TWO** exceptions to banker's duty of secrecy. (2
Marks)

- ii. Felix, a longstanding customer of Verywell Bank Limited issued a cheque in the sum of L\$90,000, which was dishonoured for lack of sufficient funds in the account. He complained to his wife, Mary, about the dishonoured cheque. Mary later called the bank manager on phone to ask if Felix's cheque was truly dishonoured because of insufficient funds in his account. The manager confirmed same to her. Felix sued the bank for a breach of duty.

Required;

Advise Felix. (3

Marks)

- c. Partnership may be brought to an end in various ways.

Required:

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Explain the basic effect of dissolution of a partnership. (2¹/₂ Marks)

(Total 12¹/₂

Marks)

QUESTION 6

- a. i. A contract for the purpose of carrying out an illegal enterprise is void.

Required:

State **TWO** types of illegal contracts. (2 Marks)

- ii. Efoh gave ₦1,000,000 to Kai, a Local Government Chairman with the understanding that contracts would be awarded to him. When Efoh was not considered for any contract, he sued the chairman personally to recover the ₦1,000,000

Required:

Advise Efoh. (3 Marks)

- b. In law of contract, a party to a contractual relationship may become released from his obligations in various ways.

Required:

State **FIVE** ways of discharging a contract. (5 Marks)

- c. Trust is a fiduciary relationship.

Required:

Briefly explain Trust. (2¹/₂ Marks)

(Total 12¹/₂

Marks)

INSIGHT

SUGGESTED SOLUTION ON BUSINESS LAW

SECTION A: PART 1

1. C
2. B
3. E
4. C
5. C
6. B
7. A
8. D
9. D
10. E
11. A
12. B
13. A
14. D
15. B
16. E
17. E
18. E
19. B
20. C
21. D
22. C
23. E
24. D
25. A
26. B
27. A
28. B
29. A
30. E

Examiner's Report

The questions cover the entire syllabus. All the candidates attempted them of which 75% passed.

INSIGHT

SECTION A: PART II

1. Statute/Act
2. The Constitution
3. *Obiter dictum*
4. Plea
5. Contract
6. Condition
7. Void
8. Specific performance
9. Ratification
10. *Stoppage in transitu*
11. Hire purchase
12. Probation period
13. Indemnity
14. Limited Partner/Dormant Partner/Sleeping Partner
15. Statutory Meeting
16. Proxy
17. Trustee
18. Order bill
19. Drawee
20. Termination of authority to pay

Examiner's Report

The questions are spread over the entire syllabus. All the candidates attempted them, and 70% of them passed.

SECTION B: SOLUTION TO QUESTION 1

a.

- (i) Common Law consists of unwritten principles and rules of law that evolved from the customs that were common to the people of England.
- (ii) Equity was developed to remedy defects in Common Law with the aim of mitigating the harshness and rigidity of Common Law. There are equitable maxims such as "Equity follows the law". Equitable remedies include specific performance and injunction.

INSIGHT

- b. Consideration is something of value in the eye of the law. It is some right, interest, profit or loss suffered. Consideration could be executed, executory or past consideration. Past consideration is no consideration.

Consideration need not be adequate if accepted by both parties to the contract.

- c. This question is on past consideration in the law of contract. Past consideration is no consideration in law of contract, as it is a promise made after the act has been performed.

John had already completed the renovation and improvement on the inherited bungalow before informing Amao. Amao's promise to pay John one million naira was after the renovation. The consideration promised by John was past consideration, and in law of contract past consideration is no consideration.

John will not succeed in an action to recover one million naira from Amao.

- d(i). As a general rule, a person is said to have insurable interest if he stands to gain in the preservation of a thing or suffer in the loss.
- ii. This case relates to insurable interest in insurance law. Kehinde has insurable interest in his wife's life and in the life of his son.

Thus, Kehinde can take a policy out on his wife and his son.

Examiner's Report

The question tests sources of law, consideration, and insurable interest. 95% of the candidates attempted it, and 60% of them passed. Candidates are advised to study the topics covered harder.

SOLUTION TO QUESTION 2

- ai. Conditions are fundamental terms in a contract, a breach of which may lead to repudiation of the contract and/or claim for damages by the aggrieved party. Conditions may be precedent, subsequent or inherent.

INSIGHT

- ii. The case in question is on whether or not there has been a breach of a vital or fundamental term of a contract known as a condition. A breach of a condition gives an aggrieved party the right to repudiate the contract as well as to sue for damages. Whereas, a breach of a warranty, a less important term, gives the aggrieved party the right to sue for damages only.

In the instant case, the contract required personal performance by Aboh, and his non - appearance owing to his wife's sudden illness should amount to a breach of a condition for which Uyi has the remedy of repudiation. However, considering the fact that Uyi accepted the performance of one of the band boys sent by Abor, the breach would be that of a warranty for which Uyi may be entitled to claim damages only, and not to repudiate the contract.

- b. This question relates to agent's duty not to make secret profit.

In agency, the agent must not make a profit without disclosing same to the principal. If he obtains any gain from his duty, he is to account for the gain to his principal.

Kweku, making a secret profit of ₦30,000 from the location engineer is in breach of his duty of good faith and he is under a duty to account for the monetary gains to the principal.

Sandra will succeed in an action to recover ₦30,000 secret profit from Kweku.

- c. Negligent misstatement is a tort which arises as a result of false statement of fact made carelessly by somebody who possesses special professional skill. It is made with the intention that it would be relied and acted upon by another person. It may constitute a ground for action against the professional. The duty of care against negligent misstatement is limited to where contractual relationship exists for professional advice.

Examiner's Report

The question tests candidates' understanding of condition and warranty in contracts, duty of an agent not to make secret profit, and the implication of negligent mis-statement. 70% of the candidates attempted the question, and 70% of them passed.

INSIGHT

Candidates need to study the area more.

SOLUTION TO QUESTION 3

- a. i. In a criminal case, the parties are the State or Commissioner of Police and The Defendant or Accused person.
- ii. A writ of summons begins a civil action in court, and it is filed by the plaintiff against the defendant. It is endorsed and states the nature of claim as well as the relief sought in the action.
- b. The separate entity of a company is tested here.
The principle of separate entity of a company provides that once a company is incorporated, it becomes a distinct person separate from the shareholders who are its members. It becomes an entity of its own, i.e a juristic person.
It is Mike and Fred Company Limited that is competent to sue Aminu for payment. Mike and Fred are not competent to sue in their individual names.
- c. In hire purchase contract, as a general rule, the owner has right to recover the goods if the hirer defaults or delays in payment of the instalments and the total amount paid is below 60% of the hire purchase price.
Ekpe, the hirer, has paid more than $\frac{3}{5}$ of proportion i.e more than 60% of ₦700,000 out of the ₦800,000 of the agreed price of the motorbike.
The owner cannot therefore recover possession of the motorbike except there is a court order. Ekpe will succeed in action against Akere in court.

Examiner's Report

The question tests candidates understanding of parties to a criminal case, write of summons, corporate personality and repossession of hired

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INSIGHT

goods. 60% of the candidates attempted the question, and 60% of them passed. Candidates need to study harder.

SOLUTION TO QUESTION 4

- a. Judicial precedent means that the decisions of a higher court are binding on the lower courts in any case based on similar or identical facts. This application depends on the fact that the courts concerned are within the same judicial system or hierarchy of courts.

The essential parts *are ratio decidendi* i.e the material facts of the case and the decision reached by the court.

- b. Negotiable instruments are:
- i. Bills of Exchange;
 - ii. Cheques;
 - iii. Promissory Notes;
 - iv. Bearer bonds;
 - v. Bearer debentures;
 - vi. Share warrants; and
 - vii. Dividend warrants;
- c. This case relates to title in sale of goods contract. The law provides that the seller must possess title to the goods under the principle of “*nemo dat quod non habet*”. In this case, Kwame does not have title to the stolen camry salon car. Agoh will succeed in an action to recover his two million naira from Kwame.

Examiner’s Report

INSIGHT

The question tests candidates' understanding of judicial precedent, types of negotiable instruments, and title in sale of goods. 90% of the candidates attempted it, and 80% of them passed.

Candidates should deepen their knowledge of hire purchase and passing of property in sale of goods.

SOLUTION TO QUESTION 5

- a i. Contract of employment may be terminated by notice given by one party to the other party where the contract provides for the period of notice to be given. The termination becomes proper once the notice conforms with the period and stipulated terms in the agreement, particularly in the payment of terminal benefit.
- ii. In a contract of employment, employee may be dismissed summarily if he commits gross misconduct. e.g embezzlement, fraud, criminal offence, immorality, theft, etc.

Akin was dismissed for embezzlement of company's three million naira, which is an act of gross misconduct. When an employee is dismissed, he loses all entitlements

Akin will not succeed if he takes the company to court.

- b. Exception to a banker's duty of secrecy are:
 - i. Where the bank is compelled by order of court;
 - ii. Where the bank's duty to the public justifies disclosure;
 - iii. Where the customer's account is disclosed with the customer's consent or implied action; and
 - iv. The banker's own interest requires disclosure.

INSIGHT

- ii. A bank owes its customer duty of secrecy, which requires confidential relationship between the bank and customer. The bank manager, disclosing to Felix's wife that the account had no fund, is in breach of duty of confidentiality and secrecy owed to Felix. Felix will succeed in an action against the bank.
- c. The basic effect of dissolution of partnership is that the partners lose the power to bind each partner in the firm, except to complete transactions that were outstanding before dissolution.

Examiner's Report

The question tests candidates' knowledge of termination of contract of employment, banker's duty of secrecy and the effects of partnership dissolution.

80% of the candidates attempted the question, and 60% of them passed. Candidates should cover this area in their preparation.

SOLUTION TO QUESTION 6

- a i. The following are illegal contracts:-
 - ❖ Contracts to commit crime or civil wrong;
 - ❖ Contracts involving sexual immorality;
 - ❖ Contracts affecting public safety;
 - ❖ Contracts prejudicial to the administration of justice;
 - ❖ Contracts that tend to promote corruption in public life; and
 - ❖ Contracts to defraud government of revenue;
- ii. Under illegal contract, illegality is indicated by the fact that the act is prohibited by law, or is contrary to public policy.
In this case, Efoh, giving N1,000,000 to Kai, is promoting corruption in public life.

The understanding that Kai would give Efoh contracts is an illegal enterprise. Efoh will not succeed in an action against Kai to recover the one million naira because the action of bribing Kai is illegal, and the court will not enforce an illegal contract.

INSIGHT

- b. Obligations under a contract may be discharged by:
- i. Performance or by completion of purpose;
 - ii. Breach;
 - iii. Frustration or operation of law;
 - iv. Lapse of time where the time is specified; and
 - v. Death of a party;
- d. A Trust is a tripartite relation between a donor/testator/settlor, a trustee, and beneficiary (ies). It is an arrangement in which a settlor transfers property to one or more trustees who will hold the trust property for the benefit of one or more persons who are the beneficiaries. Trust is an equitable obligation binding on the trustee, to deal with the property over which he has control. It is based on the confidence the settlor has in the trustee, and it must describe the use. For a trust to be valid, three certainties must be present, namely certainty of words, certainty of object and certainty of subject matter.

Examiner's Report

The question tests candidates' understanding of illegality in contracts; discharge of contracts and the meaning of trusts.

80% of the candidates attempted the question of which 75% passed.

Candidates should intensify their study.

INSIGHT

AT/171/P1.4
AFRICA

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2017
COMMUNICATION SKILLS**

Time Allowed: 3 hours

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(20 Marks)**

ATTEMPT ALL 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 following are types of listening **EXCEPT**
 - A. Content listening
 - B. Critical listening
 - C. Synthetic listening
 - D. Active listening
 - E. Pro-active listening

2. Which of the following reflects the logical order of the elements of the listening process?
 - A. Receiving, decoding, remembering, evaluating, responding
 - B. Receiving, remembering, decoding, evaluating, responding
 - C. Receiving, remembering, responding, decoding, evaluating
 - D. Responding, decoding, evaluating, remembering, receiving
 - E. Decoding, remembering, receiving, evaluating, responding

3. Which of the following communication involves the use of words?
 - A. Oculesics
 - B. Graphic
 - C. Non-verbal
 - D. Written
 - E. Proxemics

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4. Interdepartmental meeting which promotes interpersonal relationship among group members with various functions is an example of
 - A. Vertical communication
 - B. Diagonal communication
 - C. Horizontal communication
 - D. Formal communication
 - E. Upward communication

5. Which of the following factors will **NOT** interfere with effective communication?
 - A. Unclear objective
 - B. Wrong timing
 - C. Choice of wrong medium
 - D. Giving evidence
 - E. Pre-judgment

6. Which of the following is **NOT** a physical barrier to communication?
 - A. Hooting of horns
 - B. Telephone ringing
 - C. Loud sound from a television set
 - D. Inability to concentrate
 - E. Music from a megaphone

7. Which of these punctuation marks is used to indicate a short pause?
 - A. Colon
 - B. Comma
 - C. Full-stop
 - D. Semi-colon
 - E. Apostrophe

8. "I will not attend the meeting". This is an example of
 - A. Imperative sentence
 - B. Interrogative sentence
 - C. Request

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- D. Command
E. Declarative sentence
9. The exact reproduction of words by another person as used by the speaker is
- A. Indirect speech
B. Proper speech
C. Accurate speech
D. Direct speech
E. Straight speech
10. “Achilles’ heel” means
- A. Extraordinary
B. Strength
C. Worthless
D. Valuable
E. Vulnerability
11. Which of the following does **NOT** show the finite verb?
- A. Tense
B. Mood
C. Aspect
D. Voice
E. Volition
12. Which of the following is **NOT** a modal auxiliary?
- A. Be
B. Can
C. Shall
D. May
E. Will
13. Which of the following is **NOT** a feature of the minutes of a meeting?
- A. Attendance
B. Matters arising
C. Any Other Business
D. Apologies
E. Point of Order

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14. In which of the following documents is the **TRUE** reflection of the proceedings of a formal meeting recorded?
- A. Notice
 - B. Circulars
 - C. Minutes
 - D. Agenda
 - E. Resolution
15. “Yours faithfully”. The quoted phrase is a suitable complimentary close in a(n)
- A. Private letter
 - B. Complimentary card
 - C. Informal letter
 - D. Formal letter
 - E. Undertaking
16. A formal document showing the details of an investigation or study carried out on the instruction of a competent authority is a(n)
- A. Description
 - B. Narration
 - C. Report
 - D. Essay
 - E. Construction
17. Which of the following is **NOT** a type of report?
- A. Analytic
 - B. Periodic
 - C. Progress
 - D. Resolution
 - E. Informative
18. A speaker needs the following to reinforce his speech **EXCEPT**
- A. Audience
 - B. Articulation
 - C. Eye contact
 - D. Facial expressions
 - E. Gestures

INSIGHT

19. Which of the following is **NOT** a characteristic of a good speech delivery?
 - A. Appearance
 - B. Attentiveness
 - C. Immediacy
 - D. Directness
 - E. Conversational quality
20. Vocal effect is derivable from the speaker's proper use of the following **EXCEPT**
 - A. Pitch
 - B. Inflection
 - C. Pace
 - D. Articulation
 - E. Pronunciation

**SECTION A: PART II SHORT-ANSWER QUESTIONS
(20 Marks)**

ATTEMPT ALL QUESTIONS

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

1. Words that are not carefully chosen in the course of a discourse can constitute a communication
2. Any activity that constitutes an obstruction to the achievement of personal or group goals results in
3. The study of movements and gestures is called
4. Letters and memoranda are examples of communication.
5. The pathway through which a message passes to its destination is called

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6. When a speaker quotes the statement of another speaker verbatim, he is said to be making a(n) speech.
7. “Where is your friend”? This expression is an example of a(n) sentence.
8. “**To write the examination**, you must pay your tuition fee.” The underlined expression in this sentence is called a(n).....noun phrase.
9. Words that share the same meaning are. with each other
10. ‘Peace/Piece’, ‘Pair/Pare’ are examples of
11. The process of finding out what the audience already knows about the subject of a speech is called
12. A written composition of considerable length is a(n)
13. During speech delivery, grammaticalportray the speaker as poorly educated.
14. A speaker moving among his audience helps listeners to stay on the speaker.
15. The document which involves a multi-party arrangement where responsibilities and privileges are clearly spelt out is called a(n)
16. A form of letter sent to a large number of people within and outside an organisation is known as
17. Somebody that is given the authority to represent someone at a meeting where one will be unavoidably absent is called a(n)
18. The page containing the name of the author, programme or context within which a report is done and the date is the page.
19. Newspapers and magazines are examples of media of advertising.

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20. A quarterly journal is published times a year.

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SECTION B:

QUESTION 1

COMPULSORY

COMPREHENSION

(30

Marks)

Read the following passage carefully and answer the questions that follow:

Managers get things done through other people. They make decisions, allocate resources and direct the activities of others to attain goals. Managers do their work in an organisation. An organisation is a consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals. On the basis of this definition, manufacturing and service firms are organisations, and so are schools, hospitals, churches, military units, retail stores, police departments, and local, state and Commonwealth government agencies. The people who oversee the activities of others and who are responsible for attaining goals in these organisations are managers (although they are sometimes called *administrators*, especially in not-for-profit organisations).

In the early part of the 20th century, a French industrialist by the name of Henri Fayol wrote that all managers perform five management functions: they plan, organise, command, coordinate and control. Today, we have condensed these to four: planning, organising, leading and controlling.

Since organisations exist to achieve goals, someone has to define those goals and the means by which they can be achieved. Management is that someone. The planning function encompasses defining an organisation's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities.

Managers are also responsible for designing an organisation's structure. We call this function organising. It includes the determination of what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made. Every organisation contains people, and it is management's job to direct and coordinate those people. This is the leading function. When managers motivate employees, direct the activities of others, select the most effective communication channels or resolve conflicts among members, they are engaging in leading.

The final function managers perform is controlling. To ensure that things are going as they should, management must monitor the organisation's performance. Actual performance must be compared with the previously set goals. If there are any significant deviations, it is management's job to get the organization back on track. This

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monitoring, comparing and potential correcting is what is meant by the controlling function.

So, using the functional approach, the answer to the question, ‘What do managers do? is that they plan, organise, lead and control.

All managers are required to perform duties that are ceremonial and symbolic in nature. When the chancellor of a university hands out diplomas at graduation, or a factory supervisor gives a group of high school students a tour of the factory, he or she is acting in a *figurehead* role. All managers also have a *leadership* role. This role includes hiring, training, motivating and disciplining employees. The third role within the interpersonal grouping is the *liaison* role. Mintzberg described this activity as contacting outsiders who provide the manager with information. These may be individuals or groups inside or outside the organisation. The sales manager who obtains information from the company’s quality-control manager has an internal liaison relationship. When that sales manager has contacts with other sales executives through a marketing trade association, he or she has an outside liaison relationship.

(Adapted from Robbins, S P et al Organisational Behaviour – PP 4-7)

- a. How do managers work to achieve set goals? (1 Mark)
- b. What is the difference between early 20th century and early 21st century views of management functions? (2 Marks)
- c. What does the expression “resolve conflicts among group members” mean? (1 Mark)
- d. State the planning functions in **FOUR** short sentences (4 Marks)
- e. How different is the leading function from the controlling function?(3 Marks)
- f. Give the leadership role a manager performs in **FOUR** short sentences (4 Marks)
- g. In terms of form, what sentence types are the following:
 - i. “Managers are also responsible for an organisation’s structure”.
 - ii. “We call this function organising”.
 - iii. “The final function managers perform is controlling”.

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- iv. “If there are any significant deviations, it is management’s job to get the organisation back on track”.
(4 Marks)
- h. The expression “who obtains information from the company’s quality-control manager”:
- i. Is given what grammatical name? (1 Mark)
- ii. What is its function? (2 Marks)
- i. Supply **ONE** word to replace each of the following words as used in the passage
- i. Allocate
- ii. Common
- iii. Comprehensive
- iv. Direct
- v. Select
- vi. Previously
- vii. Deviations
- viii. Perform (8 Marks)

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 2

Read the TWO definitions of communication below and answer the questions that follow.

- (i) “Communication is any means by which a thought is transferred from one person to another”.
- (ii) “Communication is not just the giving of information, it is the giving of understandable information and receiving and understanding the message. Communication is the transferring of a message to another party so that it can be understood and acted upon”.
- a. What kind of communication does (i) describe? (1½ Marks)

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- b. What kind of communication does (ii) describe? (1½ Marks)
- c. Explain the communication process described in (ii) and illustrate with a diagram. (12 Marks)
- (Total 15 Marks)**

QUESTION 3

- a. Supply the missing punctuation marks in the passage below:
Whether or not you are actually talking in a communication situation you are actively involved in sending and receiving message lets say you are lost walking in a big city that is not familiar to you you show others you are confused when you hesitate look around you or pull out a map when you realize you have to ask for directions you look for someone who might help you you dismiss two people because they look like theyre in a hurry you dont ask another one because she looks as though she is from somewhere else like you finally you see a person who looks helpful and you ask for information.
- (5 Marks)

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- b. Analyse the following sentences into main and subordinate clauses
- i. I don't know where he wants me to get the money.
 - ii. The driver whose son was imprisoned was sad.
 - iii. That he will pass the examination is certain.
 - iv. If they arrive early, they will meet us here.
 - v. Had I given the money, he would have squandered it. (10 Marks)

(Total 15

Marks)

QUESTION 4

The Management of the organisation where you are currently a staff has set up an Ad-hoc Committee to investigate an allegation of sexual harassment of a female staff by her supervisor. The Committee has carried out the assignment. As the Secretary of the Committee, write out the report for submission to Management.

(15 Marks)

QUESTION 5

“The choice of the appropriate medium is probably more important in advertising than in any other form of communication”.

- a. State the **TWO** forms of mass media used in advertising. (2 Marks)
- b. List **TWO** examples each of the mass media stated in (a) above. (4 Marks)
- c. Explain briefly any **THREE** advantages of each form of the mass media as stated in (a) above. (9 Marks)

**(Total 15
Marks)**

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SECTION A **PART 1 – (MULTIPLE-CHOICE SOLUTIONS)**

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

INSIGHT

Examiner's Report

The questions test candidates' understanding of concepts and terms used in communication and language. This section is compulsory for all candidates. About 80% of them scored 50% and above of the allocated marks. Candidates should ensure that they familiarise themselves with all parts of the syllabus for better performances in future.

SHORT-ANSWER QUESTIONS

1. Barrier
2. Conflict
3. Kinesics
4. Written
5. Channel/Medium
6. Direct
7. Interrogative
8. Infinitive
9. Synonymous
10. Minimal Pairs/Homophones
11. Audience Analysis
12. Essay
13. Errors/Mistakes
14. Alert
15. Memorandum of Understanding (Mou)
16. Circular
17. Proxy
18. Title
19. Print
20. Four

Examiner's Report

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The questions test candidates' ability to supply the best answer to complete each statement in this section. The section is compulsory. About 40% of them scored 50% and above of the allocated marks. Their performance was poor here because of their inability to supply the needed answers. They should familiarise themselves with every part of the syllabus for improved performance in future examination.

SECTION B

SOLUTION 1

(a) They oversee/supervise the work of others.

OR

Managers work to achieve set goals by getting things done through people.

(b) The early 20th Century five functions were assigned to the Manager and in early 21st century, four were assigned.

(c) It means 'to settle disagreements/misunderstanding among members'.

(d) i. Goals are defined.

ii. Strategies are formulated.

iii. Plans on how to execute strategies are developed.

iv. An organisational structure is put in place to coordinate activities.

(e) The difference is that the leading function involves directing and coordinating while the controlling function involves monitoring, comparing and correcting.

(f) i. They motivate subordinates/employees.

ii. They hire employees.

iii. They train employees.

iv. They discipline employees.

(g) i. Simple sentence

ii. Simple sentence

iii. Simple sentence

iv. Complex sentence

(h) i. Adjectival clause/Relative clause

ii. It qualifies the noun 'Manager'/'Sales Manager'

(i) i. allocate - assign/distribute/apportion

ii. common - shared

iii. comprehensive - complete/thorough/detailed

iv. direct - order/control/command

v. select - choose/pick

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- vi. previously – formerly/earlier
- vii. deviations – differences/divergences/diversions/digressions/deflections
- viii. perform – do/execute

Examiner’s Report

The question tests candidates’ ability to read for information and ideas expressed in a given text. This is a compulsory question. Candidates’ performance is below average as only about 40% of them scored 50% and above of the marks allocated.

Candidates’ shortcomings:

- Lack of understanding of the content of the passage
- Lack of techniques of answering comprehension questions
- Shallow knowledge of elements of the English Language
- Poor expression

Candidates are advised to imbibe reading culture, familiarise themselves with techniques of answering comprehension questions, engage in intensive practice and make use of ICAN Study Text and past question papers

SOLUTION 2

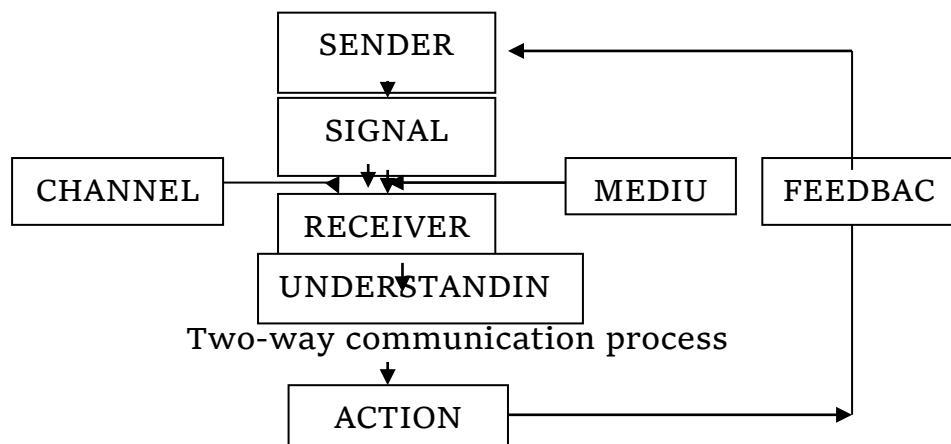
- (a) i. The communication process described is a single-way or one-way process. It does not allow for a feedback. In the context of organisational communication, it portrays communication from the Chief Executive Officer (CEO) passing instructions and orders downward the hierarchy without expecting a feedback.
- ii. The communication described is a two-way communication process. It portrays communication from a superior to a subordinate or vice versa or from people on the same level. A feedback is expected in this kind of communication.
- iii. This definition describes a model of communication cycle moving between the sender and the receiver. It emphasises understanding which is the basis of communication. It admits feedback in that the receiver is expected to act upon the original message. The resulting reaction engenders a

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fresh cycle of communication. This implies a role-change between the sender and the receiver and that, in a two-way process, there is no permanent sender or receiver.

The emphasis on understanding is to ensure a one-to-one correspondence of meaning shared by the sender and the receiver. Reading between the lines is excluded. The kernel of this definition is

that there must be a meeting of minds and the use of a common language understood by both parties to make communication effective. This model is exemplified by this diagram:



Examiner's Report

This question tests candidates' knowledge of the communication process. About 45% of the candidates attempted the question. Their performance was poor as about 15% of them scored 50% of the allocated mark.

Candidates' shortcoming:

- Lack of understanding of what the commutation process is.

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- Writing short notes on the elements of the process instead of explaining it.
- Poor diagram of the two-way communication process.

Candidate are advised to study this aspect of the syllabus well, make use of ICAN Study Text and past question papers for better performance in future.

SOLUTION 3

(a) Whether or not you are actually talking in a communication situation, you are actively involved in sending and receiving messages. Let's say you are lost, walking in a big city that is not familiar to you. You show others you are confused when you hesitate, look around you, or pull out a map. When you realise you have to ask for directions, you look for someone who might help you. You dismiss two people because they look like they're in a hurry; you don't ask another one because she looks as though she is from somewhere else, like you. Finally you see a person who looks helpful and you ask for information.

(b)

	Main Clause	Subordinate Clause
i.	I don't know	where he wants me to get the money
ii.	The driver was sad	whose son was imprisoned
iii.	It is certain	that he will pass the examination
iv.	They will meet us here	if they arrive early
v.	He would have squandered it	had I given the money

Examiner's Report

This question tests candidates' knowledge of mechanics and clause analysis. About 90% of them attempted this question. Candidate's performance was just average as about 45% of them scored 50% and above of the marks allocated.

INSIGHT

Candidates' shortcomings:

- No thorough knowledge of the use of punctuation marks
- Lack of understanding of how clauses are analysed.

Candidates should study elements of the English Language in general, make use of ICAN Study Text and past question papers for improved performance in future examinations.

SOLUTION 4

AN INVESTIGATION REPORT ON ALLEGED SEXUAL HARASSMENT OF MISS ALICIA JONES BY MR. JOE WATARA.

1.0 Introduction

Management received a letter from one Miss Alicia Jones of the Production Unit dated January 31, 2017 accusing her supervisor, Mr. Joe Watara of sexually harassing her at the close of work on January 30, 2017 after having summoned her to his office and delaying her till past official hours on the pretext of giving her official work.

2.0 Membership

On the 6th of February, 2017, a five-man Ad-hoc Committee was set up during the Management meeting to investigate the allegation.

The Committee members are:

- | | | | |
|------|--------------------|---|-------------------------|
| i. | Mr. Moses Alo | - | Chairman |
| ii. | Mrs. Judith Kwame | - | Member |
| iii. | Mrs. Ngozi Obinna | - | Member |
| iv. | Mr. Abdullahi Musa | - | Member |
| v. | Miss Titi Nnzigbo | - | Secretary/Legal Officer |

3.0. Terms of Reference

The Committee was given the following terms of reference

- i. To investigate the allegation against Mr. Joe Watara.
- ii. To look into other areas that may be useful to the organisation.
- iii. To recommend to Management disciplinary action(s) should the accused be found guilty of the offence.

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iv. To submit the report within two weeks.

4.0 Procedure

The Committee, at its first meeting of 7th February, 2017, decided that the entire investigation exercise would span five (5) days with the following schedule:

Day 1:

- i. First interaction with Miss Jones
- ii. First interaction with Mr. Watara

Day 2: Interrogation of the five other members of staff of the Production Unit

Day 3: Joint interaction with Miss Jones and Mr. Watara

Day 4: Interaction with Miss Jones and the other members of the Production Unit

Day 5: Review of information gathered from the interviews conducted so far.

5.0 Findings

After five days of drilling and interrogation, the following were the findings of the Committee:

- i. Mr. Watara had been verbally harassing Miss Jones for about 3 months.
- ii. He had threatened to get Miss Jones sacked if she refused to cooperate.
- iii. He physically assaulted her on January 30, 2017.
- iv. Unknown to him, Miss Jones had all the incident recorded on her phone.
- v. He was in the habit of harassing most junior female members of staff.

6.0 Conclusion

The Committee, after reviewing all the findings, concluded that the organisation did not have in place any law or disciplinary action for such an offence.

The Committee also concluded that Mr. Watara was guilty as charged.

7.0 Recommendations

The Committee hereby make the following recommendations:

- i. The organisation should, as a matter of urgency, formulate a rule/regulation against this kind of misconduct.

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- ii. Since there is no extant penalty for Mr. Watara's misconduct, he should be strongly warned.

S/N	Name	Signature/Date
1.	Mr. Moses Alo	
2.	Mrs. Judith Kwame	
3.	Mrs. Ngozi Obinna	
4.	Mr. Abdullahi Musa	
5.	Miss Titi Nnzigbo	

Examiner's Report

The question tests candidates' knowledge of report writing. Less than 10% of the candidates attempted this question. The performance was very poor as less than 5% scored 50% and above of the allocated marks.

Candidates' shortcomings:

- Lack of understanding of the format for report writing
- Many candidates presented their reports in letter form
- Poor language

Candidates are advised to study report writing format and its constituents, use ICAN Study Text and past questions if they want to get better marks in future examinations.

SOLUTION 5

- (a) i. Electronic media
ii. Print Media
- (b) i. Examples of electronic media are:
(a) Radio
(b) Television
(c) Bill board
(d) Internet
- ii. Examples of print media are:
(a) Newspaper
(b) Magazine

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- (c) Handbill
- (d) Poster
- (e) Bill board
- (f) Flyer

(c) Advantages of Electronic media

- i. **More interactive:** Electronic media are more interactive as messages are conveyed with sight, sound and motion, therefore creating room for better interaction between audience and the message.
- ii. **Large audience:** Electronic media reach out to a large audience at the same time irrespective of location once they are all tuned to the same station.
- iii. **Richer experience:** The media provide richer experience for the consumers as they are able to situate themselves in the context of the message.
- iv. **Accessibility:** The media is accessible to both literate and non-literate alike.
- v. **Credibility:** Messages conveyed in the electronic media give products and services instant credibility and clients/customers are moved to buying or requesting for such products/services.
- v. **Creativity:** The electronic media are constantly evolving and more creativeness being put into advertising. New and creative concepts that are unique to products/services are coming forth continually.
- vi. **Volume of information available:** The information available through the electronic media is massive.

Advantages of Print media

- i. **Easily retrievable:** Printed materials on a product can easily be retrieved by a consumer and used as a reference material for discussion with a prospective customer. It serves as a record for the future.

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- ii. **Convenience:** Printed materials such as newspapers, magazines, posters etc. can be put aside by the customer/reader and be read at his/her convenience.
- iii. **Content quality:** The contents of printed media are usually painstakingly prepared and edited, therefore, enhancing the quality of the information on the product or service that is being advertised.
- iv. **Long-standing readership:** The print media enjoy a large long-standing and loyal readership spanning decades. Readers have the tendency of sticking faithfully with certain print media which advertised the products or services they like.
- v. **Less intrusive:** Interruptions by interludes or power outage during the course of reading print media is totally eliminated as there is a high prospect of control over these media by individuals.

Examiner's Report

This question tests candidates' understanding of media of advertising. About 65% of the candidates attempted the question. The performance of the candidates was very poor as less than 30% of them scored 50% and above of the allocated marks.

Candidates' shortcomings

- Misunderstanding of the demand of the question
- Lack of understanding of the advantages of the two media of advertising
- Poor language

Candidates may not bother about this section of the syllabus again except for personal development as this is no longer in the reviewed syllabus.