

INSIGHT

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/151/PI.I

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2015
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

**SECTION A: PART I
Marks)**

MULTIPLE-CHOICE QUESTIONS

(30

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. Which of the following is regarded as a book of prime entry?
 - A. Trial balance
 - B. Bank Statement
 - C. Ledger
 - D. Cash book
 - E. Statement of Affairs

2. What is the main source document for recording cash lodgment into the bank?
 - A. Withdrawal booklet
 - B. Cheque stub
 - C. Pay in slip
 - D. Cheque book
 - E. Credit note

3. Which of the following is **NOT** an example of a business entity?
 - A. Partnership
 - B. Sole trader
 - C. Limited liability company
 - D. Club or Association
 - E. An insurance Company

4. Taylor bought a non-current asset on credit from Mopai Company Limited. In which subsidiary ledger will Mopai Company Limited record this transaction?
 - A. Purchase journal
 - B. Sales journal
 - C. Cash book
 - D. Journal proper
 - E. Non- current assets register

5. What is the source of information to confirm that the cheque lodged by your company has been dishonoured?
- A. Bank statement credit column
 - B. Cash book credit side
 - C. Cash book debit side
 - D. Lodgment slip
 - E. Credit advice
6. Which of the following is **NOT** an aim of effective internal control over cash?
- A. Maintaining the same level of cash always
 - B. Keeping optimal level of cash
 - C. Maintaining regular banking for cash takings
 - D. Preventing cash theft
 - E. Ensuring adequate custody of cash
7. The maximum number of partners in professional firms such as Solicitors, Accountants in your country is
- A. Five
 - B. Unlimited
 - C. Between ten and twenty
 - D. Between twenty and thirty
 - E. Fifty
8. The effect of items that are recorded on the debit side of a bank statement but not found on the credit side of the cash book is that
- A. Bank balance is overstated
 - B. Bank balance is understated
 - C. It results in an overdraft
 - D. It has no effect on bank balance
 - E. Cash balance is understated
9. If the capital of a business is ₦1,240,000, Net loss ₦85,000, Drawings ₦220,000 and total Assets ₦950,000, determine its liabilities.
- A. ₦10,000
 - B. ₦15,000
 - C. ₦40,000
 - D. ₦45,000
 - E. ₦75,000
10. If the current assets, of a business is 50% of its current liabilities of ₦600,000 and non-current assets is ₦1,020,000, calculate the business capital.
- A. ₦ 270,000
 - B. ₦300,000
 - C. ₦420,000
 - D. ₦720,000

- E. ¥1,620,000
11. The role of the International Accounting Standards Board (IASB) is to
- A. Review defective accounts
 - B. Control the accountancy profession
 - C. Formulate accounting standards
 - D. Set Auditing Standards
 - E. Regulate the practices of accountants
12. Which of the following non-current assets does **NOT** need to be depreciated?
- A. Warehouse
 - B. Land
 - C. Furniture
 - D. Fittings
 - E. Computer
13. Financial statements are prepared on the assumption that businesses will continue in existence for the foreseeable future. Which concept established this?
- A. Accrual concept
 - B. Fair value concept
 - C. Going concern concept
 - D. Capital maintenance concept
 - E. Materiality concept
14. Which of the following statements best describe the purpose of accounting?
- A. To provide useful information to non-users
 - B. To record, classify, summarise and analyse financial transactions of a business
 - C. To calculate taxation due to the government
 - D. To calculate the amount of dividend to pay to the shareholders
 - E. To determine profit of the business
15. An example of a non-cash expense shown in the Statement of Profit or Loss account is
- A. Telephone
 - B. Transportation
 - C. Depreciation
 - D. Printing
 - E. Stationery
16. Which of the following is **NOT** a type of company?
- A. Private limited Liability company
 - B. Sole Trader and Partnership
 - C. Public Limited Liability Company
 - D. Company Limited by Guarantee

- E. Unlimited Liability Company
17. The body charged with the responsibility of regulating accounting standards in your country is
- A. Central Bank
 - B. Ministry of Finance/Ministry of Finance and Development Planning
 - C. Financial Reporting Council of Nigeria
 - D. The Professional Accountancy Institute in your country
 - E. Security and Exchange Commission
18. Which of the following is **NOT** an accounting concept?
- A. Prudence
 - B. Consistency
 - C. Amortisation
 - D. Accruals
 - E. Capital Maintenance
19. The carrying value of company A's Non-current assets was L\$400,000 at 31 December, 2013. Company A sold one of the assets for L\$50,000 on which it made a loss of L\$10,000. What was the carrying value of the Non-current asset at the time of sale?
- A. L\$40,000
 - B. L\$50,000
 - C. L\$60,000
 - D. L\$70,000
 - E. L\$90,000
20. A company's trial balance failed to agree. The totals were

Debit	GH¢407,801
Credit	GH¢404,210

Which of the following errors could account for the difference?

- A. No entries made in the records for cash sales totalling GH¢3,591
- B. Discount allowed of GH¢1,795.50 debited in error to the discount received account
- C. The returns outwards totals of GH¢1,795.50 was included in the trial balance as a debit balance
- D. The omission from the trial balance of the debit balance on the insurance expenses account of GH¢3,591.00
- E. None recording of sundry income of GH¢3,591.00 in the accounts

21. A company that has no share capital is described as
- A. Unlimited Liability Company
 - B. Limited by Shares
 - C. Limited by Guarantee
 - D. Public Limited Liability Company
 - E. Unlimited by Guarantee
22. Which of the following is **NOT** contained in a Partnership agreement?
- A. Partners' remuneration
 - B. Managers' remuneration
 - C. Division of profits or losses
 - D. Partners' drawings
 - E. Capital contribution
23. Which of the following is the scope of Accounting that states the procedure for accumulating data to provide information for managerial action or decision making?
- A. Financial Accounting
 - B. Cost Accounting
 - C. Management Accounting
 - D. Accounting for Taxation
 - E. Auditing
24. The last stage in the book keeping process is
- A. Extraction of the trial balance
 - B. Posting into the ledgers
 - C. Raising the transaction documents
 - D. Balancing the ledger
 - E. Casting to detect errors
25. In accordance with the International Financial Reporting Standards, fixed assets are now described as
- A. Qualified assets
 - B. Durable assets
 - C. Depreciable assets
 - D. Non-current assets
 - E. Permanent assets
26. Which of the following transactions would reduce assets and liabilities?
- A. Sale of goods on credit
 - B. Cash paid to trade payables
 - C. Purchases of goods on credit
 - D. Cash purchases
 - E. Cash received from trade receivables

Use the following information to answer questions 27, 28 and 29.

Patrick spent Le40,000 to rent an office and bought furniture for Le20,000. He also purchased for cash some goods for resale at the cost of Le30,000 and took a short term loan of Le20,000 from his Cooperative Thrift and Savings Society.

27. Determine Patrick's net current asset
- A. Le50,000
 - B. Le30,000
 - C. Le25,000
 - D. Le20,000
 - E. Le10,000
28. What is Patrick's capital employed?
- A. Le140,000
 - B. Le110,000
 - C. Le70,000
 - D. Le60,000
 - E. Le50,000
29. Calculate Patrick's inventory sales value if he maintains a mark-up of $33\frac{1}{3}\%$.
- A. Le80,000
 - B. Le60,000
 - C. Le40,000
 - D. Le30,000
 - E. Le20,000
30. The accounting entries to record the use of a business cash for owner's personal benefits are
- A. Dr. Cash account Cr. Capital account
 - B. Dr. Cash account Cr. Inventory account
 - C. Dr. Drawings account Cr. Cash account
 - D. Dr. Cash account Cr. Drawings account
 - E. Dr. Capital account Cr. Drawings account

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:

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1. The list of balances extracted from the ledger accounts at a given date arranged according to whether they are debit or credit balances is called.....
2. The process of locating and eliminating errors from a programme is known as.....
3. The computer that connects incompatible networks is called.....
4. The acronym IFRS represents.....
5. In a Not-For-Profit organisation a debit balance on the subscription account is.....
6. Subscription paid in arrears by members in a Not-For-Profit organisation is shown as.....in the Balance Sheet.

Use the following information to answer questions 7 and 8

	31/12/2013	31/12/2014
	GHC	GHC
Non-current assets at cost	640,000	572,000
Current assets	1,500,000	1,840,000
Current liabilities	300,000	260,000
Provision for depreciation	140,000	148,000

During 2014, a Non-current asset costing GHC108,000 with a book value of GHC40,000 was sold for GHC30,000

7. Calculate the depreciation charge for 2014.
8. Determine the net profit or loss for the year ended 31 December 2014.
9. In which ledger is data relating to cash discounts found?
10. The double entry to record business owner's property used purely for his or her business is.....
11. The difference between the two sides of a trial balance, if any, is temporarily posted to the.....account
12. The residual interest in the asset of an enterprise after deducting all its liabilities is called.....
13. What does closing balance on sales ledger control account represent?
14. An agreement between persons carrying on a business with the intention of making profit is.....
15. An accounting concept that does not recognise income until income has been earned is called.....

Use the following information to answer questions 16 and 17

Inventories of raw materials:	Le'000
1/1/2014	24,500
31/12/2014	38,000
Purchases of raw materials	92,600
Royalties	2,400
Direct labour cost	29,000

16. What is the prime cost?
17. What is the cost of raw materials consumed?
18. The payroll package is an example of.....payroll.
19. Discounts given to customers to encourage them to make prompt settlement of their accounts is called.....
20. The difference between the Gross Pay and the Net pay is.....

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

QUESTION 1

- a. State and explain **FIVE** qualities of accounting information. (5 Marks)
- b. List any **FIVE** means of transferring funds within the banking system without the use of a cheque. (5 Marks)
- c. List **FIVE** details that could be found in a bank statement. (2½ Marks)

(Total 12½ Marks)

QUESTION 2

The table below shows data relating to 3 employees of Gbademas Limited on 31 December 2014.

	Regular Hrs worked	Hours worked as overtime	Rate/hour GH¢
Badeh	300	60	30,000
Aduvoh	270	47	27,000
Kofi	225	72	26,500

Overtime rate per hour is 1½ regular rate

It is the policy of Gbademas Limited to grant the following to its employees

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- i. Hazard allowance of 10% of basic salary
- ii. Leave bonus equal to 35% of basic salary
- iii. 7½% contributory pensions by employee and 15% by employer
- iv. Cooperative Thrift & Savings Society due of GHC100,000 per month in respect of each staff

You are required to prepare the payroll worksheet showing

- a. The Basic salary
- b. Deductions and
- c. Net pay of each staff

Assume the basic income tax Rate of:

	Income GHC	Tax rate	Tax amount GHC
First	300,000	7%	21,000
Next	300,000	11%	33,000
Next	500,000	15%	75,000
Next	500,000	19%	95,000
Next	1,600,000	21%	336,000
Over	3,200,000	24%	

(Total 12½ Marks)

QUESTION 3

The following trial Balance was extracted from the books of J.K Brown, a sole trader, as at 31 December 2014

TRIAL BALANCE AS AT 31 DECEMBER 2014

	DR N	CR N
Capital at 1 January 2014		500,000
Receivables	827,500	
Cash in hand	24,500	
Furniture and fittings at cost	679,000	
Discounts allowed/Received	14,050	12,250
Cash in Bank	382,715	
Payables		555,555
Inventories at 1 January 2014	284,000	
Purchases/Revenues	4,987,240	7,916,300
Motor Vehicles at cost	548,100	
Electricity	152,000	
Vehicle running exps	380,000	
Rent	495,000	
General Expenses	125,000	
Provision for dep:		
Furniture & fitting		82,000
Motor Vehicles		133,000
Drawings	<u>300,000</u>	
	<u>9,199,105</u>	<u>9,199,105</u>

Additional information

ATSWA PART I SEPTEMBER 2015

- i. Unpaid motor expenses - ₦12,500
- ii. Prepaid rent - ₦16,800
- iii. Depreciation is to be provided for the year as follows:
 - Motor vehicles - 20% on cost
 - Furniture & fittings - 10%(reducing balance method)
- iv. Inventory at the close of business on 31 December 2014 was valued at ₦298,345

You are required to:

- a. Prepare J.K Brown's Statement of Profit or Loss account for the year ended 31 December 2014
- b. Prepare J.K Brown's Statement of Financial Position as at 31 December 2014.

(Total 12½ Marks)

QUESTION 4

The trial balance of Ashante Limited failed to agree. The difference of GH¢14,600 was placed in the debit side of a suspense account. The following errors were detected:

- i. A sum of GH¢10,000 representing credit sales to a customer was posted to the credit side of his account
- ii. A cheque for GH¢2,500 paid into the bank was later dishonoured but the customer's account was debited with only GH¢250.
- iii. The purchases day book was overcast by GH¢1,500
- iv. The debit side of a supplier's account was overcast by GH¢5,000
- v. The returns inward entry of GH¢750 was omitted in a Customer's account
- vi. Discount allowed was overcast by GH¢400
- vii. A credit sale of two machines for GH¢2,000 each was entered into the Sales Day Book
- viii. The profit or loss account for the year ended 31 December 2014 disclosed a net profit of GH¢17,500

You are required to prepare:

- a. Journal Entries to rectify the errors
(8 Marks)
- b. Suspense Account duly closed
(2½ Marks)
- c. Statement showing the adjusted net profit
(2 Marks)

(Total 12½ Marks)

QUESTION 5

- a. State **THREE** errors which may cause a trial balance not to agree
(3 Marks)
- b. As an Accountant, state and explain any **TWO** professional standards that could be termed as ethical issues (8 Marks)
- c. List **THREE** main sources of application packages (1½ Marks)
- (Total 12½ Marks)**

QUESTION 6

The Financial Secretary of Makeba Club has presented the following position of the club as at 31 December 2014.

Receipts & Payments Account			
	L\$'000		L\$'000
Balance b/d	7,000	Rent & Rates	605
Subscription	8,500	Social expenses	2,500
Members' admission	670	Bar purchases	5,830
Bar Receipts	9,600	Bar wages	2,130
		General wages	3,210
		Equipment	5,620
		Electricity expenses	309
		Postage & Telephone	425
		Bank charges	132
		Insurance	609
		Balance c/d	<u>4,400</u>
	<u>25,770</u>		<u>25,770</u>

The following additional information is available

	31/12/2013	31/12/2014
	L\$'000	L\$'000
Premises	70,000	70,000
Furniture & Fittings	5,320	4,290
Bar Inventories	1,250	1,630
Subscription in Advance	70	110
Insurance prepaid	140	160

Depreciation of 25% is to be written off equipment.

You are required to prepare:

- a. Bar income statement
- b. Income & expenditure account for the year ended 31 December, 2014 and
- c. Statement of financial position as at that date

(Total 12½ Marks)

SECTION A

PART I- MULTIPLE CHOICE QUESTIONS (SOLUTIONS)

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

Examiner's comment:

The multiple choice questions are generally of acceptable standard. However, two questions are a bit ambiguous and have been restructured. The syllabus is adequately covered. Over 60% of the candidates scored above 50% of the allocated mark.

Working

9.		N	N	
	Total Assets			950,000
	Capital	1,240,000		
	Drawings	(220,000)		
	Net Loss	<u>(85,000)</u>		
	Total Liabilities			<u>(935,000)</u>
				15,000
				N
	Non-Current assets			1,020,000
10.	Current Assets (50% x600,000)			<u>300,000</u>
	Total Assets			1,320,000
	Current Liabilities			<u>(600,000)</u>
	Equity /Capital			<u>720,000</u>
	Assets sold:			LS
	Sales proceeds			50,000
19.	Add -Loss on sale			<u>10,000</u>
	Carrying value at date of sale			<u>60,000</u>
				Le
27.	Inventory (Purchases)			30,000
	Short-term loan			(20,000)
	Net Current Assets			<u>10,000</u>
28.				Capital Employed:
	Le			
	Furniture			20,000
	Inventory (Purchases)			<u>30,000</u>
				<u>50,000</u>

PART II- SHORT ANSWER QUESTIONS (SOLUTIONS)

1. Trial balance
2. Debugging
3. Gateway
4. International Financial Reporting Standards
5. Subscription in arrears or Unpaid subscription
6. Current asset
7. GH¢ 76,000 (GH¢ 68,000 + 148,000 - 140,000)
8. GH¢ 304,000
9. Nominal ledger or Cash Book
10. Debit Property Account, Credit Owners' Equity Account

11. Suspense Account
12. Equity/Capital
13. Total trade receivables
14. Partnership Deed
15. Prudence concept
16. Le 110,500,000
17. Le 79,100,000
18. Application
19. Cash discount
20. Total Deductions

Examiner's Comment:

The short answer questions are of good spread and considered to be of good standard. No serious ambiguities were discovered.

Candidates could not produce good solutions to the four computational questions, evidence that they had not fully grasped the principle of the accounting equation on which financial statement are built. On the whole, about 58% of the candidates were able to score more than 10 marks out of the total 20 marks.

Workings

Question 8

	31/12/2013	31/12/2014
	GH¢	GH¢
Non-Current Assets	640,000	572,000
Current Assets	1,500,000	1,840,000
Current Liabilities	(300,000)	
		(260,000)
Provision for depreciation	<u>(140,000)</u>	<u>(148,000)</u>
	<u>1,700,00</u>	
		2,004,000
		<u>(1,700,000)</u>
		<u>304,000</u>

Workings

QUESTION 16 & 17

		Le'000
Opening Raw Materials		24,500
Purchases of Raw Materials		<u>92,600</u>
		117,100
Deduct - Closing stock of Raw Materials		<u>38,000</u>
Raw material consumed		79,100
Add Direct Costs:		
Royalties	2,400	
Direct Labour	<u>29,000</u>	<u>31,400</u>
PRIME COST		<u>110,500</u>

SOLUTION TO QUESTION 1

a) The qualities of accounting information can be grouped under the following headings:

i) **Fundamental qualitative characteristics**

Relevance and faithful representation are the fundamental qualitative characteristics of useful financial information.

1. Relevance

Relevant financial information is capable of making a difference in the decisions made by users. Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value, or both. The predictive value and confirmatory value of financial information are interrelated.

Materiality is an entity-specific aspect of relevance based on the nature or magnitude (or both) of the items to which the information relates in the context of an individual entity's financial report.

2. Faithful representation

General purpose financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only be relevant, it must also represent faithfully the phenomena it purports to represent. This fundamental characteristic seeks to maximise the underlying characteristics of completeness, neutrality and freedom from error. Information must be both relevant and faithfully represented if it is to be useful.

ii) **Enhancing qualitative characteristics**

Comparability, verifiability, timeliness and understandability are qualitative characteristics that enhance the usefulness of information that is relevant and faithfully represented.

iii) **Comparability**

Information about a reporting entity is more useful if it can be compared with a similar information about other entities and with similar information about the same entity for another period or another date. Comparability enables users to identify and understand similarities in, and differences among, items.

iv) **Verifiability**

Verifiability helps to assure users that information represents faithfully the economic phenomena it purports to represent. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.

v) **Timeliness**

Timeliness means that information is available to decision-makers in time to be capable of influencing their decisions.

vi) **Understandability**

Classifying, characterising and presenting information clearly and concisely makes it understandable. While some phenomena are inherently complex and cannot be made easy to understand, to exclude such information would make financial reports incomplete and potentially misleading. Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information with diligence.

b) The means of transferring funds within the banking system will include the following:

- i) Debit transfer or direct debit
- ii) Standing order
- iii) Electronic money transfer
- iv) Debit card and credit card
- v) Direct deposit of cash
- vi) Internet banking

c) The following details can be found on a bank statement:

- i) The name of the bank that issued the bank statement, including the address of the bank
- ii) The name and address of the customer the bank statement relates to
- iii) The account number of the customer with the bank
- iv) The period the bank statement relates to

- v) The opening balance on the bank statement for the period
- vi) The date transactions were recorded on the bank statement
- vii) The value date relating to transactions recorded on the bank statement
- viii) The details or particulars of transactions recorded on the bank statement
- ix) The amounts relating to debit transactions on the bank statement
- x) The amounts relating to credit transactions on the bank statement
- xi) The total amount on the debit column and credit column of the bank statement for the period
- xii) The balance on the account after each transaction
- Xiii) The closing balance on the bank statement for the period

Examiner's comment

Candidates were examined on identifying qualities of accounting information, systems of transferring funds in the banking system and ability to recognize details on bank statements. Over 80% of the candidates attempted the question as they are reasonably familiar with issues examined. At least one out of every two candidates that attempted the question scored 50% and above.

SOLUTION TO QUESTION 2

GBADEMAS LIMITED PAYROLL FOR THE MONTH OF DECEMBER 2014

	BADEH	ADUVOH	KOFI	TOTAL
	GH¢	GH¢	GH¢	GH¢
Basic Salary	9,000,000	7,290,000	5,962,500	22,252,500
Overtime allowance	2,700,000	1,903,500	2,862,000	7,465,500
Hazard allowance	900,000	729,000	596,250	2,225,250
Leave Bonus	3,150,000	2,551,500	2,086,875	7,788,375
Gross Pay(A)	15,750,000	12,474,000	11,507,625	39,731,625
Deductions				
Pension Contribution	675,000.00	546,750.00	447,187.50	1,668,937.50
Cooperative	100,000.00	100,000.00	100,000.00	300,000.00
Income Tax	3,572,000.00	2,785,760.00	2,553,830.00	8,911,590.00
Total deduction(B)	4,347,000.00	3,432,510.00	3,101,017.50	10,880,527.50
Net Pay (A-B)	11,403,000.00	9,041,490.00	8,406,607.50	28,851,097.50

a) Basic salary

Name	Regular Hours worked	Rate/Hr GH¢	Amount GH¢
Badeh	300	30,000	9,000,000
Aduvoh	270	27,000	7,290,000

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Kofi	225	26,500	5,962,500
Total			22,252,500

b. Overtime Allowance

Name	Regular rate/hr	Overtime Rate at 1 ^{1/2} Regular rate	Hours worked as overtime	Amount
	GH¢	GH¢	GH¢	GH¢
Badeh	30,000	45,000	60	2,700,000
Aduvoh	27,000	40,500	47	1,903,500
Kofi	26,500	39,750	72	2,862,000
Total				7,465,500

c. Leave Bonus

Name	Basic Salary GH¢	Leave Bonus(35%) GH¢
Badeh	9,000,000	3,150,000
Aduvoh	7,290,000	2,551,500
Kofi	5,962,500	2,086,875
	Total	7,788,375

d. Hazard allowance and Contributory Pension

Name	Basic Salary	Hazard Allowance (10%)	Contributory Pension
	GH¢	GH¢	GH¢
Badeh	9,000,000	900,000	675,000
Aduvoh	7,290,000	729,000	546,750
Kofi	5,962,500	596,250	447,187.50
Total		2,225,250	1,668,937.50

e. COMPUTATION OF INCOME TAX

i. BADEH

Name	Income	Tax Rate	Tax Amount
	GH¢		GH¢
First	300,000	7%	21,000
Next	300,000	11%	33,000
Next	500,000	15%	75,000

Next	500,000	19%	95,000
Next	1,600,000	21%	336,000
Balance	12,550,000	24%	3,012,000
Total	<u>15,750,000</u>		<u>3,572,000</u>

ADUVOH

Name	Income	Tax Rate	Tax Amount
	GH¢		GH¢
First	300,000	7%	21,000
Next	300,000	11%	33,000
Next	500,000	15%	75,000
Next	500,000	19%	95,000
Next	1,600,000	21%	336,000
Balance	9,274,000	24%	2,225,760
Total	<u>12,474,000</u>		<u>2,785,760</u>

KOFI

Name	Income	Tax Rate	Tax Amount
	GH¢		GH¢
First	300,000	7%	21,000
Next	300,000	11%	33,000
Next	500,000	15%	75,000
Next	500,000	19%	95,000
Next	1,600,000	21%	336,000
Balance	8,307,625	24%	1,993,830
Total	<u>11,507,625</u>		<u>2,553,830</u>

Examiner's Comment

This question tested candidates on the too familiar area of payroll preparation. The demands of the question are just too much for the allotted marks. Only about 20% of the candidates attempted it.

The candidates who attempted the question scored below 7 marks out of 12½ marks.

SOLUTION QUESTION 3

J.K BROWN

STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 2014

INSIGHT

	N	N
Revenue		7,916,300
<u>Cost of Sales</u>		
Opening Inventory	284,000	
Purchases	4,987,240	
	5,271,240	
Closing Inventory	<u>(298,345)</u>	
		<u>(4,972,895)</u>
Gross Profit		2,943,405
Discount Received		<u>12,250</u>
		2,955,655
Less:		
<u>Expenses:</u>		
Electricity	152,000	
Vehicle Runing Exp. (380,000 + 12,500)	392,500	
Rent (495,000 -16,800)	478,200	
General Expenses	125,000	
Discount Allowed	14,050	
Depreciation:		
Furniture & fittings	59,700	
Motor Vehicle	<u>109,620</u>	<u>169,320</u>
		<u>1,331,070</u>
NET PROFIT		<u>1,624,585</u>

b. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2014

	Cost	Accum Depreciation	Carrying Value
	N	N	N
<u>NON-CURRENT ASSETS</u>			
Furniture & Fittings	679,000	141,700	537,300
Motor Vehicles	<u>548,100</u>	<u>242,620</u>	<u>305,480</u>
	<u>1,227,100</u>	<u>384,320</u>	842,780
<u>CURRENT ASSETS</u>			
Inventory		298,345	
Receivables		827,500	
Prepaid rent		16,800	
Cash at Bank		382,715	
Cash at hand		24,500	<u>1,549,860</u>
TOTAL ASSETS			<u>2,392,640</u>
<u>EQUITY AND LIABILITIES</u>			
Owner's Equity			500,000
Net Profit			<u>1,624,585</u>
Drawings			2,124,585 <u>(300,000)</u>
			<u>1,824,585</u>

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INSIGHT

<u>CURRENT LIABILITIES</u>			
Trade payables	555,555		
Accrued motor expenses	<u>12,500</u>		<u>568,055</u>
			<u>2,392,640</u>

Examiner's comment:

Candidates' ability to prepare simple sole proprietors final accounts was tested. No doubt, this is a familiar topic to most candidates. It is not surprising therefore that over 80% of the candidates attempted the question and comfortably scored a little above the average mark. It was however, observed that about 2% of the candidates have no good knowledge of final accounts preparation and mixed up items in the financial position statement in the statement of profit or loss.

SOLUTION TO QUESTION 4

(a) **ASHANTE LIMITED**
JOURNAL

(i)	DETAILS	DR	CR
		GH¢	GH¢
	Trade Receivables Control A/C DR	20,000	
	To suspense A/C		20,000
	Being credit sales to a customer credited to his account now corrected		
(ii)	Trade Receivables Control A/C DR	2,250	
	To Suspense A/C		2,250
	Being cheque of GH¢ 2,500 that was dishonoured but erroneously debited to the customer's A/C as GH¢ 250 now corrected		
(iii)	Suspense A/C DR	1,500	
	To Purchases A/C		1,500
	Being correction of amount by which the Purchases Day book was overcast		
(iv)	Suspense A/C DR	5,000	

INSIGHT

	To Trade Payables Control A/C		5,000
	Being overcast of debit side of a suppliers account now corrected		
(v)	Suspense DR	A/C	750
	To Trade Receivables Control A/C		750
	Being correction of amount of GH¢750 returns inward entry omitted in a customer's account		
(vi)	Suspense DR	A/C	400
	To Discount Allowed A/C		400
	Being correction of GH¢400 overcast in the discount allowed account		
(vii)	Revenue DR	A/C	4,000
	To Machinery Disposal A/C		4,000
	Being credit sale of two machines (Non-Current Asset) erroneously entered in the Sales Day Book now corrected		

(b) **SUSPENSE ACCOUNT**

	GH¢		GH¢
Difference in trial balance	14,600	Trade receivables control	20,000
Statement of Profit or loss- Purchases	1,500	Trade receivables control	2,250
Trade payables control	5,000		
Trade receivables control	750		
Statement of profit or loss - discount allowed	<u>400</u>		
	<u>22,250</u>		<u>22,250</u>

(c) **STATEMENT OF ADJUSTED PROFIT/LOSS**

	GH¢	GH¢
Net profit as per account		17,500
Add:		
Overcast of Purchase Day book	1,500	
Overcast of Discount Allowed	400	
Credit sale of two machines included in Sales Day Book	<u>(4,000)</u>	
		<u>(2,100)</u>
ADJUSTED NET PROFIT		<u>15,400</u>

Examiner's comment

This is a simple question on correction of errors and operation of suspense account. Close to 70% of the candidates attempted the question and scored between 7 - 10 marks out of 12½ marks. However, some candidates did not understand the requirements of the question. They posted the items into ledger accounts instead of preparing journal entries. About 5% of the candidates that attempted the question failed to give proper or any

narrations. Similar questions should be given in future diets to ensure candidates mastery of this very fundamental principle of account.

SOLUTION TO QUESTION 5

- a) The following errors may cause a trial balance not to agree:
- i) Single entry
 - ii) Partial reversal of entry
 - iii) Casting error
 - iv) Mis-statement error
 - v) Wrong transfer of balances on the trial balance
 - vi) Omission of balances on the trial balance
- b) Professional standards that can be termed as ethical issues include:
- i) **Integrity:** An Accountant should be straightforward and honest in all professional and business relationships. Integrity implies not merely honesty but fair dealing and truthfulness.
 - ii) **Confidentiality:** An Accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any of such information to third parties without proper and specific authority, unless, there is a legal or professional right or duty to do so. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the Accountant or third parties.
 - iii) **Professional Behaviour:** An Accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession.
An Accountant should conduct himself with courtesy and consideration towards all with whom he comes in contact during the course of performing his work.
- c) The following are the sources of obtaining application software:
- i) Organisations may write their own application software, which are referred to as tailor-made application software or customized application software
 - ii) Organisations may purchase their application packages off the shelf
 - iii) Freeware application packages

Examiner's Comment

This question tested candidates on their understanding of errors that can cause a trial balance not to agree, ethical issues and a bit of computer application packages. Candidates appear not to have grasped the requirements of the question and only about 20% of the candidates that attempted the question scored an average mark. Generally, candidates seem not to pay attention to the theoretical aspects of their

study and this should be discouraged. Both the theoretical and computational aspects are equally important.

SOLUTION QUESTION 6

MAKEBA CLUB

(A) BAR INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

	L\$'000	L\$'000
Bar Receipts		9,600
Opening Bar Inventories	1250	
Bar Purchases	5,830	
	7,080	
Less: closing Bar Inventories	<u>(1,630)</u>	
		<u>(5,450)</u>
Less: Bar Expenses:		4,150
Bar wages		<u>(2,130)</u>
Profit on Bar trading		<u>2,020</u>

b. MAKEBA CLUB

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

	L\$'000	L\$'000
INCOME		
Subscription (W.2)		8,460
Profit on bar trading		2,020
Members' admission		<u>670</u>
		11,150
EXPENSES		
Insurance (Wk 3)	589	
Rent and Rates		605
Depreciation-Furniture & Fittings	1,030	
Equipment	1,405	
Social expenses	2,500	
General Wages		3,210
Electricity	309	
Postage and telephone		425
Bank Charges		<u>132</u>
		<u>(10,205)</u>
SURPLUS		<u>945</u>

C. MAKEBA CLUB

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2014

	Cost	Acc Depre	Carrying Value
L\$'000	L\$'000	L\$'000	
<u>NON-CURRENT ASSETS</u>			
Premises	70,000	-	70,000

INSIGHT

Furniture and fittings	5,320	1,030	4,290
Equipment	<u>5,620</u>	<u>1,405</u>	<u>4,215</u>
	<u>80,940</u>	<u>2,435</u>	<u>78,505</u>

CURRENT ASSETS

Bar Inventories		1,630	
Prepaid Insurance		160	
Bank Balance		<u>4,400</u>	<u>6,190</u>
TOTAL ASSETS			<u>84,695</u>

ACCUMULATED FUND AND LIABILITIES

Accumulated Fund (WK 1)			83,640
Surplus for the year			<u>945</u>
			<u>84,585</u>

CURRENT LIABILITIES

Subscriptions in Advance			<u>110</u>
			<u>84,695</u>

Workings

1. ACCUMULATED FUND- 31-12-2013

	L\$'000		L\$'000
Premises			70,000
Furniture & Fittings			5,320
Bar Inventories			1,250
Prepaid Insurance			140
Bank balance			<u>7,000</u>
			83,710
Subscriptions in Advance			<u>(70)</u>
			<u>83,640</u>

2. SUBSCRIPTIONS

	L\$'000		L\$'000
Income & Expenditure A/c	8,460	Bal b/f	70
		Receipt & Payment	8,500
Balance c/d	<u>110</u>		
	<u>8,570</u>		
		Balance b/d	<u>110</u>

3. INSURANCE

	L\$'000		L\$'000
Balance b/f	140	Income & Expenditure Alc	589
Receipts	609	Balance c/d	160
	<u>749</u>		
			<u>749</u>

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Balance b/d

160

Examiner's comment:

Candidates are required to prepare the financial statements of a club, with a separate income statement of its bar operations. Candidates are expected to have been very familiar with this topic.

Over 80% of the candidates attempted the questions as expected and 60% of them scored between 6 – 10 marks out of the total $12\frac{1}{2}$ marks. About 3% of the candidates were unable to prepare a separate Bar Income Statement and could not marshal the income and expenditure items properly. Treatment of subscription account appear confusing to a small percentage of the candidates. Candidates should be aware that treatment of subscription (prepaid and in arrear) is a very important requirement of the topic.

AT/151/PI.2

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS - SEPTEMBER 2015**

ECONOMICS

Time Allowed: 3 hours

**SECTION A: PART I
MARKS)**

MULTIPLE-CHOICE QUESTIONS

(30

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 concept in Economics which describes the alternatives forgone in order to acquire another is
 - A. Wants
 - B. Scarcity
 - C. Choice
 - D. Opportunity Cost
 - E. Scale of preference

2. A good that is used in conjunction with other goods is a/an..... good
 - A. Substitute
 - B. Inferior
 - C. Luxury
 - D. Composite
 - E. Complementary

3. An upward movement along the demand curve illustrates
 - A. A decrease in demand
 - B. An increase in demand
 - C. A decrease in quantity demanded
 - D. An increase in quantity demanded
 - E. An equilibrium price

4. If the price elasticity of demand is between **ZERO** and **ONE**, the good is said to have
 - A. Elastic demand
 - B. Inelastic demand
 - C. Perfectly elastic demand
 - D. Perfectly inelastic demand
 - E. Unit elastic

ATSWA PART I SEPTEMBER 2015

5. Which of the following is **NOT** an assumption of the marginal utility theory?
- A. A good consumer derives utility from the goods consumed
 - B. Marginal utility is positive
 - C. As the quantity of a good consumed increases, marginal utility decreases.
 - D. As the quantity of a good consumed increases, marginal utility increases.
 - E. A consumer's aim is to maximize total utility
6. Demand for any good that is a necessity is
- A. Elastic
 - B. Inelastic
 - C. Perfectly elastic
 - D. Perfectly inelastic
 - E. Unit elastic
7. Which of the following illustrates the marginal cost curve?
- A. A supply curve
 - B. A demand curve
 - C. An indifference curve
 - D. An isocost curve
 - E. A production possibility curve
8. A regulation that makes it illegal to charge a price higher than a specified level is called
- A. Price floor
 - B. Equilibrium price
 - C. Mark-up price
 - D. Price ceiling
 - E. Market price
9. Which of the following is a disadvantage of sole proprietorship?
- A. Unlimited liability
 - B. Small capital requirement
 - C. Ease of supervision
 - D. Quick decisions
 - E. Independence of the owner
10. At the level of output where the average cost is rising, the marginal cost is
- A. Falling but less than average cost
 - B. Rising but above the average cost
 - C. Falling but greater than average cost
 - D. Equal to average cost
 - E. Rising but less than average cost

11. Which of the following is **NOT** true of the equilibrium condition of a firm under perfect competition?
- A. MC is rising
 - B. MC curve cuts AC curve from below
 - C. $MC = AC$
 - D. $MR > AR$
 - E. $AC = MR = AR$
12. The demand curve facing a firm under perfect competition is
- A. Relatively elastic
 - B. Relatively inelastic
 - C. Perfectly elastic
 - D. Perfectly inelastic
 - E. Unitary price elastic
13. In a closed economy without government, if the Marginal Propensity to Save (MPS) is 0.25, income expenditure analysis predicts that an increase in investment of \$20million will raise national income by
- A. \$5million
 - B. \$15million
 - C. \$40million
 - D. \$80million
 - E. \$100million
14. Which of the following is **NOT** a component of aggregate demand in an open economy?
- A. Taxes
 - B. Consumption
 - C. Government spending
 - D. Investment
 - E. Net export
15. An open economy is best described as
- A. An economy with diplomatic relation with other countries
 - B. An economy with an open sea-coast and good communication with the world
 - C. An economy with foreign trade, foreign investment and other foreign economic relations
 - D. An economy with trade treaties with other countries.
 - E. An economy with open borders which allow for only importation
16. Money in circulation can be reduced if the Central Bank
- A. Reduces special deposit

- B. Increases the bank rate
 - C. Buys treasury bills in the open market
 - D. Increases the credit ceiling
 - E. Increases liquidity ratio
17. Which of the following is a function of commercial banks?
- A. Lenders of last resort
 - B. Acceptance of deposits
 - C. Issuing of currencies
 - D. Determining the rate of interest
 - E. Bankers' bank
18. The Central Bank controls credit in the economy through the use of
- A. Travellers cheque
 - B. Open market operation
 - C. Legal tender
 - D. Foreign exchange instrument
 - E. Fiscal policy instrument
19. A financial statement of the total estimated revenue and proposed expenditure of government in a given period is called
- A. National Budget
 - B. Balance sheet of the government
 - C. Profit and Loss Account
 - D. Surplus Budget
 - E. Deficit Budget
20. The sales of government securities is a measure of
- A. Expansionary fiscal policy
 - B. Expansionary monetary policy
 - C. Contractionary monetary policy
 - D. Contractionary fiscal policy
 - E. Discretionary fiscal policy
21. A tax imposed on goods manufactured within a country is called
- A. Company profit tax
 - B. Excise tax
 - C. Income tax
 - D. Capital gains tax
 - E. Goods and Services tax
22. Which of the following is **NOT** true of the effects of inflation on the economy?

- A. It penalises savers
 - B. Creditors lose assets to debtors
 - C. It undermines the value of money
 - D. It could lead to breakdown of monetary system
 - E. It reduces profit making of firms in the economy
23. The price at which one currency can be traded for another currency is called the
- A. Foreign exchange rate
 - B. Foreign exchange system
 - C. Foreign exchange rate market
 - D. Fixed exchange rate regime
 - E. Flexible exchange rate regime
24. Which of the following can lead to the elimination of balance of payment deficit?
- A. Increase in import volume
 - B. Increase in export volume
 - C. Insecurity of life and property in the economy
 - D. Giving of grants and aids to other countries
 - E. Low level of receipts from the provision of international services
25. When government transfers its ownership in an organization to members of the public, it is called
- A. Liberalization
 - B. Privatisation
 - C. Commercialisation
 - D. Indigenisation
 - E. Nationalisation
26. Which of the following is **NOT** a member of the World Bank Group?
- A. International Bank for Reconstruction and Development (IBRD)
 - B. International Finance Corporation (IFC)
 - C. International Development Association (IDA)
 - D. International Monetary Fund (IMF)
 - E. Multilateral Investment Guarantee Agency (MIGA)
27. Which of the following is **NOT** the main objective of the African Development Bank (ADB)?
- A. Financing investment project with potential for social and economic development of African states
 - B. Encouraging and promoting exchange rate stability
 - C. Preparing, studying and identifying projects for development of members

- D. Mobilization of resources for financing development of selected projects inside and outside of Africa
 - E. Providing technical assistance for project preparation, study and execution.
28. Which of the following is a limitation to economic integration in West Africa?
- A. Strong trade ties with former colonialists
 - B. Effective allocation of productive resources
 - C. Absence of border disputes
 - D. Economic stability in the region
 - E. Free movement of goods among member nations
29. Which of the following is a potential benefit of real economic growth to a society?
- A. Everyone enjoys a greater nominal income
 - B. The standard of living increases
 - C. The burden of living increases
 - D. The society is less able to satisfy new demand
 - E. Increase in the level of under-employment
30. Which of the following does **NOT** characterize a less developed country?
- A. Low human capital formation
 - B. Low pre-capital income
 - C. Low population dependency burden
 - D. Low productivity
 - E. Low savings rate

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 desire of a consumer to purchase a commodity without an ability to pay is known as.....
2. An illegal buying and selling arrangement in which the price exceeds the legally imposed price ceiling is called.....
3. If a decrease in price leads to an increase in total revenue, demand is
4. The excess of total cost over total variable cost is.....
5. When a proportionate increase in the inputs of all factors used in production results in a more than proportionate increase in the output level, it is referred to as.....

INSIGHT

6. The output from a combination of factors of production is often called.....
7. The ratio between the proportionate change in demand for a good and the proportionate change in the price of another good is.....
8. The type of market structure associated with product differentiation is
9. The change in national income caused by a change in the level of savings in an economy is called.....
10. When equilibrium level of income is less than the full employment level of income, there exist a phenomenon known as.....
11. A person or company that does **NOT** trade in stock and shares as a principal, but keeps buyers and sellers in touch with one another is called.....
12. The institution in the economy which is the ultimate guarantor of sufficient liquidity as well as the lender of last resort is the
13. The measure of inflation which expresses changes in the cost of living of people resulting from changes in the retail prices is referred to as.....
14. The type of budget which the government should adopt to curb inflationary pressure in the economy is.....
15. The policy that can be used to influence economic activities by altering the supply or cost of money is.....
16. The loosening or complete removal of government regulations in an economy is referred to as
17. An institution through which companies shares and / or government stocks are traded is the.....
18. An international financial asset created by the International Monetary Fund (IMF) to facilitate the expansion and balanced growth of world trade is known as.....
19. The simplest form of economic integration is the.....
20. An increase in real GDP coupled with sustainable general human well-being in a country is known as.....

SECTION B ATTEMPT FOUR QUESTIONS IN ALL (50 MARKS)

PART I MICROECONOMICS (ATTEMPT ANY TWO QUESTIONS)

QUESTION 1

- a. Explain any **FOUR** principal features of a capitalist economic system (8 Marks)

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- b. In the real-world, there is no pure capitalist economic system. Discuss
(4½Marks)

(Total 12½ Marks)

QUESTION 2

- a. Define the term 'Economies of Scale'. (2½ Marks)
b. Distinguish between the following pairs of concepts:
i. Internal and External economies of scale
ii. Implicit and Explicit cost (10 Marks)

(Total 12½ Marks)

QUESTION 3

- a. Explain any **FOUR** essential features of monopolistic competition. (6 Marks)
b. Explain briefly the short-term equilibrium position of a monopolistically competitive firm. (6½Marks)

(Total 12½Marks)

PART II: MACROECONOMICS (ATTEMPT ANY TWO QUESTIONS)

QUESTION 4

“The invention of money has been described as the greatest invention of man”.

Required:

- a. What is money? (4½ Marks)
b. Explain fully the role which money plays in a modern economy. (8 Marks)
(Total 12½Marks)

QUESTION 5

- a. Explain “Public Debt”. (4½Marks)
b. Examine the burden of Public Debt on a nation (8Marks)

(Total 12½ Marks)

QUESTION 6

- a. Write short notes on the following:
i. Terms of trade
ii. Balance of trade
iii. Balance of payments (7½ Marks)
- b. Explain briefly how each of the following will affect a country's balance of payments
i. Revaluation of currency given that demand for exports and imports is price elastic

ii. Increase in portfolio investment by foreign investors

(5 Marks)

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ACCOUNTING TECHNICIAN SCHEME
PART 1 EXAMINATION – SEPTEMBER, 2015

ECONOMICS

SECTION A

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

Examiner's Comment

The questions in this part cover all areas of the syllabus and are all compulsory. All the candidates attempted the questions with about 58% of them scoring not less than 50% of the allotted marks. The way for candidates to excel in this part of the paper is to sufficiently cover the entire syllabus.

PART 11 SHORT-ANSWERS

1. Wants
2. Black market
3. Price elastic
4. Total Fixed Cost
5. Increasing returns to scale
6. Total Product
7. Cross-Price elasticity of demand
8. Monopolistic competition
9. Marginal Propensity to Save (MPS)
10. Deflationary or Recessionary gap
11. Stockbroker
12. Central Bank
13. Consumer Price Index (CPI)
14. Surplus budget
15. Monetary policy
16. Deregulation
17. The Stock Exchange Market
18. Special Drawing Rights (SDRs)
19. Free Trade Area
20. Economic Development.

Examiner's comment

All the candidates attempted the questions as instructed. Aggregate performance of candidates is poor. Only about 12% of them scored minimum of half of the total marks allocated to this part. Candidates are strongly advised to ensure effective coverage of all areas of the syllabus to achieve a good performance in this part of the question paper.

SECTION B

PART I

MICRO ECONOMICS

SOLUTION TO QUESTION 1

- a. The principal features of a **capitalist economic system** include the following:
 - (i) **Private property:** Private ownership of resources and production outfits is a core feature of the capitalist economic system. Resources owners may use their resources in any manner they like. The institution of private property induces its owners to work hard, to organize his business efficiently and produce more. The government's role is confined to the protection of the institution of private property through laws.
 - (ii) **Price Mechanism:** What to produce, how to produce and for whom to produce are determined by the free interplay of the forces of demand and supply (price mechanism). There is no form of interference from the government.

- (iii) **Profit Motive:** Decisions of producers are guided by the profit motive. That is, the desire for personal gain. It is this attitude of acquisitiveness which lies behind individual initiative and enterprise.
 - (iv) **Consumers' Sovereignty:** In a capitalist economic system, the consumer is the king. That is, the consumer has freedom of choice on what to buy and what to avoid. There is also freedom of production whereby producers produce a variety of goods and services in response to the demands of the consumers.
 - (v) **Freedom of Enterprise:** There is free choice of occupation for an entrepreneur, a capitalist and a labourer. But this freedom is subject to their ability and training, legal restrictions and existing market conditions. Subject to these restrictions, an entrepreneur is free to set-up any industry, a capitalist can invest his capital in any occupation he prefers. It is on account of this important feature of freedom of enterprise that a capitalist economy is also called a *free enterprise economy*
 - (vi) **Competition:** Competition is one of the most important features of a capitalist economy. It implies the existence of large number of buyers and sellers in the market who are motivated by the self interest but cannot influence market decisions by their individual actions. It is competition among buyers and sellers that determines the production, consumption and distribution of goods and services.
- b. There is no economy without both the private and the public sectors. This means that in the real world every economy is mixed. What obtains is that countries in which private sector is dominant such as United States of America, Britain, France, Australia, amongst others are classified as capitalist economies. On the other hand, countries in which public sector is dominant such as Cuba, and former USSR are often referred to as socialist economies.

Apart from ownership and control of some economic activities, one common area of government involvement or intervention in the economy is granting of subsidies, especially on agricultural production and some other essential goods and services. This is desirable to raise living standards of the people.

Examiner's Comment

The question on essential features of a capitalist system was attempted by about 95% of the candidates. However, about 90% of the candidates who attempted the question scored less than half of the mark. The high failure rate is due to poor knowledge of the topic, especially misinterpretation of the part (b) of the question.

SOLUTION TO QUESTION 2

- a. **Economies of scale** refer to the cost saving benefits derived by a firm from large-scale production influenced by internal efforts and external factors. This means that economies of scale can be internal or external. Graphically, economies of scale occurs over the range of output shown by the declining portion of the long-run average total cost curve

b(i) **Internal economies** of scale refers to cost savings benefits derived by a firm as a result of increasing its plant size and output. In other words, internal economies of scale occurs as long-run average total cost falls with increasing plant and output size. These may result from technical, financial, managerial and marketing advantages enjoyed due to large-scale production. It is also known as the *economies of large scale production*.

On the other hand, *external economies of scale* are cost savings advantages derived by a firm due to its location in an area where similar firms or industries are concentrated. For example, firms located in an industrial estate have easy access to social and economic infrastructure usually resulting in declining unit cost of production as output increases.

ii. **Implicit costs** are the imputed value of the entrepreneur's own resources and services which are committed to business use. These include salary of the business owner not received (forgone) being satisfied with earning normal profit, estimated rent of the building of owner-occupier, prevailing market lending rate for own fund made available for business, and so on

Explicit costs are those expenses which are incurred directly such as wages and salaries of workers hired, payments for material inputs and sales promotion, rent on building, interest paid on borrowed fund, and so on. In other words, these expenses are paid out by the entrepreneurs.

Examiner's Comment

The question tests candidates' knowledge of the long-run concept of economies of scale. About 85% of the candidates attempted the question, while about 10% of them scored pass marks. Candidates should note that all areas of the syllabus are important and examinable.

SOLUTION TO QUESTION 3

a. **Monopolistic competition** is the type of market which combines the features of both perfect competition and monopoly. The essential features of monopolistic competition are as follows:

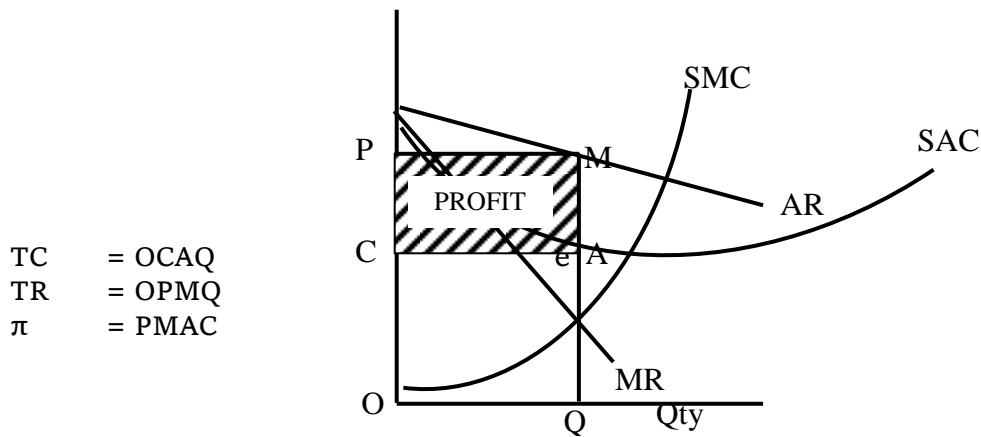
i. Large number of buyers and sellers: In monopolistic competition, the large number of firms produce and sell closely related but not identical commodities. The buyers account for a very small proportion of the total output.

ii. Absence of entry barrier: There are no significant or effective artificial or legal barriers to entry into the industry.

iii. Information Gap: In monopolistic competition, the buyers and sellers do not possess adequate information about the market conditions and opportunities. This means that there is no free flow of information about the market conditions.

iv. Product differentiation: In monopolistic competition, the products are differentiated using trademarks, branding, advertisement and different sales promotion strategies.

- v. Price discrimination: Sellers charge different prices for similar goods due to product differentiation strategies and information gap.
- vi. Downward Slopping Demand Curve: The demand curve facing the monopolistic competitive firm is downward slopping. The firm has control over price due to product differentiation.
- b. The demand curve facing the monopolistic competitive firm is downward-slopping because the product is differentiated and hence each firm can sell at slightly different prices. Consequently, to sell a greater quantity, the firm must cut its price. Therefore, the short run equilibrium position of a monopolistic firm occurs where the marginal cost (MC) equals the marginal revenue (MR). The short run equilibrium position is shown in the diagram below.



In the diagram above, the firm's short-run marginal cost (SMC) is equal to marginal revenue (MR) at output level Q . The firm charges price P which is higher than the short-run average cost OC . At price OP , the equilibrium position is at point e . The shaded area $PMAC$ represents the super normal/abnormal profit of the monopolistic competitive firm in the short run.

Examiner's comment

This question on market structure tests candidates' understanding of monopolistic competition. About 94% of candidates attempted the question, while about 48% of them scored pass marks. The inability of some of the candidates to draw appropriate diagram to explain the short-run equilibrium of the monopolistically competitive firm explains their failure in the question. Candidates are advised not to avoid graphical illustrations to ensure their adequate mastery of the macroeconomic concepts and principles.

PART II MACROECONOMICS

SOLUTION TO QUESTION 4

- a. Money is anything which is generally accepted as a means of payment for goods and services and for settlement of debts. Before money came into use trade was carried out by barter. Barter economy has serious problems, such

as, the need for double coincidence of wants, difficulty in exchange rate determination, and indivisibility of many goods and services.

- b. As a result of the dis-advantages of trade-by-barter, money was invented and it performs the following roles in a modern economy.
- (i) **Medium of exchange** – This is the most important function of money. Each producer sells his commodities or services for money. He then uses the money to buy the goods or services which he requires.
 - (ii) **Unit of account**:- The unit of accounts in Nigeria is the naira. In the United States it is the dollar. Thus all transactions are expressed in money units. Without the use of money unit, accurate accounts cannot be kept.
 - (iii) **Store of Value**:- Money serve as a store of value in the sense that we can keep the money we receive in exchange for our labour services with the knowledge that it will be accepted at any time for any goods and services as we want them. Therefore, money enables us to store our purchasing power.
 - (iv) **Measure of Value**:- Money prices are often used as a measure of value. A shirt sold at ₦1,200 is felt to have more value than one sold at ₦500.00
 - (v) **Standard for deferred payment**:- Money makes it possible for people to buy goods on credit and pay in future or enter into different types of contractual agreement for fixed amount of money payable at a future date.
 - (vi) **Instrument for economic control**:- The economy of a country is often controlled by decreasing or increasing the quantity of money in circulation.

Examiner's comment

The question explores definition and functions of money in every modern economy. About 98% of the candidates attempted the question. About 72% of them scored not less than half of the marks allotted to the question.

SOLUTION TO QUESTION 5

- a. The term Public, debt which is sometimes called National Debt, refers to the total amount of money owed by the Central Government of a country to all its various creditors, including private individuals, business and institutions within and outside the country thus Public Debt is categorised into two-internal and external:
In the case of Internal Public Debt, it is owed by a country to residents and institutions within the country; hence no increase in the size of the debt can make the country as a whole either poorer or richer.

On the other hand, external debts has the effect of improving balance of payments position when the loan is taken. But when interest payments are

made and principal repaid to abroad, the country's balance of payments account is adversely affected.

- b. The following are the burden of Public Debt on a nation:
- (i) Debt servicing involves the payments of interest and the making of capital repayment as and when due. For example, in the case of internal debt, payment of interest and repayment of principal involves simply a transfer from tax payer to security holder. To the extent that the debtor is worse off, the creditor is better off.
 - (ii) Borrowing imposes large obligations on future tax payers particularly if the debt is not used to finance projects with long term benefits.
 - (iii) Where an existing debt is so high as to exhaust the government borrowing power, it would make further borrowing difficult or even impossible.
 - (iv) The possibility of inflation resulting from borrowing constitutes a real burden if the borrowed fund is not utilised to promote economic growth.
 - (v) Where exchange rate is high, it negatively affect the amount of Foreign Currency applied to service external debt.

Examiner's Comment

The question tests candidates' understanding of the notion of public debt and its probable burden on a nation. About 60% of the candidates attempted the question, while about 49% obtained pass marks. Those who scored poorly in the question are those who fell short of articulating copiously the problems associated with borrowing by governments.

Candidates are advised to have correct understanding of questions and provide answers in a more detailed manner.

SOLUTION TO QUESTION 6

- a. Short notes on the following:
- i. **Terms of Trade:** This refers to the relationship between the prices of exports and prices of imports. It is the rate at which two commodities can be exchanged for each other between countries. It can also be expressed as the ratio of the price index of the country's export to the price index of imports expressed in percentage. It is favourable when export prices are higher than import prices, while it is unfavourable when import prices are higher than export prices.
 - ii. **Balance of Trade:** A country's balance of trade is the difference between the value of its visible exports and visible import over a given period of time. If the value of a country's visible exports exceeds the value of its visible imports then the balance of trade is favourable or surplus. But when the value of the visible exports is less than the value

of the visible import we have unfavourable balance of trade or trade deficit.

- iii. **Balance of Payments:** The Balance of payments of a country is a summary of its financial transactions with the rest of the world. It is a systematic record of all payments to and receipts from foreign countries during a specific time period, usually a year.

A typical balance of payments has three major components – current account, capital account and official reserve accounts or cash accounts.

It is balance of payment surplus when the value of total receipts exceeds the value of total payments. It is balance of payments deficit when the total value of receipts is less than the total value of payments. But the balance of payments is balanced when total receipts from abroad equals the total payments to abroad.

- b. i The immediate effects of revaluation of a country's currency, given that demand for exports and imports is price elastic, are:
- (i) To raise prices of exports and reduce foreign demand lowering forex income and
 - (ii) To lower prices of imports and increase demand for foreign goods increasing outflow of forex, thereby worsening the country's balance of payments position.
 - (iii) An increase in portfolio investment by foreign investors implies an inflow of private foreign capital. The effect is to reduce or remove the deficit in the balance of payments current account or impact positively on the country's overall balance of payments position.

Examiner's Comment

The question tests candidates' knowledge of selected concepts and policy on international trade and financial relations. About 62% of the candidates attempted the question, while the success rate is about 30%. Those who scored pass marks were those who provided satisfactory explanation of the concepts listed in part (a) of the question. Many of the candidates demonstrated poor understanding of the terms *revaluation* and *portfolio investment*, but could not draw a connection with balance of payments statement. Candidates are advised to prepare well for the examination.

AT/151/PI.3

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATION- SEPTEMBER 2015
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. Arrangement of courts according to the order of seniority is called
 - A. Stare decision
 - B. Hierarchy of courts
 - C. International courts
 - D. Ratio *decidendi*
 - E. Obiter *dictum*

2. The minimum post-call experience for appointment as a judge of the High Court/Circuit Court is
 - A. 8 years
 - B. 10 years
 - C. 12 years
 - D. 14 years
 - E. 16 years

3. Which of the following is **NOT** a remedy for civil wrong?
 - A. Damages
 - B. Specific performance
 - C. Imprisonment
 - D. Injunction
 - E. *Quantum meruit*

4. A counsel that encourages a party to take a legal action because of the financial benefit that will accrue to that same counsel is liable for
 - A. Vicarious liability
 - B. *Res ipsa loquitur*
 - C. Damages
 - D. Champerty
 - E. Commission

5. The head of the judiciary in your country is
- A. Chancellor
 - B. Chief Justice
 - C. King
 - D. Queen
 - E. Grand Khadi
6. Which of the following is **NOT** an element of a valid contract?
- A. Capacity
 - B. Intention
 - C. Consideration
 - D. Offer and acceptance
 - E. Illegality
7. Which of the following is **NOT** an example of frustration in the law of contract?
- F. Destruction of the subject-matter which makes the performance impossible
 - G. Changes in the law or governmental interference
 - H. Cancellation of an event
 - I. Death or personal incapacity of a party
 - J. Self-induced breach
8. An infant is **NOT** bound by a contract for **ONE** of the following
- A. Necessaries
 - B. Apprenticeship
 - C. Beneficial contract of service
 - D. Medication
 - E. Car purchase
9. Which of the following is **NOT** an exception to the rule of privity of contract?
- A. Agency
 - B. Third party insurance
 - C. Negotiable instruments
 - D. Restrictive covenant
 - E. Contracts of sale
10. Which of the following is **NOT** a rule governing consideration?
- A. Consideration may be executory
 - B. Consideration must not be past
 - C. Consideration must be sufficient
 - D. Consideration must be of value
 - E. Consideration must be adequate

11. Agency may **NOT** be created through **ONE** of the following?
- A. Necessity
 - B. Estoppel
 - C. Agency Deed
 - D. Force
 - E. Ratification
12. Agency may **NOT** be terminated by operation of law through **ONE** of the following?
- A. Death of a party
 - B. Insanity of one or both parties
 - C. Frustration
 - D. Mutual agreement
 - E. Lapse of time
13. The remedies of a seller does **NOT** include **ONE** of the following
- A. Lien
 - B. Right to withhold delivery
 - C. Stoppage in *transitu*
 - D. Right of resale
 - E. Right to reject the goods
14. Which of the following is an exception to the *nemo dat quod non habet* rule?
- A. Where goods are in good condition
 - B. Where goods are not necessities
 - C. Where goods are perishable
 - D. Where the goods are sold in market overt
 - E. Where the seller is an agent
15. The obligation of the owner in a hire purchase transaction does **NOT** include **ONE** of the following
- A. Delivery of the goods to the hirer
 - B. Insure the goods
 - C. Have a good title to the goods
 - D. Ensure the goods correspond with the description
 - E. Ensure that the hirer enjoys a quiet possession of the goods
16. Which of the following is **NOT** a method of terminating a hire purchase contract?
- A. Performance
 - B. Agreement
 - C. Reproduction
 - D. Frustration

- E. Breach
17. The principle of insurance that allows the insurer to stand in the shoes of the insured to enforce a right is called
- A. Ingenuity
 - B. Representation
 - C. Subrogation
 - D. Premium
 - E. Insurable Interest
18. The procedure under which an insurer that has already undertaken to cover a risk insures the same subject-matter with another company is called
- A. Reinsurance
 - B. Loss adjustment
 - C. Life Insurance
 - D. Indemnity
 - E. Priority
19. An involuntary and permanent loss of employment caused by excess of manpower is called
- A. Termination
 - B. Redundancy
 - C. Dismissal
 - D. Disobedience
 - E. Suspension
20. A servant is **NOT** under a duty to perform **ONE** of the following duties
- A. Duty of care
 - B. Duty to be loyal
 - C. Duty to obey
 - D. Duty to render personal service
 - E. Duty to elect union officers
21. Under the relevant legislation in your country, what is the maximum number of partners in a general partnership?
- A. 5
 - B. 10
 - C. 15
 - D. 20
 - E. 25
22. Which of the following remedies is available for breach of partnership agreement?

- A. A partner may bring an action for damages against the partners in a breach or pray for an injunction
 - B. The partner may decide to dissolve the partnership
 - C. The partner may demand for restitution
 - D. The partner may force the partners not to breach the agreement
 - E. The partner may advise the partners not to breach the agreement
23. The liability of a director to the company may **NOT** arise from **ONE** of the following
- A. Breach of fiduciary duty
 - B. *Ultra vires* act
 - C. Negligence
 - D. Liability for breach of implied warranty
 - E. Breach of trust
- ,24. The first auditor of a company shall be appointed by
- A. The directors
 - B. The shareholders
 - C. Audit Committee
 - D. The staff at the Annual General Meeting
 - E. The Financial Controller
25. Which of the following is qualified for appointment as an Auditor of a company?
- A. An officer or servant of a company
 - B. A person who is a partner, or who is in the employment of an officer or employee of the company
 - C. A person or firm who or which offers to the company professional advice in a consulting and specialised services capacity
 - D. A chartered accountant with practicing certificate.
 - E. A body corporate
26. A unit trust investment scheme is superintended by a person described as
- A. Manager
 - B. Official Receiver
 - C. Personal Representative
 - D. Liquidator
 - E. Contributor
27. The **THREE** parties to a bill of exchange are
- A. Holder, acceptor, endorser
 - B. Drawer, drawee, Payee
 - C. Bearer, acceptor, payee
 - D. Promise, promisee, payee
 - E. Endorser, endorsee, payee
28. Which of the following is **NOT** a duty of a banker to its customer

- A. To honour cheques
- B. Not to pay without authority
- C. To disclose the customer's secret
- D. To give correct advice on investment
- E. To exercise due care in its dealings

29. How many parties are there to a promissory note?

- A. Two
- B. Three
- C. Four
- D. Five
- E. Six

30. Which of the following is **NOT** a feature of a crossed cheque?

- A. It is payable over the counter
- B. It is payable into a designated bank account
- C. Two traversed lines are drawn across it
- D. Name of the payee must be written on it
- E. It must be signed by the drawer

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. In the legal system of your country, judge-made laws consist of case law known as
2. The High Court/Circuit Court duly constituted by a judge has jurisdiction in both and cases
3. In civil claims, the plaintiff who is successful in court is awarded.....
4. Where a person who possesses a special skill makes a careless statement and knows it to be false, it is called
5. Where the obligation in a contract is to be carried out in future, the agreement is said to be
6. Goods that are identified and agreed on at the time of the contract of sale are known as

7. A person that is employed by the principal to bring the principal into contractual relationship with a third party is known as
8. An acceptance is the final expression of assent to the terms of an
9. A situation where the court will treat the parties as if there is a contract between them is known as
10. A contract that does not require any formality is known as
11. The major parties in a hire purchase agreement are the owner and the
12. The mutual division of a given loss between two or more insurers where a scheme covers the same insured and the same risk is called
13. State **ONE** ground in which a worker's employment can be fairly terminated.....
14. A partner that lends his name to a partnership business without having a financial interest in it is called
15. The minimum share/stated capital of a commercial bank in your country is
16. A bill drawn and payable in your country or drawn within your country upon some other persons resident in your country is called
17. What should a banker do when a customer countermands a cheque?
18. A bill of exchange drawn on a banker and payable on demand is known as
19. The available defense when a holder sues on a bill is that
20. At what time will a drawee have liability on a bill?

SECTION B:
Marks)

ATTEMPT ANY FOUR QUESTIONS

(50

QUESTION 1

- a. The Court system in most countries of the world is in the form of a hierarchy. With examples from the court system in your country, explain what is meant by courts of co-ordinate jurisdiction and why they are so called. (3 Marks)
- b. X wants to institute a case on infringement of copyright at one of your High Court/Circuit Court. He intends to appeal to another High Court/Circuit Court if the decision of the previous High Court/Circuit Court is not favourable to him. Advise X. (3½ Marks)

- c. Define *stare decisis* and state **TWO** exceptions to the rule. (3 Marks)
- d. Give **TWO** examples of situations in which the courts will hold that an agreement is not binding because the parties had no intention to create legal relations. (3 Marks)
- (Total 12½ Marks)**

QUESTION 2

For a contract to have a binding effect, the parties must have legal capacity to contract. However, without legal capacity, contracts may be enforceable against certain categories of people.

Required:

- a. i. What is capacity in the law of contract? (2½ Marks)
- ii. Explain **TWO** persons who, by their circumstances and status, lack the capacity to enter into a contract. (4 Marks)
- b. James, a 16-year old student of Grate High School, collected text books on economics, geography and government worth ₦15,000 from Kate, the owner of Jasimo bookshop, on credit. James promised to pay within two weeks when his father returned from the village.

James' father has since returned and James has refused to pay for the books. Advise Kate and James. (6 Marks)

(Total 12½ Marks)

QUESTION 3

- a. "Insurance is an agreement between the insurer and the insured, whereby the insurer indemnifies the insured against a particular stated loss or upon the occurrence of a stated event". From the above definition, write short notes on the following:
- i. Indemnity insurance;
- ii. Contingency insurance;
- iii. Cover notes; and
- iv. Insurable interest (10 Marks)
- b. Q employed Y as a sales boy in a boutique in Victoria Island on 3 January 2015. Q's boutique was burgled by unknown persons and goods worth GH¢150,000 were stolen. Upon interrogation by the police, Y confessed to the burglary. Q has sought your opinion on whether to dismiss Y or terminate his employment.

Advise Q on the proper action to take (2½ Marks)

(Total 12½ Marks)

QUESTION 4

- a. Distinguish between termination of employment and summary dismissal. (2½ Marks)
- b. State **TWO** duties of an employer (2 Marks)
- c. Write short notes on the following:
- i. Contribution;
 - ii. Good faith;
 - iii. Proposal form; and
 - iv. Insurance policy
- (8 Marks)
(Total 12½ Marks)

QUESTION 5

- a. A debenture may be secured by a fixed charge or a floating charge.
- Required:**
- i. Define debenture (2 Marks)
 - ii. State **THREE** types of debentures (3 Marks)
- b. Distinguish between a fixed charge and a floating charge. (4½ Marks)
- c. “A partnership can be dissolved with or without an order of court”.
- State **THREE** instances in which a partnership can be dissolved without an order of court. (3 Marks)
- (Total - 12½ Marks)**

QUESTION 6

- a. Negotiable instruments are used as means of transferring values in modern day banking system.
- Required:**
- i. Explain briefly **TWO** types of bills of exchange. (4 Marks)
 - ii. A unit trust scheme is a vehicle of investment managed or driven by a manager. Explain unit trusts briefly. (2½ Marks)
- b. Utu operates a current account with New Venture Bank Limited. On 14 April 2015, Divine paid the sum of L\$900,000 into Utu’s current account and the bank alerted him of the payment. In settlement of the debt, Utu gave Uwa a cheque for the sum of L\$950,000, dated 16 April 2015. When Uwa presented the cheque for payment, the bank dishonoured it for insufficient fund.

Utu is annoyed, says he was embarrassed by the bank, and wants to sue the bank.

Required:

State the law, and advise the parties

(6 Marks)

(Total - 12½ Marks)

SECTION A: MULTIPLE CHOICE QUESTIONS

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

Examiner's Comment

The questions adequately covered the entire syllabus, and candidates' performance were above average.

SECTION B – SHORT ANSWER QUESTIONS

1. Judicial Precedents/*Stare decisis*
2. Civil and Criminal
3. Damages
4. Negligent Misstatement
5. Executory
6. Specific goods
7. Agent
8. Offer
9. Estoppel
10. Simple Contract
11. Hirer
12. Contribution
13. Incompetence or Redundancy
14. Nominal Partner
15. ₦25 billion
16. Inland bills
17. Not to honour the cheque
18. Cheque
19. He is not a holder for value; or the bill is altered; or the bill is overdue; or the bill is cancelled (any one)
20. When he accepts the bill

Examiner's Comment

The questions fairly covered the syllabus and candidates' performance were good

SECTION B

SOLUTION TO QUESTION 1

- (a) Courts of co-ordinate jurisdiction are courts of the same power and status on the hierarchy of courts. Examples of such courts are the State High Courts, the Federal High Court and the Sharia Court of Appeal. Decisions of these courts are not binding on one another. They are merely persuasive.
- (b) 'X' cannot institute a case of infringement of copyright in a State High Court. It is the Federal High Court that has the exclusive jurisdiction to try a case of infringement of copyright.
Secondly, 'X' cannot appeal from a State High Court to another State High Court. The two courts are courts of co-ordinate jurisdiction.
The proper court to lodge an appeal is the court of appeal,
- (c) *Stare decisis* is a system by which a lower Court must follow the decision of a higher court when deciding similar cases.
The two requirements for the successful operation of *stare decisis* are:
- A settled hierarchy of courts; and
 - An efficient law reporting system.

The exceptions to the rule of *stare decisis*, and the situations in which the lower court will not follow the judgment of the higher court are, where

- (i) The judgment of the higher court has been overruled on appeal; or
 - (ii) The judgment of the higher court is in conflict with judgment of a court that is higher in hierarchy
 - For example, where a High Court finds that the judgment of the Court of Appeal is in conflict with that of the Supreme Court on the same issue; or
 - (iii) The higher court has specifically stated that the judgment must not be cited as precedent as in the case of **Awolowo Vs Shagari**; or
 - (iv) A lower court has chosen to follow the other one of two conflicting decisions of a higher court.
- (d) The court will hold that a contract is not binding on the partners because they cannot be said to have an intention to create legal relations in:
- (i) **Domestic contracts:** For example, contracts involving husband and wife on domestic matters, such as upkeep of the home;.
 - (ii) **Social contracts:** Agreements such as an invitation to dinner or take a walk by friends; and
 - (iv) A situation in which the partners have expressly declared that there is no intention to make the agreement legally binding.

Examiner's Comment

The question test candidates' understanding of hierarchy of courts, judicial precedents, and the exceptions to 'intention to create legal relations'. 40% of the candidates attempted the question, and about 40% of them passed it. Candidates did not have an adequate understanding of hierarchy of courts.

SOLUTION TO QUESTION 2

- Ai. It is a basic rule in the law of contract that the parties must have the legal capacity, that is, the ability and competence to enter into a valid contract. Even if all other elements of a valid contract are present, the contract may still be unenforceable because of lack of capacity.
- ii. Contract may not be enforced against some categories of persons due to their circumstances and status. Such persons include:
- **An illiterate person:** This is a person that can neither read with understanding nor write the language of the contract;
 - **A lunatics or mentally-challenged person:** This category of persons is also protected by the law from exploitation, because of their inability to understand the implication of their actions;
 - **A drunkard:** A drunkard is not liable for a contractual obligation if he entered into it in a state of drunkenness to the knowledge of the other contracting party;

- **Infants:** Infants also are protected in law. An infant is a person below that age of 21 years of age. An agreement with an infant is not binding except it is a beneficial contract of service, e.g. to acquire a skill, or a contract for supply of necessaries at a reasonable price.

- (b) An infant is a person below 21 years of age. Ordinarily, an infant is not bound by contractual obligations. However, contracts by infants for necessaries are valid. Necessaries are things that are essential for the welfare of the child such as food, education, clothing. In other words, they are things without which the infant cannot reasonably exist. In this case, textbooks are necessaries. Although, Omo is 16 years old, he is liable to pay ₦15,000 to the Bookshop owner, Eke, as the price of the textbooks that he bought. Eke is advised to demand for the payment.

Examiner's Comment

The question tests 'capacity to enter into contract' and the exceptions to the rule. About 85% of the candidates attempted the question, and candidates' performance was good.

SOLUTION TO QUESTION 3

- (a) i) **Indemnity Insurance:** All insurance policies, except life assurance and personal accident insurance, are contracts of indemnity. Under an indemnity contract, the fundamental principle is that the insured cannot recover more than his actual loss. This implies that in the event of loss, the insured shall be placed in the same position he was immediately before the happening of the event insured against.
- ii) **Contingency Insurance:** This may be defined as any insurance in which the insurer's liability is dependent on human life. A contingency insurance does not provide an indemnity but a payment on a contingent event. Examples are a life policy or a personal injury policy. The sum to be paid is not measured by the loss, but is stated in the policy.
- iii) **Cover Notes:** When the insured's proposal was being considered by the insurer, the latter would have given such an insured a temporary cover pending the consideration and acceptance of his proposal by the insurer. This cover note protects the insured from the risk insured with the insurer pending the time the insurance company issues to the insured a formal insurance policy.
- iv) **Insurable Interest:** This means that a person or the insured will suffer a financial loss in the event of the destruction of the subject matter or be prejudiced by the death of another person. It must be noted that such interest must be an enforceable one. As such, a mere hope of acquiring an interest in future is not an insurable interest.
- (b) In a contract of employment, the employer has the authority to determine the employee's responsibility. This is mostly applicable in a master and servant relationship, otherwise known as contract of service.

In the hypothetical case, the relationship between 'Q' and 'Y' is that of "master and servant".

The general principle of law is that an employer may terminate his employee's appointment or dismiss him for commission of a crime in the course of his duty. This implies that 'Q' could summarily dismiss 'Y' without stating burglary as the reason.

Examiner's Comment

The question tests candidates' understanding of types of insurance and key requirements of insurance as well the distinction between termination of employment and dismissal in employment law. About 85% of the candidates attempted the question, and performance was largely above average.

SOLUTION TO QUESTION 4

(a) Termination of employment is the process by which a contract of employment comes to an end.

Summary dismissal is a situation that terminates an employee's employment without notice and benefit.

The major difference is that an employer could terminate an employee's employment without giving any reason; whereas under summary dismissal, the employer must give reason or reasons.

In addition, termination of appointment may require notice, but summary dismissal is immediate.

(b) The duties of an employer include the following:

(i) Duty to pay the employee remuneration;

(ii) Duty to indemnify the employee for out of pocket expenses on the business;

(iii) Duty to provide work; and

(iv) Provision of safe system of work

(c) (i) **Contribution**

This is the right of the insurer who paid under a policy to call upon other insurers equally liable for the same loss to contribute to the sum assured.

However, the risk which occurred must be common to all the insurers; the insurance must have common subject matter; the policies must cover the same interest; and each policy must be enforceable.

(ii) **Good faith**

This principle lies at the root of a contract of insurance. The insured must show utmost good faith (*uberrima fides*) by disclosing all material facts to be insurer.

(iii) **Proposal form**

The proposal form is the standard form given to the proposed insured by the insurance company wherein the former states all the particulars of the risk against which he wants to be insured.

(iv) **Insurance policy**

Insurance policy is the document that contains the terms and conditions that govern the relationship between the insurer and the insured.

Examiner's Comment

The question tests the distinction between the requirements for termination and those of dismissal in employment relationships as well as key terminologies in insurance contract.

Over 90% of the candidates attempted the question and about 98% passed.

SOLUTION TO QUESTION 5

(a)

- i. Debenture is the document that creates a debt or acknowledges it. It is a written acknowledgement of an indebtedness by a company, setting out the terms and conditions of the loan. A debenture holder is a creditor of the company and not a member/owner of the company.
- ii. Types of debentures include the following:
 - Registered debenture;
 - Bearers debenture;
 - Perpetual debenture;
 - Redeemable debenture;
 - Convertible debenture;
 - Secured debenture; and
 - Unsecured or Naked debenture

(b) The distinctions between a fixed charge and a floating charge include the following:

- i. A fixed charge is created on one or more specific assets, whereas a floating charge hovers over the whole or a specified part of the company asset both present and future;
- ii. A fixed charge is a legal charge while a floating charge is equitable;
- iii. A floating charge always crystallizes at the occurrence of an event to become fixed;
- iv. The debtor cannot dispose of a property subject-matter of a fixed charge, while it could dispose of a subject-matter of a floating charge

(c) A partnership could be dissolved in any of the following ways without an order of court, that is, by:

- i. Effluxion of time;
- ii. Notice according to the partners' agreement or the law;
- iii. The death of a general partner; or
- iv. Supervening illegality

Examiner's Comment

The question tests candidates' knowledge of types of debenture, the distinction between fixed and floating charges as well as termination of partnership. About 75% of the candidates attempted the question, and about 50% of them performed poorly due to lack of understanding of charges.

SOLUTION TO QUESTION 6

(a) i. The following are some of the different types of Bill of Exchange:

- **Inland Bill:** This is a bill either drawn and payable within Nigeria; or drawn within Nigeria upon some person resident in Nigeria;
 - **Incomplete or Inchoate Bill.** This is a bill lacking in some material particular, for example, by the space for payee being left blank;
 - **Accommodation Bill:** This is a bill signed by the accommodation party who is a person who has not received value for the bill for the purchase of lending his name as acceptor; and
 - **Foreign Bill:** This is a bill not drawn in Nigeria or a bill drawn and payable in foreign place.
- ii. A unit trust is an investment that is managed by a Manager who pays incomes to the investors out of the profits made from the operations of the scheme. It is an arrangement made for the purpose of having the effect of providing facilities for the participation of the public as beneficiaries under a trust in profit.
- (b) The law is that a bank must honour its customer's cheque, provided the customer's account is in fund in deposit made or by virtue of an overdraft or loan facilities granted to the customer.
The bank will not be liable if the sum in the customer's account is not sufficient to satisfy the order on the customer's cheque.
In this case, the sum of ₦900,000 standing to the credit of Utu was not sufficient to pay the cheque for ₦950,000. Thus, bank is not liable.
Utu is advised not to sue the bank, as the bank is not liable of any breach of duty to him. His action in court is likely to fail.

Examiner's Comment

The question tests candidates understanding of types of bills and unit trusts. Over 70% of the candidates attempted the question, and about 65% of them passed. Candidates should study more.

AT/151/PI.4

PART I EXAMINATION- SEPTEMBER 2015 COMMUNICATION SKILLS

Time Allowed: 3 hours

SECTION A: PART I

**MULTIPLE-CHOICE QUESTIONS
Marks)**

(20

ATTEMPT ALL QUESTIONS

ATSWA PART I SEPTEMBER 2015

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

1. Which of the following is **NOT** a physical barrier to communication?
 - A. A communication gadget
 - B. A telephone ring tone
 - C. Signal interference on the television
 - D. Beeping of telephone
 - E. Hooting of horns

2. Which of the following is **NOT** a physiological communication barrier?
 - A. Sitting on hard or uncomfortable seat
 - B. Poor eyesight
 - C. Holding a meeting in an uncondusive environment
 - D. Vitality gained from beverages
 - E. A severe headache

3. Which of the following is a method employed to avoid conflict in an organization?
 - A. Gossiping with colleagues
 - B. Peddling rumours
 - C. Keeping to organizational rules and regulations
 - D. Being partial in enforcing discipline
 - E. Being suspicious of colleagues

4. Which of the following is **NOT** a method used to find solutions to conflicts in an organization?
 - A. Conflict negotiation
 - B. Conflict investigation
 - C. Argument and evidence
 - D. Conflict resolution
 - E. Conflict mediation

5. Which of the following is used to represent all kinds of data that have a spatial or geographical dimension?
 - A. Pictograms
 - B. Line graphs
 - C. Maps
 - D. Histograms
 - E. Bar charts

6. Words generally have antonyms. Which of the following words has **NO** antonym?

- A. Behavioural
- B. Good
- C. Poor
- D. Common
- E. Precise

7. Which of the following is **NOT** a word class?

- A. Noun
- B. Adjective
- C. Conjunction
- D. Singular
- E. Adverb

8. Which of the following does **NOT** constitute a minimal pair?

- A. Pin and bin
- B. Bad and man
- C. Card and hard
- D. Hot and pot
- E. Set and met

9. Which of the following words does **NOT** describe a verb

- A. Regular
- B. Irregular
- C. Transitive
- D. Intransitive
- E. Intransigence

10. The branch of language that deals with the study of meaning is

- A. Syntax
- B. Lexis and structure
- C. Semantics
- D. Semiotics
- E. Cybernetics

11. For advertising to be successful, it must have the following effects on the consumer **EXCEPT**.

- A. Attract attention
- B. Arouse interest
- C. Create desire
- D. Move to action
- E. Make request

12. Which of the following is considered to be the set of people advertisement is meant for?

- A. Marketers
 - B. Messengers
 - C. Target audience
 - D. Producers
 - E. Manufacturers
13. Which of the following is an example of audio-visual medium of advertising?
- A. Radio
 - B. Television
 - C. Newspaper
 - D. Magazines
 - E. Manufacturers
14. The phrase “Drink Responsibly”, a piece of advice by producers of alcoholic drinks, is targeted at
- A. Children
 - B. Applicants
 - C. Adults
 - D. Students
 - E. Aged
15. “A Trial Will Convince you” is an example of which type of advertisement?
- A. Direct
 - B. Indirect
 - C. Informative
 - D. Persuasive
 - E. Competitive
16. In which of the following media are jingles placed?
- A. Radio
 - B. Internet
 - C. Newspaper
 - D. Magazine
 - E. Computer
17. Which of the following is **NOT** a method of establishing and sustaining marketing relations?
- A. Press release
 - B. Advertorial
 - C. Feature articles
 - D. Force
 - E. Lobbying
18. Marketing communication is **NOT** directed at one of the following

- A. Middlemen
- B. Consumers
- C. Salesmen
- D. Distributors
- E. Management

19. Which of the following is **NOT** an example of a print medium?

- A. Television
- B. Periodicals
- C. Newspapers
- D. Magazines
- E. Journals

20. Which of the following is **NOT** an example of a print medium for advertisement?

- A. Newsletter
- B. Flyer
- C. Poster
- D. Video
- E. Bill board

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 writer writes in anticipation of a reader, while a speaker speaks in anticipation of a(n).....
2. Listening in any communication process is an indication that communication is aprocess
3. A speaker encodes the message, while a listener..... it
4. A listener's response to a message is referred to as.....
5. Passive listening does not afford the listener the opportunity to make a of the speaker's message
6. The mechanism of making written communication understood is the use ofmarks
7. "The lecturer with his friend were commended". The grammatical error committed in this sentence is that of.....
8. A unit of discourse composed of a string of sentences that centres on a particular theme is known as a(n).....
9. Compound words are joined together with the use of the
10. What is the correct spelling of this word "Fraitanity"?
11. A report is a statement of the results of a(n).....
12. Non-technical reports are presented in a(n).....format
13. The section of a report that gives recognition to individuals and bodies that had contributed to the success of the report is called.....
14. The abstract of a report contains theof the entire report
15. A report is supposed to be presented in.....sequence
16. Technical information collected during investigation can be presented using
17. Maps and tables that provide additional information in a report are contained in thesection of the report

18. The final copy of a report that will be considered at a General Meeting of an organization should be..... before submission
19. The sections and sub-sections of a report are contained in the.....
20. Style in a report writing refers to languageand

SECTION B:

QUESTION 1

COMPULSORY

SUMMARY

(30 Marks)

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

Women have been vociferous over the years in the campaign for equal rights. Even before the famous Beijing Conference that had hardened women's resolve in the fight for equal rights, the reality of the matter was obvious.

From all indications, the core of the problem has been the need to let women have equal access to education as a key to a secure future. In the past, cultural practices hindered the education of girls for reasons that have no logical grounds. Some of the practices persist to this day.

Largely due to the negative thinking that the woman's place was the kitchen and doing household chores, many brilliant girls who could have risen to the very top of many professions if they had been educated, today find themselves condemned to a life of servitude through no fault of theirs. Some parents, especially fathers, believe that whether the girl is educated or not, a man will come along one day for her hand in marriage. On account of this thinking, they see no point in committing resources to the education of the girl child.

Apart from these parents, some well-educated persons are also guilty of denying girls the right to education. The worst offenders are people who engage their services. Many people see house-helpers as people solely cut out for the role of domestic servants. Thus the issue of helping them acquire education is out of the question. They do all chores at home from tidying up the house to preparing the children of their employers for school. In many instances, the house helps are less than 10 years old. The majority of them are not paid at the end of the month apart from the meals they are provided with.

The lucky ones are given a handshake, a sewing machine, some piece of wax print and some token amount at the end of the service. In other countries, house helps are engaged in strict compliance with labour regulations and are paid on hourly basis with facilities like having their own rooms to retire to, and their freedom. This is not the case in this country where house-helpers work from dawn to dusk.

There is nothing wrong with a mistress undertaking to educate the house-help. That will be service to humanity and will go a very long way to reduce the illiteracy rate. It will also be a concrete way of dealing with the problem of educating the girl child. Many house-helpers are brilliant children who need just the right push in education to become great assets to the nation. The more educated women there are, the more they can rub shoulders with their male counterparts.

Source: Johnson Dare, Tokubo Kola et al., High Standard English Language for Senior Secondary School, 2004 Partner Publishers, New Delhi, India pp.145-146.

- a. Give the passage a suitable title (2 Marks)
- b. State in **TWO** short sentences, one for each, the **TWO** reasons why people thought that girls should not be educated. (4 Marks)
- c. State in **TWO** short sentences, one for each, the **TWO** chores house-helpers engage in. (3 Marks)
- d. State in **THREE** short sentences, one for each, the **THREE** problems house-helpers face. (3Marks)
- e. State in **FOUR** short sentences, one for each, the **FOUR** different ways house-helpers are remunerated. (6 Marks)
- f. State in **THREE** short sentences, one for each, any **THREE** advantages a society derives from educating house-helpers. (6 Marks)
- g. State in **THREE** short sentences, one for each, any **THREE** differences between the treatment of house-helpers in the writer's country and other countries. (6 Marks)

(Total 30 Marks)

SECTION C: ATTEMPT ANY TWO QUESTIONS (30 MARKS)

QUESTION 2

- a. Advertising has been said to be a method used by producers to induce consumers into purchasing what ordinarily they would not have bought. In other words, many people have criticised advertising for various reasons.

List any **THREE** purposes of advertising. (3 Marks)

- b. Explain briefly any **FOUR** criticisms levelled against advertising. (12 Marks)

(Total 15 Marks)

QUESTION 3

- a. Write out the subordinate clause in each of the sentences below. (5 Marks)
- b. State the type of subordinate clause in each sentence. (5 Marks)
- c. What is the grammatical function of each of the subordinate clauses? (5 Marks)
- Whoever wants to succeed must work hard.
 - The house situated on the hill, belongs to my father.
 - Before the doctor arrived, my uncle had died.
 - The students bought the textbook because they were compelled to do so.
 - The day, when we were married, was a memorable one.
 - I shall never forget when we were married.
 - When we were married, we bought a bungalow.
 - Nobody could understand why the results were late.

- ix. That you are my brother is not debatable.
- x. I like the food which my wife gave me.

(Total 15 Marks)

QUESTION 4

- a. Change each of the following sentences to indirect speech:
 - i. "Are the men ready?" asked Mr. Ibrahim.
 - ii. "Give all the help you can," the Director requested.
 - iii. "My view then, Mr. Chairman, is that we should reject the motion", submitted Dr. John.
 - iv. "This is what these statesmen are doing now," the speaker lamented.
 - v. "Will you go with me in my car?" asked Yemi. (5 Marks)

- b. Change each of the following sentences to direct speech:
 - i. Seyi asked his wife if he could go to the beach with Victoria.
 - ii. Mary asked Paul where he was going.
 - iii. The teacher asked John if he was ill.
 - iv. He asked him why he didn't come to school the previous day.
 - v. I am sorry for what I said. I will never do such again. (5 Marks)

- c. Rewrite each of the following sentences in its correct form:
 - i. Excessive greed and being too lazy are common faults of otherwise competent people.
 - ii. Hannah is a splendid sales lady and who knows more about the product than anybody else.
 - iii. Everyone should punch their own card.
 - iv. He is undoubted man of genius.
 - v. Let you and I go together.

(5 Marks)

(Total 15

Marks)

QUESTION 5

An ad-hoc committee on project planning and execution for your organization had met the previous week to discuss the modalities for a project execution. In continuation of the committee's task of coming up with a proper plan, and to tidy up, another meeting had been fixed to hold the following week.

As the secretary to the committee, prepare the minutes of the previous meeting for distribution to the members of the committee before the next meeting.

(Total 15 Marks)

PART I – MULTIPLE-CHOICE QUESTIONS

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

Examiner's Comment

This section is compulsory for all candidates. The questions cover the entire syllabus. The performance of candidates was good as about 90% of them scored 50% and above of the allocated mark. They can perform better in future examinations by making use of ICAN study materials and past questions.

SECTION A PART II – SHORT-ANSWER QUESTIONS

1. Listener/ audience
2. Two-Way/Dual
3. Decodes
4. Feedback
5. Recall/ recollection
6. Punctuation
7. Concord
8. Paragraph
9. Hyphen
10. Fraternity
11. Investigation/Inquiry/Enquiry
12. Informal/Prose/Free
13. Acknowledgements

- 14. Summary/Synopsis
- 15. Logical
- 16. Visual aids/Tables, Charts, Graphs
- 17. Appendix
- 18. Bound
- 19. Table Of Contents
- 20. Choice, use

Examiner's Comment:

This section is compulsory for all candidates. The questions cover the entire syllabus. Candidates' performance was poor. About 30% of them scored 50% and above of the allocated mark. For improved performance in future examinations, candidates should familiarise themselves with concepts and technical terms in the various sections of the syllabus.

SECTION B (summary)

SOLUTION TO QUESTION 1

- 1 a. Girl child's right to education
OR
The need for the education of the girl child

- bi People think that women's place was in the kitchen
- ii Parents fear to invest in girls education since they will eventually lose them to other men in marriage.
OR
Male parents' fear of losing their female children to other men in marriage

- c i They clean the house
- ii. They care for/look after their employers' children

- d i They are poorly or never paid
- ii. They are over-worked
- iii. They are denied the right to education

- e i. They are given free food
- ii. They are praised
- iii. They are given material gifts
- iv. They are paid on hourly basis
- v. They are given some money at the end of their service

- f i. It is a service to humanity
- ii. It reduces the rate of illiteracy in the society
- iii. It helps to solve the problem of girl child education

- g i. They are treated according to labour laws/regulations
- ii. They are paid on hourly basis

- iii. They are provided with basic facilities
- iv. They have freedom

Examiner's Comment:

This question is compulsory for all candidates. The question tests candidates' understanding of reading for meaning and main points. 99.99% of the candidates attempted the question. One candidate did not attempt this question. Candidates' performance was average as only about 45% of them scored 50% and above of the allocated mark. Candidates should:

- (i) improve their reading ability for meaning and main points
- (ii) learn how to answer comprehension and summary questions
- (iii) make use of ICAN study materials and question papers

SOLUTION TO QUESTION 2

- 2 a
 - i. To create awareness among target audience
OR
To enlighten potential consumers and the society
 - ii. To persuade consumers
 - iii. To give information on products and services
 - iv. To sell products
 - v. To stimulate profit

b. i. **DECEPTIVE ADVERTISING**

Products and services are advertised wrongly at times to make it more appealing to consumers than they really are. The costs of some of these products and services are not always disclosed to the consumers. This act is deceptive.

ii. **STEREOTYPING**

Advertisements make use of stereotypes. People, especially women, are used by Advertising Agencies as sex objects to advertise their products and services. Also, advertisements make statements of seeming general truth on the basis of ethnicity, religion or innuendoes that can provoke the base sentiments of people.

iii. **OVER EXPOSURE**

Consumers, most especially television viewers, complain bitterly that advertisement interfere with their enjoyment. Some advertising placements are not even good for the consumption of young children.

iv. **MATERIALISM**

Consumers' exposure to advertisement is responsible for their purchase of goods they do not need. Some are indebted in the name of buying latest clothes, cars or jewellery that are being persuasively advertised.

v. **STIMULATION OF FALSE NEEDS**

The primary needs of human beings vary. People tend to buy products that they do not primarily need because of an aggressive advertisement.

vi. **ECONOMIC WASTEFULNESS**

In order to recover the money spent on advertisement, the advertising agencies increase the price of the products and services thereby exploiting potential buyers.

vii. **WRONG LANGUAGE USAGE**

Some Advertising Agencies sometimes use foul languages in the process of advertising. These are unfortunately copied by innocent young people, consequently they are affected negative.

Examiner's Comment

This question tests candidates' knowledge of purpose and criticisms levelled against advertising. About 70% of the candidates attempted the question. Candidates' performance was poor as about 25% of them scored 50% and above of the allocated mark. Candidates' pitfalls were:

- i. inability to differentiate between advertisers' complaints and that of the consumers
- ii. poor expression and language use.
Candidates should study the Advertising section of the syllabus very well for better performance in future examinations.

SOLUTION TO QUESTION 3

- 3a(i) Whoever wants to succeed
(ii) (which is) situated on the hill
(iii) before the doctor arrived
(iv) because they were compelled to do so
(v) when we were married
(vi) when we were married
(vii) when we were married
(viii) why the results were late
(ix) That you are my brother
(x) which my wife gave me

- B (i) Noun clause
(ii) Adjectival clause
(iii) Adverbial clause
(iv) Adverbial clause
(v) Adverbial clause
(vi) Noun Clause
(vii) Adverbial clause
(viii) Noun clause
(ix) Noun clause
(x) Adjectival clause

- c (i) subject of the sentence
(ii) qualifies the noun "house"
(iii) modifies the verb "had died"
(iv) modifies the verb "bought"
(v) qualifies the noun "day"
(vi) object of the verb "forget"

- (vii) modifies the verb “bought”
- (viii) object of the verb “understand”
- (ix) subject of the sentence
- (x) qualifies the noun “food”

Examiner’s comment:

This question tests candidates’ knowledge of types and functions of clauses. About 30% of them attempted the question. Candidates’ performance was poor as about 20% of them scored 50% and above of the allocated mark. Candidates were unable to identify the different types of clauses and their functions. They should learn more about different types of clauses and their functions for better performance in future examinations.

SOLUTION TO QUESTION 4

- a i Mr. Ibrahim asked if the men were ready
- ii. The Director requested that they /he/she should give all the help that they/he/she could give
- iii. Dr. John submitted that the motion should be rejected.
- iv. The speaker lamented that, that was what those statesmen were doing
- v. Yemi asked if he/she would go with him in his (Yemi’s) car.

- b. i “Can I go to the beach with Victoria? Seyi asked his wife
- ii. “Paul, where are you going? “Mary asked
- iii. “John, are you ill?” asked the teacher
- iv. “Why didn’t you come to school yesterday?”he asked
- v. He said, “I am sorry for what I said, I will never do such again.”

- c i. Greed and laziness are common faults of otherwise competent people
- ii. Hannah is a splendid saleslady who knows more about the product than anybody else.
- iii. Everyone should punch his/her own card
- iv. He is undoubtedly a genius
- v. Let you and me go together

Examiner’s comment:

This question tests candidates’ understanding of direct and indirect speeches, and common errors. About 75% of the candidates attempted the question. Their performance was very poor as only about 10% of the candidates that attempted the question scored 50% of the allocated mark. Candidates’ pitfalls were lack of understanding of

- (i) the principles governing direct and indirect speeches,
- (ii) the use of punctuation marks.
- (iii) how to identify faults in sentences.

Candidates should familiarise themselves with this aspect of language use, do a lot of practice and make use of ICAN study materials and question papers to better their performances in future examinations.

SOLUTION TO QUESTION 5

MINUTES OF THE AD-HOC COMMITTEE ON PROJECT PLANNING AND EXECUTION OF BLUE GATE CONCEPTS LIMITED, HELD AT THE COMMITTEE ROOM ON WEDNESDAY, 12TH MAY, 2014

1.0 Attendance

Prof Paul Asemuwa	-	Chairman
Chief Rafiu Aloba		
Alhaji Mueez Doe		
Ms Linda Chindz		
Mr Emmanuel Eziri	-	Secretary

2.0 Opening

The meeting was called to order by the chairman at exactly 2:15 p.m. The chairman welcomed members to the meeting and briefed them on the problem of irregular supply of water that the company was experiencing. This led the management to consider the necessity for sinking a bore-hole to make the company self sufficient in water supply. He concluded that this was the rationale for setting up the committee.

3.0 Business of the day

- a) The bore-hole project: Members discussed the bore-hole project at length and unanimously agreed that it was a necessity in view of the irregular supply of water by the water board.
- b) Tenders: The Committee had a robust discussion on whether selected bore-hole drillers should be invited to tender or to throw it open by advertising in a national daily. The committee agreed on advertising for tenders in the most widely-read newspaper. It was decided that tenders must be received within two weeks of publication.
- c) Budget: The committee discussed the cost of advertising in a national daily. Chief Raiu Aloba was mandated to obtain advertisement rates of the most widely-read newspaper.
- d) Assignment of Responsibilities (i) Chief Aloba was to obtain and submit advertisement rates from the most widely-read newspaper
 - (i) The Secretary was to draft the advertisement copy, receive the tenders and liaise with the accountant for the release of the cost of advertising.

- (ii) The Chairman, the Secretary and Ms Linda Chindz were mandated to analyse the tenders received by the closing date and submit a report for discussion at the next meeting.

4.0 Any Other Business

No new issues were raised at the meeting .

5.0 Date of next meeting: The next meeting would hold on 5th June, 2014.

6.0 Adjournment: The meeting adjourned on a motion by Alhaji Doe, seconded by Ms Chindz.

7.0 Closing: The meeting closed at 6.30 pm

Chairman

Secretary

Examiner's Comment

This question tests candidates' understanding of minutes writing. About 20% of the candidates' attempted the question. Their performance was very poor. About 5% of them scored 50% and above of the allocated mark. Candidates pitfalls included, among others, lack of understanding of

- (a) minutes writing format
- (b) the demand of the question which is writing the minutes of an inaugural meeting which did not warrant the inclusion of:
 - i) Reading and Adoption of the minutes of the previous meeting
 - ii) Matters Arising since there was no previous meeting
- (c) poor expression
For better performance in future examinations, candidates should
 - i) study format/procedures of minutes
 - ii) learn to interpret questions before answering them
 - iii) use ICAN study materials and question papers