

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.

== == == == == == == ==

INSIGHT

CONTENTS	PAGE
BASIC ACCOUNTING PROCESSES AND SYSTEMS	4 - 37
ECONOMICS	38 - 62
BUSINESS LAW	63 - 82
COMMUNICATION SKILLS	83 - 101

INSIGHT

AT/172/PI.1

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2017
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. The meaning of the acronym IASB is
 - A. International Accounting Setting Board
 - B. International Auditing Standards Board
 - C. Internal Accounting Standards Board
 - D. International Accounting Standards Board
 - E. International Accounting Standards Bureau
2. Which of the following is **NOT** a process involved in book-keeping?
 - A. Extraction of the Trial balance
 - B. Preparation of Financial Statements
 - C. Posting entries from subsidiary books to the ledger
 - D. Recording transactions in books of prime entry
 - E. Classification of business transactions using source documents
3. The fundamental qualitative characteristics of accounting information are
 - A. Relevance and timeliness
 - B. Relevance and comparability
 - C. Timeliness and understandability
 - D. Relevance and faithful representation
 - E. Verifiability and faithful representation
4. The primary task of a Financial Manager is best divided into
 - A. Tax management, financing decisions and investment decisions
 - B. Financing decisions, investment decisions and liquidity management
 - C. Dividend decisions, tax management and liquidity management
 - D. Financial decisions, dividend decisions and treasury management

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

- E. Financing decisions, dividend decisions and investment decisions
5. Sole proprietorship, partnership and limited liability companies are types of
- A. Not for profit entities
 - B. Business entities
 - C. Government entities
 - D. Private entities
 - E. Non-governmental entities
6. In the absence of a partnership agreement, which of the following statements is applicable regarding partners' remuneration?
- A. No remuneration will be paid to a partner
 - B. Partner's remuneration shall be 5% of profit
 - C. Remuneration will be paid equally to partners
 - D. Remuneration will be paid based on capital contributed
 - E. Partner's remuneration shall be 10% of profit
7. Which of the following is correct?
- A. Profit does not alter capital
 - B. Profit reduces capital
 - C. Profit increases capital
 - D. Loss increases capital
 - E. Loss does not alter capital
8. The Economic resources that are used for income generation for more than one accounting period are known as
- A. Current assets
 - B. Non-current assets
 - C. Long term assets
 - D. Large assets
 - E. Recurrent assets
9. Which of the following is **NOT** an element of the statement of financial position?
- i. Assets
 - ii. Equity
 - iii. Expense
 - iv. Liabilities
- A. i and iv
 - B. i and ii
 - C. iii only

INSIGHT

- D. iv only
E. ii only
10. A document that informs the buyer that his indebtedness has been reduced by the amount stated therein is a
- A. Credit note
B. Debit note
C. Purchase invoice
D. Sales invoice
E. Credit statement
11. Flomo purchased the following items from Aminata company
- Pencil: One dozen at ₦50 per unit
Eraser: Two dozen at ₦200 per dozen
A discount of 7.5% is given on all sales
- Calculate the net amount to be paid by Flomo for his purchases
- A. ₦1,000
B. ₦992.50
C. ₦952
D. ₦925
E. ₦400

Use the following information to answer Questions 12 and 13

On 1 April 2015 Contch Limited purchased a generator for Le500,000. The generator has an estimated useful life of five years with a salvage value of Le100,000. Given that the accounting year end is 31 December each year and the generator was sold for Le250,000 on 31 December 2016.

12. Calculate the accumulated depreciation on the generator as at 31 December 2016, using the straight line method.
- A. Le60,000
B. Le80,000
C. Le100,000
D. Le140,000
E. Le160,000
13. Calculate the gain or loss on disposal
- A. Loss of Le250,000
B. Loss of Le140,000
C. Loss of Le110,000
D. Gain of Le101,000

INSIGHT

- E. Gain of Le250,000
14. Kendra Limited purchased a vehicle on 5 July 2015. In January 2017 L\$10,000 was used to purchase a new engine to replace the old one while L\$1,000 was used for general servicing in March 2017.
- The expenditure of January 2017 and March 2017 are
- A. Capital expenditure only
B. Revenue expenditure only
C. Revenue & Capital Expenditures respectively
D. Capital & Revenue expenditures respectively
E. Revenue & recurrent expenditure respectively
15. Which of the following item is **NOT** a source of information for control accounts?
- i. Receivables and payables account
ii. Cash paid to suppliers and cash received from customers
iii. Cash purchases and Cash sales
- A. i and ii
B. i and iii
C. ii only
D. iii only
E. ii and iii
16. The parties to a cheque are
- A. Drawer, Drawee and payer
B. Drawer, Drawee and Payee
C. Drawer, Drawee and Bank
D. Payee, Drawee and Bank
E. Payer, Drawer and Payee

Use the information below to answer questions 17 and 18

Mensah has the following remuneration from his employment

Basic salary	=	GH¢2,000 per month
Leave allowance	=	GH¢10,000 per annum
Transport allowance	=	GH¢5,000 per quarter
Risk allowance	=	5% of annual basic salary
Income tax rate	=	15% on gross income

17. Calculate Mensah's annual total allowance
- A. GH¢1,200
B. GH¢11,200
C. GH¢21,200

INSIGHT

- D. GH¢30,000
E. GH¢31,200
18. Calculate Mensah's annual total income
A. GH¢8,280
B. GH¢24,000
C. GH¢31,200
D. GH¢46,920
E. GH¢55,200
19. The scheme where bonus is calculated as the proportion of wages of actual time taken which the time saved bears to the standard time is the
A. Halsey premium plan
B. Time saved bonus scheme
C. Rowan plan
D. B and C above
E. A and C above
20. Which of the following transactions would **NOT** pass through the cash book?
i. Paid sundry expenses by cash
ii. Withdraw cash for office use
iii. Sold goods on credit to Mary
iv. Received cash for sales made on credit
A. i and iii only
B. ii and iii only
C. ii only
D. ii and iv only
E. iii only
21. The following information is available about the transactions of Doe, a sole trader

	L\$
Opening inventory	90,000
Closing inventory	123,500
Purchases	425,000
Gross profit margin	25%

What is Doe's sales revenue for the year?

- A. L\$525,000
B. L\$522,000
C. L\$425,000

INSIGHT

- D. L\$391,500
E. L\$213,500
22. Given the following information on Fatu manufacturing company

	Le
Material cost	5,000
Production overhead	2,000
Labour cost	3,500
Sales	15,000
Non-production overhead	3,100

Calculate prime cost as a percentage of sales

- A. 10%
B. 20%
C. 23.67%
D. 33.33%
E. 56.67%
23. The production cost of goods manufactured is transferred from the manufacturing account into the statement of profit or loss by
- A. Crediting production cost & debiting manufacturing account
B. Crediting manufacturing account & debiting statement of financial position
C. Debiting manufacturing account & crediting statement of profit or loss
D. Debiting statement of profit or loss & crediting manufacturing account
E. Debiting statement of profit or loss & crediting production cost
24. In manufacturing accounting, a company using transfer pricing method would transfer production cost to the statement of profit or loss at
- A. Historical cost
B. Relevant cost
C. Market value
D. Salvage value
E. Opportunity cost
25. Motor insurance expenses prepaid is a
- A. Current liability
B. Current asset
C. Non-current liability
D. Non-current asset

INSIGHT

- E. Accrued expense
26. Unearned Revenue is a
- A. Current asset
 - B. Current liability
 - C. Non-current asset
 - D. Floating asset
 - E. Long term asset
27. The excess of opening capital over closing capital represents
- A. Gross profit
 - B. Net profit
 - C. Net loss
 - D. Income
 - E. Cost incurred

Use the following information to answer questions 28 and 29.

Madam Jumai trading activities for the quarter showed:

Purchases – 500 food flasks Le750,000
Sales (at Le2,250 each) Le832,500

28. How many were her unsold food flasks?
- A. 120
 - B. 130
 - C. 250
 - D. 500
 - E. 750
29. What was Madam Jumai's gross profit on trading for the quarter?
- A. Le82,500
 - B. Le97,500
 - C. Le195,000
 - D. Le277,500
 - E. Le375,000
30. When cash taken from the till is banked, the transaction is recorded as a
- A. Bank entry
 - B. Till entry
 - C. Cash entry
 - D. Debit entry

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

E. Contra entry

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Book keeping is the phase of accounting.
2. The International body charged with the responsibility of providing timely guidance on financial reporting issues is known as
3. A company may be limited either by or
4. The accounting concept that suggests a business entity will continue in operation for the foreseeable future is known as
5. Gains arising on the disposal of non-current asset is recognised as in the statement of profit or loss.
6. The authorising document for the payment for a particular expense or service is known as
7. An account in which the net difference in the trial balance total is recorded is called
8. The term is used to refer to the amount for which an asset has been exchanged between knowledgeable and willing market participants.
9. The period over which an asset is expected to be available for use by the business entity is known as

INSIGHT

10. A cash dispenser which is designed to enable customers enjoy banking services without coming in contact with the Bank Teller is known as
11. What is the full meaning of the acronym EFTPOS?
12. An account containing the summary of all trade receivables is known as the control account.
13. Bills payable should be recorded on the side of the payables ledger control account.
14. Usually, transfers from the manufacturing account to the statement of profit or loss is at value.
15. A reliable financial information is capable of influencing the decision of users when it hasand.....
16. An input data source for the payroll sub-system is
17. An error in which goods invoiced at GH¢91,200 in Kadiatu company is recorded as GH¢92,100 in the sales day book is known as
18. The amount given to a petty cashier operating the imprest system to meet the day-to-day minor cash needs of the entity is known as
19. Mabel has the following assets and liabilities at her trading year end. Cash L\$500,000, bank loan L\$250,000, motor vehicle L\$900,000 and Trade payables L\$350,000. Her closing capital was
20. An item of machinery having a depreciation amount of ₦500,000 per year, a salvage value of ₦100,000 and a useful life of 10 years was purchased at a cost price of

SECTION B:

**ATTEMPT ANY FOUR QUESTIONS
(50 Marks)**

QUESTION 1

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

- a. Identify **FIVE** users of financial statements and briefly explain their information needs. (7¹/₂ Marks)
- b. i. List **SIX** characteristics of Public Sector Entities (3 Marks)
- ii. State **TWO** advantages and **TWO** disadvantages of governmental entities (2 Marks)
- (Total 12¹/₂ Marks)**

QUESTION 2

John Brown, an inexperienced book-keeper has noticed that the trial balance of Kadiatu Company for the month ended March 2017 has the credit column higher than the debit column by GH¢570.

The following errors have been identified by the company's accountant on examination of the books.

- i. An error in balancing the inventory ledger account made the amount transferred to the trial balance GH¢2,120 less than actual amount.
- ii. Expenses ledger account with a balance brought down of GH¢5,000 was posted as GH¢6,000 in the Trial balance.
- iii. A sales invoice of GH¢3,420 was omitted from the sales day book.
- iv. Cash purchases of GH¢2,150 was recorded in the cash ledger account but omitted from the purchases ledger account.
- v. A purchase invoice of GH¢13,140 was recorded as GH¢15,140 in the purchases day book.
- vi. Credit sales of GH¢5,000 to Konneh, a customer, has been debited to the account of Boakai, another customer.
- vii. The total on one page of the purchases day book had been carried forward as GH¢19,140 whereas the correct amount was GH¢11,940.
- viii. An item of vehicle purchased for GH¢4,100 had been debited to sundry expenses.
- ix. Furniture purchased was correctly debited as GH¢5,590 in the furniture account, but a credit of GH¢5,950 was recorded in the cash account.

Required:

- a. Identify the errors above that will NOT affect the agreement of the trial balance (4 Marks)

INSIGHT

- b. Show appropriate journal entries to correct the errors in i - ix above. (8¹/₂ Marks)

(Total 12¹/₂ Marks)

QUESTION 3

- a. i What is Automated Teller Machine in electronic banking (2 Marks)
ii State **SIX** functions of Automated Teller Machines (3 Marks)

- b. The following is the wage rate of Jacob Johnson for June 2016

Standard time	360 hours
Wages rate/hour	N 25
Actual time taken	310 hours

- i. Calculate Jacob's total earnings for the month of June 2016 if the company uses the
a. Rowan Plan (3 Marks)
b. Halsey Premium Plan (2¹/₂ Marks)

- ii. State **ONE** advantage of each of the bonus schemes above (2 Marks)

(Total 12¹/₂ Marks)

QUESTION 4

- a. Michael Aiyegbo, the CEO of Prime Logistics enterprises has instructed the company's accountant to deposit the company's excess funds into interest bearing account.

Required:

- i. State **TWO** types of interest bearing accounts. (2 Marks)
ii. Explain the benefits of each of the interest bearing accounts itemized in (i) above. (3 Marks)
- b. Telepath Limited, a telephone servicing company has been experiencing a huge backlog of customers' orders due to increasing customer demand.

INSIGHT

In a recent management meeting, the company's accountant suggested that the implementation of a computerized accounting system would reduce delays in processing customer's order.

Required:

Compare computerized accounting systems with the traditional manual accounting systems.

(7¹/₂ Marks)

(Total 12¹/₂ Marks)

QUESTION 5

The following trial balance was extracted from the books of Carey; a sole trader, as at 31 December 2016:

	DR	CR
	L\$	
	(000)	L\$(000)
Inventories, 1 January 2016	481,000	
Bank	151,680	
Cash in hand	14,080	
Payables		336,200
Receivables	195,280	
Commissions Received		70,000
Insurance	7,680	
Bad Debts	1,040	
Returns	2,240	15,680
Sales		2,939,920
Furniture	44,160	
Telephone	1,360	
Rate	4,040	
Salaries	113,480	
Electricity	3,640	
Purchases	2,739,400	
Postages	5,520	
Advertising	5,080	
Capital		644,960
Motor Vans	37,080	
Premises	<u>200,000</u>	<u> </u>
	<u>4,006,760</u>	<u>4,006,760</u>

INSIGHT

Additional Information:

- (i) The Inventories as at 31 December 2016 was L\$431,480,000
- (ii) Write off depreciation as follows:
 - Premises at 5%
 - Motor van L\$8,000,000
 - Furniture at 10%
- (iii) Prepaid rate is L\$600,000 accrued telephone is L\$880,000
- (iv) Make provision of L\$12,000,000 for irrecoverable and doubtful debts.

You are required to prepare:

- a. Statement of profit or loss for the year ended 31 December 2016
(7³/₄ Marks)
- b. Statement of financial position as at 31 December 2016.
(4³/₄ Marks)

(Total 12¹/₂ Marks)

QUESTION 6

- a. State **THREE** control features and **TWO** advantages of the imprest systems of petty cash
(5 Marks)
- b. Accounting concepts and conventions are principles, rules, laws and regulations that guide the preparation and presentation of accounting information.

Briefly explain the importance of the following concepts:

- i. Objectivity
- ii Fair Value
- iii. Periodicity

(7¹/₂ Marks)

(Total 12¹/₂ Marks)

INSIGHT

SOLUTION TO MULTIPLE CHOICE QUESTIONS

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

INSIGHT

Workings:

(11)

	<u>N</u>
Cost of one dozen of pencil N 50 x 12	600
Cost of Eraser 2 dozens @ N 200/dozen	<u>400</u>
	1000
Less Discount: 7.50 x 1000	<u>75</u>
	<u>925</u>

(12) Annual depreciation = $\frac{\text{Cost} - \text{Salvage Value}}{\text{Estimated useful life}}$

= $\frac{5000,000 - 100,000}{4}$

= Le80,000 per year

Dec. 2015	$80,000 \times \frac{9}{12}$	Le 60,000
Dec. 2016		<u>80,000</u>
Accumulated Depreciation		<u>Le 140,000</u>

(13) Carrying value as at Dec 2016
Le500,000 – Le140,000 = Le360,000

Proceeds from sale	=	<u>Le 250,000</u>
Loss on disposal		<u>Le110,000</u>

(17) Leave allowance	=	GH¢ 10,000
Transport allowance 5,000 x 4	=	20,000
Risk allowance (2000 x 12) x 5%		<u>1,200</u>
		<u><u>N31,200</u></u>

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

- (18) Mensah's annual total income
- | | |
|-----------------------|------------------|
| | GH¢ |
| Total allowance (w17) | 31,200 |
| Annual basic salary | |
| GH¢2,000 x 12 | <u>24,000</u> |
| | <u>GH¢55,200</u> |
- (21) Production Cost/Cost of sales:
Opening inventory + purchases - closing inventory
= 90,000 + 425,000 - 123,500
= Le391,500
- Sales = Le $\frac{391,500 \times 100}{75}$ = Le522,000
- (22) Prime cost = Material cost + labour cost
Le 5,000 + Le 35000 + Le8500
Prime cost as a percentage of sales
 $\frac{8500}{15000} \times 100$ = 56.67%
- (28) Number of Units purchased = 500
Number of units sold 832500
2250 = (370)
Unsold units 130
- (29) Revenue from units sold = Le 832,500
Cost of sales/purchases
 $370 \times \frac{750,000}{500}$ 555,000
Le277,500

Examiner's report

The questions are well spread to cover the syllabus. The standard of the questions is also appropriate to the level of the examination. About 70% of the candidates that attempted MCQs scored above 50% of the mark allocated to the section thus, implying a fair performance for future examination candidates are advised to cover the whole syllabus and make

INSIGHT

use of ATSWA study text and other relevant textbooks for improved performance.

SOLUTIONS TO SHORT ANSWER QUESTIONS

1. Recording/Primary
2. IFRS Interpretations Committee
3. Shares or Guarantee
4. Going Concern
5. An Income/Revenue
6. Payment Voucher
7. Suspense Account
8. Fair Value
9. Expected Useful Life
10. Automated Teller Machine (ATM)
11. Electronic Funds Transfer at Point of Sale
12. Sales Ledger/Trade receivables control
13. Debit
14. Historical Cost of Production
15. Predictive value and confirmatory value
16. Time sheets/Clock Cards/Employee details
17. Transposition error or Error of Original Entry
18. Cash float
19. L\$800,000

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

20. ₦5,100,000

Workings:

(19)

Closing Capital = Total Assets less
Total
Liabilities

ASSETS

Motor Vehicles	L\$'000	L\$'000
Cash Balance		900

LIABILITIES

Trade Payables		1,400
Bank Loan		
Closing Capital	350	
	<u>250</u>	<u>(600)</u>
		<u>800</u>

(20) Cost - Salvage Value = Total Depreciation
Cost - ₦100,000 = ₦500,000 x 10yrs
Cost - ₦100,000 = ₦5,000,000
Cost = ₦(5,000,000 + 100,000)

Cost = ₦5,100,000

Examiner's Report

The quality and standard of the questions are considered satisfactory. There were no observed ambiguities in any of the questions that could contribute to poor performance by candidates.

Candidates' performance in this part of the paper is however, not too satisfactory. About 50% of the candidates that attempted the SAQs scored 40% or above, out of the obtainable marks.

INSIGHT

SOLUTION 1

The users of financial statements include:

- (i) Owners (shareholders) of the firm
- (ii) The Management
- (iii) The Employees
- (iv) The Lenders to the firm
- (v) Potential Investors
- (vi) The customers of the firm
- (vii) Financial Analysts
- (viii) The suppliers to the firm
- (ix) The Regulatory Bodies, e.g. Government Agencies such as Tax Authorities, Corporate Affairs Commissions, (CAC), Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC). The Nigerian Stock Exchange (NSE). The Financial Reporting Council of Nigeria (FRCN).

Information Needs/Requirements for Economic decisions

USER	Information Requirements
1. Owners (shareholders)	<ul style="list-style-type: none">- Firm's profitability- The financial position of the firm- The returns on their investments- The long-term prospects of the firm

INSIGHT

2. The Management (Directors) - Every matter that concerns the maximisation of owners' wealth, e.g.
Profitability, long-term stability of the firm and the firm's general performance to determine the effectiveness of their policies
-The adequacy of own remunerations as directors.
3. The Employees - Security of their employment
- The profitability of the firm for wage negotiations.
- Long-term stability of the firm
- The firm's financial position
4. Lenders to the Firm - Information required by Lenders to enable them decide if their loans will be repaid and whether or not to grant new loans. Such information include:
-the firm's profitability
-liquidity of the firm
-value of long-term assets of the firm, etc.
5. Potential Investors of the firm Investors supply the risk capital of the firm. A potential investor needs similar information as those of the current owners such as, the
-firm's profitability
-financial position of the firm
-long-term prospects of the firm
-Envisaged return on their investments
6. The Customers of the firm The long term stability of the firm is their major concern especially if they depend on it themselves. The firm's profitability, its financial position and long-term prospects are probable areas of interest to the firm's customers.

INSIGHT

7. Financial Analysts

Financial analysts need information that will assist them to offer sound financial advice to their clients about their potential investments in the firm. Such information include:

- the firm's profitability over time.
- the firm's liquidity positions over time
- estimated returns on investment
- the financial position of the firm over a period of time.
- long-term prospects of the firm.

8. The suppliers of the firm

Suppliers are generally interested in prompt payment of their invoices and continued patronage from the firm. They therefore, seek information relating to – the firm's liquidity, profitability and long-term survival from the firm's financial statements.

9. The Regulatory Bodies

Regulatory Bodies were set up to oversee the general health of firms and ensure their long term stability and survival as a way of protection to investors. They therefore seek information on matters relating to the firm's liquidity, profitability, long term survival, compliance with the companies law and other regulations, capital adequacy, good corporate governance.

The Revenue (Tax Authorities seek adequate tax returns for computation of tax payable by the firm. Government also use the financial statements of firms for national planning.

INSIGHT

b(i) Characteristics of Public Sector Entities

- They have multiple objectives such as provision of public goods and services, facilitating resource reallocation and/or undertake policy development.
- Their resources are generally held for service provision rather than generating future cash flows.
- Public accountability is the overriding feature of such entities and they ensure availability of information to demonstrate such accountability.
- They lack equity ownership. Public sector entities do not act to enhance the economic position of an entity for the benefit of owners.
- Many public sector entities must prepare and make publicly available their financial budgets. The budget documents are often extensively distributed and referenced.
- Their operating and financial frameworks are set by legislation.
- By their nature, profit maximisation is not a major objective.

(ii) Advantages of governmental Entities:

- They can be used to influence economic activities. For example, government entities can be used to facilitate efficient exploitation of certain natural resources.
- They charge the public lower cost for services rendered, as they are not set up for profit making purposes.
- Ownership of a whole industry by the government, makes planning and coordination easier.

Disadvantages of governmental entities

INSIGHT

- They can be difficult to manage and control. The sheer size of most governmental entities slow down decision making process.
- Due to lack of competition, and the knowledge that they cannot go bankrupt, public entities may become inefficient by producing low quality products or services at high prices.
- They may need to be subsidized from tax payers' money especially if they are loss making entities.
- They often lack autonomy as they may need special clearance from government on very critical decisions of economic significance.
- They often lack flexibility as they have to follow the policies and rules set by the legislative or parliament. Most of these rules can be rigid.
- They are subject to political interference. Their programmes may be subject to changes as a result of change in administrative style or ruling (political) parties.

Examiner's Report

Candidates were required to identify users of financial statements and their information needs. Candidates are expected to be very familiar with the topic by now as this area of the syllabus has always been tested because of its importance. More than 70% of the candidates that attempted the question scored above average mark.

Part (b)(i) and (ii) of the question is a straightforward question that tested characteristics and usefulness of Public Sector entities. Candidates' performance was however below average implying that they are yet to grasp this area of the syllabus. Candidates are advised to use ATSWA study text for improved performance in future examinations.

INSIGHT

SOLUTION TO QUESTION 2

2a. Error (iii) - This is an error of omission. Both the debit and credit entries were not recorded.

Error (v) - This is an error of original entry. The error is committed within the same class of account but affecting different persons.

Error (viii)- This is an error of principle. The transaction is posted into the wrong class of account but the effect remains the same.

b. JOURNAL ENTRIES TO CORRECT THE ERRORS

	DR	CR
	GHC	GHC
i	Inventory a/c Suspense a/c Being understatement in the inventory ledger a/c, which was transferred to the trial balance now corrected.	2,120 2,120
Ii	Suspense a/c Expenses a/c Being the closing balance of GHC 5,000 on expenses a/c posted as GHC 6,000 on the trial balance now corrected.	1,000 1,000
Iii	Trade Receivables Sales Being omission of sales invoice on sales day book, now corrected.	3,420 3,420
Iv	Purchases a/c Suspense a/c Being omission of cash	2,150 2,150

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

	purchases on the purchases a/c now corrected.		
v.	Suspense a/c Purchase a/c Being purchases invoice of GHC13,140 posted to purchases day book as GHC 15140, now corrected.	2,000	2,000
Vi	Konneh (Trade Receivables) a/c Boakai (Trade Receivables) a/c Being credit sales to Konneh, debited to Boukai a/c in error now reversed.	5,000	5,000
vii	Suspense a/c Purchases a/c Being total of GHC 11,940 on a page of the purchases day book carried forward as GHC 19140 now corrected.	7,200	7,200
vii i	Motor Vehicle a/c Sundry Expenses a/c Being an item of motor vehicle purchased, posted to sundry expenses a/c now reversed.	4,100	4,100
Ix	Cash a/c Suspense a/c Being cash purchases of furniture for GHC	360	360

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

5,590 credited to cash
a/c as GHC 5,950, now
corrected.

Examiner's Report

Suspense accounts and correction of errors tested in this question are supposed to be popular topics among the candidates. It is an area in which candidates are expected to have their core competencies. Over 60% of the candidates attempted the question but the candidates scored below average mark. Candidates failed to submit solutions that comply with the requirements of the question. For example, many of the candidates merely stated various types of errors without linking them to the requirement of the question.

More than 50% of the candidates that attempted the question were able to present the journal format correctly but they incorrectly made journal entries and failed to identify appropriate accounts to Debit/credit to facilitate correction of the errors observed. Candidates are advised to make use of ATSWA study text and other relevant textbooks for improved performance in future examinations.

SOLUTION 3

a.i Automated Teller Machines (ATM) are electronic banking outlets, which allow consumers to complete basic banking transactions without the aid of a branch representative or teller but with the use of a credit card or debit card, which are inserted into the machines by card holders.

ii. The functions of Automated Teller Machines include:

They hold and dispense cash, which are withdrawn by card holders
They aid in the payment for goods and services purchased at stores and restaurants.

They aid in the payment for goods and services purchased online

They are useful in checking customers account balances

They are used in depositing cash into bank customer's account

They can be used to withdraw local currency at a foreign bank's Automated Teller Machine (ATM) at a fair exchange rate.

b. Using Rowan's Plan

Bonus = $\frac{\text{Time Saved}}{\text{Time allowed}}$ x Time taken x Time rate

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

$$= \frac{360 - 310}{360} \times 310 \times 25 = \text{N}1076.39$$

$$\begin{aligned} \text{Total Earning} &= (\text{Time taken} \times \text{Time rate}) + \text{Bonus} \\ &= 310 \times 25 + \text{N}1076.39 \\ &= \text{N}7,750 + \text{N}1,076.39 \\ &= \underline{\underline{\text{N}8,826.39}} \end{aligned}$$

Using Halsey Plan

$$\begin{aligned} \text{Bonus} &= 50\% \text{ of } (\text{Time saved} \times \text{Time rate}) \\ &= 0.5 \times 50 \times 25 = \text{N}625 \\ \text{Total Earning} &= (\text{Time taken} \times \text{Time rate}) + \text{Bonus} \\ &= (310 \times 25) + \text{N}625 \\ &= \text{N}7750 + \text{N}625 \\ &= \underline{\underline{\text{N}8,375}} \end{aligned}$$

(ii) Advantages of Rowan Plan of Bonus Scheme:

- It provides guaranteed minimum wages to workers.
- It protects the employers against loose rate setting
- It pays a higher bonus than that under the Hasley plan up to 50% of the standard time saved
- The worker is not induced to rush through the work. If time saved is more than 50% of the standard time, the bonus increases at a decreasing rate
- It provides good incentives for comparatively slow workers and beginners.

(iii) Advantages of the Halsey Premium Plan of Bonus Scheme

- It is easy to understand
- It guarantees a minimum time wages to all the workers. This means that slow or lazy and relatively inefficient workers have nothing to fear from the plan.
- The benefits resulting from saving in time is equally divided between the workers and the employers.
- Bonus is separately calculated for each job. As a result, any time saved by a worker on a particular job is not adjusted against excess time taken by him on another job.

INSIGHT

Examiner's Report

Candidates were tested on –

- (a) The Automated Teller Machines' functions and
- (b) Computations of earnings based on incentive payment plans under both the Rowan and Halsey Premium Bonus Schemes.

The question is straightforward and its requirements were clear enough. Candidates appeared to be familiar with the topics as not less than 80% of them attempted the question. The candidates scored above the average mark in the (a) part of the question. However, the 'b' part of the question posed a little problem for most candidates.

The candidates appear confused about the formulae for calculating payment plans as they interchanged the formulae for calculating payment plans – using the formula for Rowan Plan to calculate that of the Halsey Premium Plan and vice versa. On the average, the candidates scored only 30% of the allotted mark.

For improved performance in future examinations, candidates are advised to have a revision of the topic and ensure the details of the different payment plans are clearly understood.

SOLUTION TO QUESTION 4

- ai Types of interest bearing accounts with a bank include:
 - Savings Account
 - Fixed Deposit Account

- ii. The benefits derived from maintaining a savings account include:
 - The account is usually maintained by small organisations, to keep their surplus funds.
 - Interest is earned on such account based on the balance standing to the credit on the customer's account as at the end of a period.
 - Withdrawal can be made on demand. However, excess demands can lead to forfeiture of interest for the period.
 - No references are required when opening a normal savings account.
 - No account maintenance charges are charged by the bank

INSIGHT

The benefits derived from maintaining a fixed deposit account ;

- The account earns a higher interest rate than is receivable on a savings account.
- It is good for large business organisations to keep their idle funds in such account
- Both the bank and the customer agree to the terms and conditions of the relationship in opening the account.

- No references are required when opening such account, as long as it does not involve a cheque transaction.
- No account maintenance charges are charged by the bank

b

COMPUTERIZED ACCOUNTING SYSTEM	MANUAL ACCOUNTING SYSTEM
i. Business process is made quicker and at relatively cheaper rate	Business process is longer and expensive
ii. Business operation is efficient in terms of speed, accuracy and storage	Business operation may be inefficient, slow and inaccurate.
iii. It improves customers' satisfaction and promotes increase in demand.	Customer's satisfaction is poor with lower demand
iv. Data storage and availability of information is guaranteed	Data storage is poor, while the retrieving of information is usually difficult
v. Data processing risk is low and operational failure is minimized	Data processing risk is high and operational failure is also high
vi. The accounting system is computer based	The accounting system is non computer based and manual.

Examiner's Report

The first part of the question tested candidates' knowledge of the two interest bearing accounts in the banking system and the benefits of

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

keeping such accounts. The second part tested candidates' knowledge of computerized and manual accounting systems.

About 40% of the candidates that attempted the question and produced reasonably satisfactory answers. All the candidates that attempted the question scored average mark. For improved performance in future examinations, candidates are advised to cover the syllabus.

SOLUTION 5

CAREY

Statement of Profit or Loss for the year ended 31 December, 2016

	L\$(000)	L\$(000)	L\$(000)
Sales			2,939,720
Less Sales returns			<u>2,240</u>
			2,937,680
<u>Less</u> Cost of Sales			
Opening Stock		481,000	
Purchase s	2,739,400		
<u>Less</u> Returns Outwards	<u>15,680</u>		
		2,723,720	
		3,204,720	
Less Closing Stock		<u>431,480</u>	
			<u>2,773,240</u>
Gross Profit			164,440
Commission Received			<u>70,000</u>
			234,440
<u>Less</u> Expenses: Insurance		7,680	
Bad Debts		1,040	
Telephone	1,360		
Accrued	<u>880</u>		
		2,240	
Provision for Bad Debt		12,000	
Tenement Rate (4040-600)		3,440	
Salaries		113,480	
Electricities		3,640	
Postages		5,520	
Advertising		5,080	
Depreciation			

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

Premises $\frac{5}{100} \times 200,000,000$	10,000	
Motor Van	8,000	
Furniture $\frac{10}{100} \times 44,160,00$	<u>4,416</u>	
		<u>22,416</u>
Net Profit		<u>176,536</u>
		<u>57,904</u>

CAREY

Statement of Financial Position as at 31 December 2016

	COST	ACCUM. DEPR.	CARRYING AMOUNT
	L\$000	L\$000	L\$000
Non-Current Assets			
Premises	200,000	(10,000)	190,000
Motor Van	37,080	(8,000)	29,080
Furniture	<u>44,160</u>	<u>(4416)</u>	<u>39,744</u>
	<u>281,240</u>	<u>22,416</u>	258,824
Current Assets:			
Inventory		431,480	
Receivables	195,280		
Allowance for doubtful debt	<u>(12,000)</u>	183,280	
Prepaid Rent		600	
Bank		151,680	
Cash in hand		<u>14,080</u>	
			<u>781,120</u>
Total Assets			<u>1,039,944</u>
Financed by: Equity and Liabilities			
Owner's equity			644,960
Net Profit for the year			<u>57,904</u>
Total Equity			702,864
Current Liabilities:			
Trade Payables		336,200	
Accrued Telephone Expenses		<u>880</u>	
Total Current Liability			<u>337,080</u>
Total Equity and Liabilities			<u>1,039,944</u>

Examiner's Report

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

The question tested candidates' knowledge of the preparation of final accounts. Over 90% of the candidates attempted the question. However, close to 20% of the candidates who ordinarily would have scored very high marks carelessly neglected to state figures in thousands ('000) as given in the question. Students that fell into this group lost valuable marks while over 80% of the candidates that provided their solution as stipulated scored above the average marks allotted to the question.

Candidates are advised to pay attention to details of the examination questions and provide solutions to questions according to the requirements of the question.

SOLUTION 6

a. Control features of an Imprest System:

- i. There must be an officer responsible for maintaining the imprest
- ii. A petty cash voucher must be prepared for every payment made by the petty cashier. Such petty cash voucher must be approved by an approving authority and signed by the party receiving the payment from the petty cashier.
- iii. All petty cash vouchers must be serially numbered.
- iv. All petty cash vouchers supporting payments made by the petty cashier must be recorded appropriately into the petty cash book
- v. Daily balancing of petty cash book balance with physical cash balance must be undertaken by the petty cashier.
- vi. Regular and surprise cash count must be undertaken by a responsible officer to ensure that the imprest funds are intact.

Advantages of the imprest system:

- i. It trains young staff (Petty cashier) to be responsible about money and accurate in accounting for it.
- ii. It saves the time of the main cashier who is a person with great responsibilities;
- iii. The main cash book will not be over loaded with payment of items with low amounts;
- iv. It makes expense analysis and monitoring easier;
- v. It reduces the number of accounts to be opened in the ledger accounts thereby facilitating balancing of periodic accounts with ease.

INSIGHT

b. Objectivity/Fairness Concept

Objectivity concept holds that financial statements should not be influenced by personal bias of management. The use of historical cost for asset valuation is an attempt to be objective, because it can be backed up by vouchers, invoices, cheques, bills etc. A change in the value of an asset should therefore be recognized when it can be measured in objective terms.

Objectivity is useful in accounting in the following ways:

- Auditing is made possible
- Accounting data are standardized
- Fraud and falsification of accounts are minimised
- Data is available for an independent party to cross-check

In spite of the goals of objectivity concept, some personal opinions and judgment are brought into accounting information in a few instances. For instance, estimates are required to determine the useful life of a non-current asset and the net realizable value of inventories or the allowance to be made for irrecoverable and doubtful debts. However, figures used in financial statements should rely as little as possible on estimates or subjectivity.

ii. Fair Value Basis Concept

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The basis for determining fair value is arm's length transaction, that is, transaction that involves dealing with unrelated or unknown parties.

iii. Periodicity Concept

The assumed life span of a business is usually subdivided into smaller periods of twelve months (one year). This enables an entity's operations to be subjected to periodic review to determine the financial performance and position of the entity. It also empowers the management to make periodic distributions to the owners.

INSIGHT

The periodic review would also help to assess management efficiency, planning and control of future operations.

Examiner's Report

Question six tested candidates knowledge of the advantages and control features of the imprest system. The 'b' part of the question tested candidates knowledge of a few accounting concepts. About 70% of the candidates attempted the question but performance was below average.

It seems candidates concentrated their attention on how to prepare imprest accounts but neglected to note the real import of the accounts prepared. Candidates could not appropriately specify the control features imprest account should provide and the advantages of maintaining such account. Furthermore, candidates could not explain the various accounting concepts sufficiently enough. Candidates are advised to concentrate on every aspect of the syllabus for improved performance in future to bring out clearly the importance of the concepts in accounting.

The performance of about 70% of the candidates who attempted the question was disappointingly below average.

GENERAL REMARK

Candidates' attention was always drawn to their pitfalls after every examination. It does seem most candidates ignored to read the various pieces of advice on their pitfalls.

For purposes of emphasis, candidates should note the following:

- (i) Candidates should take their time to read the requirements of the question before going ahead to attempt them.
- (ii) They should be mindful of the currency in which values are denominated and in particular when they are denominated in thousands ('000).
- (iii) Candidates should not concentrate all their attention on the preparation of accounts alone. They should be mindful of the need to be able to explain, describe and itemise other fundamental concepts in the subject.

INSIGHT

AT/172/PI.2

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

ECONOMICS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Which of the following is a measure of the slope of the production possibilities curve?
 - A. Marginal rate of substitution
 - B. Marginal rate of transformation
 - C. Marginal rate of technical substitution
 - D. Marginal utility
 - E. Marginal cost

2. An individual would try to be as self-sufficient as possible because of the problems of trading in a
 - A. Barter economy
 - B. Socialist economy
 - C. Capitalist economy
 - D. Open economy
 - E. Centrally planned economy

3. Which of the following is a disadvantage of division of labour?
 - A. Mass production at decreasing cost
 - B. Increase use of machines and equipment
 - C. Total dependence on a skilful worker
 - D. Saving of time
 - E. Increase in productivity

4. The output per unit of a variable factor employed is referred to as
 - A. Marginal product
 - B. Total product
 - C. Average product

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

- D. Variable factor
E. Average cost
5. Which of the following is **NOT** an argument in favour of nationalisation?
- A. To rescue ailing firms
B. Free government firms from heavy subvention
C. Easier to manage the economy
D. Ensures provision of essential services at affordable prices
E. Taking over foreign firm with threats of security concerns
6. Localisation of industries in an area may be faced with the following problems **EXCEPT**
- A. May be a target of attack during war
B. Mass unemployment may occur if there is depression
C. Firms may compete for factors of production
D. May lead to population congestion
E. Development of pool of labour
7. Which of the following may **NOT** be considered a feature of a partnership?
- A. Member ranges from 2 to 20
B. Amalgamation of sole proprietorships
C. Partners collectively own the business
D. A partner could either be dormant or active
E. Intimate relationship
8. Which of the following factors is **NOT** a determinant of demand?
- A. The consumers' income
B. The price of related good
C. The consumers' taste
D. The cost of production
E. The consumers' expectations
9. When the coefficient of income elasticity of demand for a product is less than one but greater than zero, demand for the product is
- A. Perfectly income elastic
B. Perfectly income inelastic
C. Income elastic

INSIGHT

- D. Income inelastic
 - E. Unitary income elastic
10. Which of the following laws states that as more and more units of a particular good or service are consumed during a specific time, the satisfaction derived from each additional unit of the goods or services decreases?
- A. Law of demand
 - B. Law of diminishing marginal utility
 - C. Law of returns to scale
 - D. Law of supply
 - E. Law of diminishing marginal rate of commodity substitution
11. A legal price set above the equilibrium market price is known as
- A. Price ceiling
 - B. Price floor
 - C. Fixed price
 - D. Variable price
 - E. Disequilibrium price
12. Which of the following is **NOT** a feature of oligopoly?
- A. Mutual interdependence among the firms
 - B. Differentiated products
 - C. No branding
 - D. Barriers to entry
 - E. Different pricing behaviour
13. The kinked demand curve is associated with
- A. Perfect competition
 - B. Monopolistic competition
 - C. Monopoly
 - D. Duopoly
 - E. Oligopoly
14. The demand curve facing the monopoly firm is
- A. Perfectly elastic
 - B. Perfectly inelastic
 - C. Downward sloping
 - D. Upward sloping

INSIGHT

- E. Horizontal
15. The following are the problems confronting ECOWAS **EXCEPT**
- A. Low level of trade among the member countries
 - B. Closer socio-economic ties with former colonial masters
 - C. Fear of domination by some member countries
 - D. Differences in currencies
 - E. Free movement without visa within the region
16. Which of the following is **NOT** a direct tax?
- A. Poll tax
 - B. Excise tax
 - C. Personal income tax
 - D. Company income tax
 - E. Capital gains tax
17. Which of the following is **NOT** an instrument of public debt?
- A. Taxation
 - B. Treasury bills
 - C. Treasury certificates
 - D. Treasury bond
 - E. Government development stocks
18. The incidence of income tax falls on the
- A. Consumer
 - B. Producer
 - C. Government
 - D. Population
 - E. Taxpayer
19. If the required reserves of the bank is 20% and ₦10,000 is paid into its demand deposit account, what is the value of the required reserve?
- A. ₦2,000
 - B. ₦8,000
 - C. ₦12,000
 - D. ₦20,000

INSIGHT

- E. ₦50,000
20. Which of the following is the most liquid asset?
- A. Gold
 - B. Silver
 - C. Cheques
 - D. Bank notes
 - E. Bank deposits
21. Deposit that **CANNOT** be legally withdrawn from the bank without at least 30 days' notice of withdrawal is
- A. Savings deposit
 - B. Time deposit
 - C. Demand deposit
 - D. Bank deposit
 - E. Quasi money
22. The largest component of aggregate demand in any economy is
- A. Consumption expenditure
 - B. Government expenditure
 - C. Investment expenditure
 - D. Exports
 - E. Imports
23. The population of a country in a certain year was 50 million while the per capita income is L\$2,050, then the value of the Gross National Product (GNP) is
- A. L\$750,000 million
 - B. L\$100,250 million
 - C. L\$102,500 million
 - D. L\$125,050 million
 - E. L\$150,000 million
24. Personal income equals disposable income plus
- A. Personal income taxes
 - B. Personal savings
 - C. Dividend payments

INSIGHT

- D. Company taxes
 - E. Transfer payments
25. The following are sources of economic growth **EXCEPT**
- A. Human resources
 - B. Political instability
 - C. Natural resources
 - D. Capital formation
 - E. Technology
26. The most common index for measuring economic development is
- A. Foreign exchange rate
 - B. Per capita income
 - C. Terms of trade
 - D. Population growth rate
 - E. Consumption index
27. The type of unemployment associated with changes in weather conditions is called
- A. Seasonal Unemployment
 - B. Structural unemployment
 - C. Frictional unemployment
 - D. Residual unemployment
 - E. Cyclical unemployment
28. A sustained slow rise in price level of less than 3% per annum is described as
- A. Runaway inflation
 - B. Creeping inflation
 - C. Hyperinflation
 - D. Galloping inflation
 - E. Stagflation

INSIGHT

29. Which of the following can improve a country's balance of payments position?
- A. Decrease in export volume
 - B. Decrease in import volume
 - C. Revaluation of domestic currency
 - D. Giving of grants and aids to other countries
 - E. Interest payment on external debt
30. The following are reasons for International Trade protection **EXCEPT**
- A. To avoid dumping
 - B. To protect infant industries
 - C. For national security
 - D. For national unity
 - E. Revenue generation

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. The definition of Economics as a Social Science subject which studies human behaviour as a relationship between ends and scarce means which have alternative uses was expressed by.....
2. The change in Total Product (TP) resulting from the use of additional unit of a variable factor is referred to as
3. If a production process is split into smaller tasks and each task is undertaken by a worker or a group of workers, it is called.....
4. The outright take-over of one firm by another is referred to as

INSIGHT

5. A desire, wish or want backed up by ability to pay is called.....
6. A table showing a set of market prices for a commodity and the corresponding set of quantities that would be offered for sale by a firm, all things being equal is referred to as
7. The utility theory which states that satisfaction derivable from consumption of a good or service is measurable in some imaginary numerical terms is called.....
8. A tax levied on a product at each stage of production is referred to
9. The theory which states that changes in the price level is proportional to changes in the money supply is
10. The fraction of the demand deposit of a commercial bank that must be kept at the central bank is indicated by the
11. The market for long-term loanable funds in an economy is known as
12. If the value of a country's visible imports exceeds the value of its visible exports, the country is said to have
13. When inflation is caused by widespread increase in the price of factors of production, it is classified as
14. The exchange rate system which is usually associated with currency devaluation is the
15. The International Monetary Fund (IMF) introduced a Financial asset known as in 1970 to facilitate the expansion of World trade.

INSIGHT

16. For a perfectly competitive firm, the supply curve is the rising segment of the marginal cost curve above the minimum point of the curve
17. The Marginal Cost (MC) function of a monopoly is given as $MC = 20 + 2q$, and Marginal Revenue (MR) function is $MR = 100 - 8q$. The profit maximising output (q) is
18. If the nominal GNP is deflated by the price index, it gives
19. If the value of both intermediate and final products are included in the computation of national income, it results in the problem of
20. The deliberate efforts of government to allocate resources more efficiently to the various sectors of the economy to promote economic development is called.....

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

PART 1 MICROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 1

- a. State the Law of diminishing marginal utility and its relevance in economic theory.
(3½ Marks)
- b. i. Explain the concepts of total utility and marginal utility
(4 Marks)

INSIGHT

- ii. Explain the relationship between total utility and marginal utility using illustrative diagrams . (5 Marks)

(Total 12½ Marks)

QUESTION 2

- a. Make a clear distinction between the concepts of consumer surplus and producer surplus. (5 Marks)
- b. Explain with the aid of relevant diagrams, the effects of each of the following on the demand curve for a normal good, other things being equal.
- i. An increase in consumers' income
 - ii. A decrease in the price of a substitute
 - iii. A change in taste against the good. (7½ Marks)

(Total 12½ Marks)

QUESTION 3

- a. Briefly explain **THREE** main features of Monopoly (4½ Marks)
- b. Explain with the aid of relevant diagrams why it is possible for the monopoly firm to make abnormal profit both in the short run and in the long run. (8 Marks)

(Total 12½ Marks)

INSIGHT

PART II

MACROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

One of the macroeconomic challenges common to both developing and developed countries is inflation

- a.
 - i. Define inflation
 - ii. Distinguish clearly between demand-pull inflation and cost-push inflation, using appropriate diagrams. (8½ Marks)
- b. Explain **TWO** appropriate fiscal policy measures to curb inflation in an economy. (4 Marks)

(Total 12½ Marks)

QUESTION 5

- a. Outline **FOUR** main objectives of the International Monetary Fund (IMF). (8 Marks)
- b. Identify **THREE** benefits derived by West African Countries from their membership of IMF. (4½ Marks)

(Total 12½ Marks)

QUESTION 6

- a. Describe a Development Plan? (2½ Marks)
- b. Discuss **THREE** objectives and **TWO** problems of development planning in your country. (10 Marks)

(Total 12½ Marks)

INSIGHT

SOLUTIONS TO MCQ

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

Examiner's Report

This is a compulsory part of the paper. Questions were set from all the topics in the syllabus and all the candidates attempted the questions. About 87% of the candidates scored pass marks. Candidates should know that a good knowledge of the entire syllabus is needed to perform well in this part.

SOLUTION TO SAQ

1. Lionel Charles Robbins
2. Marginal Product
3. Division of Labour
4. Acquisition
5. Effective demand
6. Supply Schedule
7. Cardinal Utility theory
8. Value-Added Tax (VAT)
9. Quantity theory of money
10. Reserve requirement/Cash reserve ratio
11. Capital Market
12. Unfavourable balance of trade
13. Cost-push inflation
14. Fixed exchange rate system
15. Special Drawing Rights (SDRs)
16. Average Variable Cost (AVC)
17. 8 units
18. Real Gross National Product (GNP)
19. Double counting
20. Development Planning/Economic Planning

Examiner's Report

This is another compulsory part of the examination paper and the questions were equally fairly well spread over the topics in the syllabus.

All the candidates also attempted the questions here with about 72% of them scoring pass marks.

INSIGHT

SOLUTION 1

- a. **The Law of diminishing marginal utility** states that as more and more units of a particular good and service are consumed during a specific period of time, the satisfaction derived from each additional unit of the good or service decreases.

The Law of diminishing marginal utility is relevant in explaining the downward sloping demand curve. It is also relevant in determining the quantity of a particular good or service which a rational consumer should consume to derive maximum satisfaction.

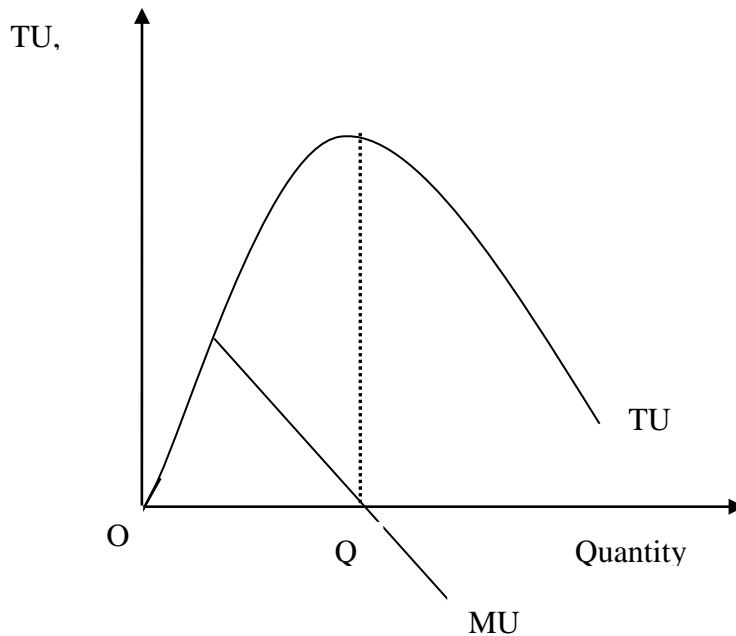
- bi. **Total utility** can be defined as the satisfaction obtained by a consumer from the consumption of some quantity of a good or service. The total utility increases with the units of a good or services consumed but at a decreasing rate. $TU = f(Q)$

Marginal utility can be defined as additional satisfaction a consumer derives from one more unit of the good or service consumed. It is the ratio of change in total utility (ΔTU) to change in the quantity (ΔQ) consumed of a good or service i.e $MU = \frac{\Delta TU}{\Delta Q}$

Alternatively, it can also be expressed as $MU_n = TU_n - TU_{n-1}$ where MU = Marginal Utility in period n , TU_n = Total utility in period 'n' & TU_{n-1} = Total Utility in period $n-1$.

The Marginal Utility decreases with increase in the units of a good or service consumed.

- ii. The diagram showing the relationship between total utility and marginal utility.



From the diagram above, when the total utility is increasing, the marginal utility decreases but positive. When the total utility is at maximum, marginal utility is zero. But when total utility is decreasing the marginal utility is still decreasing and negative.

Examiner's Report

The question tested candidates' understanding of the marginal utility theory of consumer behaviour. The question was attempted by about 77% of the candidates and about 26% of them scored pass marks. The inability of most of the candidates to draw and explain the total utility and marginal utility curves appropriately explained poor average performance on this question.

INSIGHT

SOLUTION 2

- a. **Consumer surplus** is the difference between what the consumers are willing to pay for a commodity or service and what they actually paid.

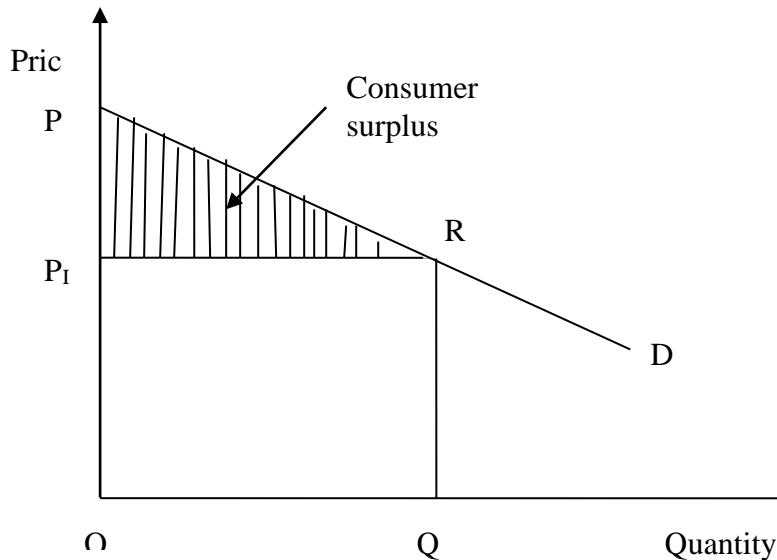
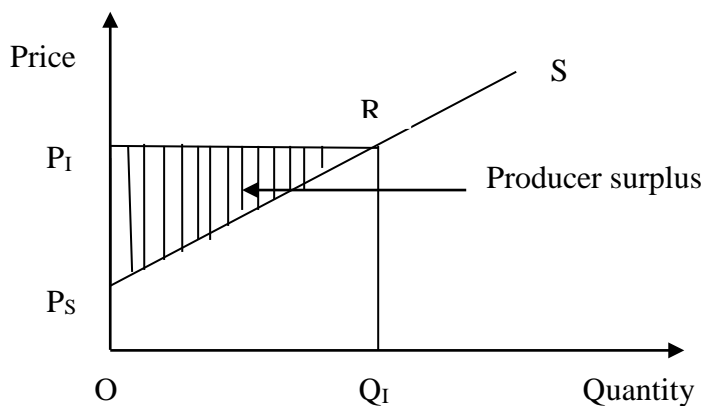


Figure 1: Consumer Surplus

The demand curve above shows that for each unit of the commodity, consumers are willing to pay higher price than OP_1 . However, since the consumers actually paid OP_1 for each of the OQ_1 units, the shaded area of the triangle P_1RP_2 illustrates the consumer surplus.

Producer surplus is the difference between what the producers are willing to receive and what they actually received on every unit of the commodity sold.

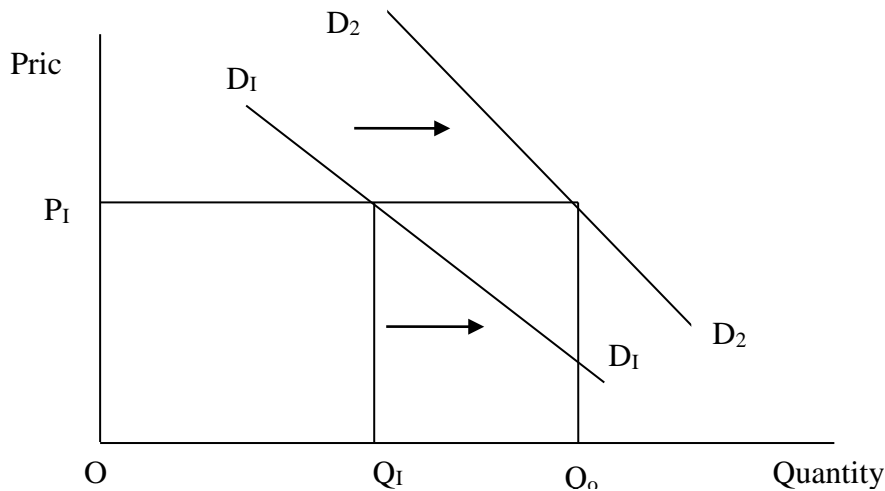


INSIGHT

Fig 2. Producer Surplus

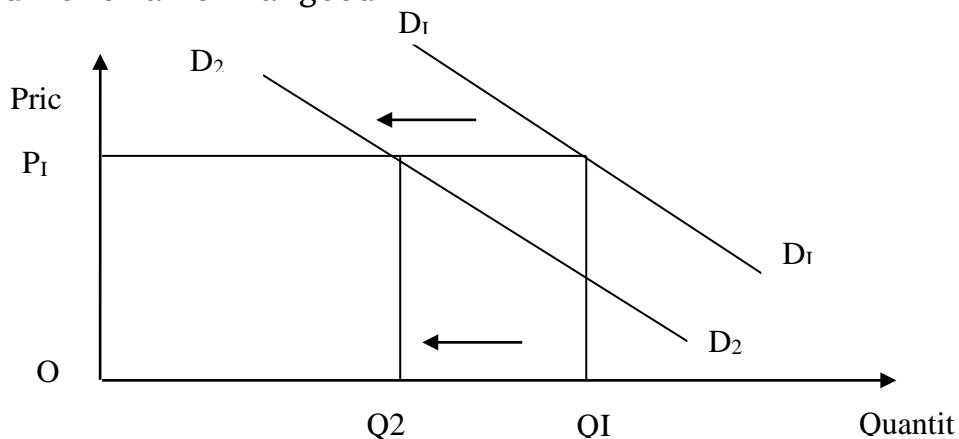
The diagram above shows that on every unit of the commodity, the producers actually received the market price OP_1 , whereas, on every unit less than OQ_1 the producers are willing to receive less than OP_1 . Thus the producer surplus is shown as the area of the shaded triangle P_1P_3R .

- bi. The effect of an increase in consumers' income on the demand curve for a normal good.



An increase in consumer's income will lead to an increase in demand for a normal good. This is illustrated by a rightward shift in the demand curve from D_1D_1 to D_2D_2 in the above diagram.

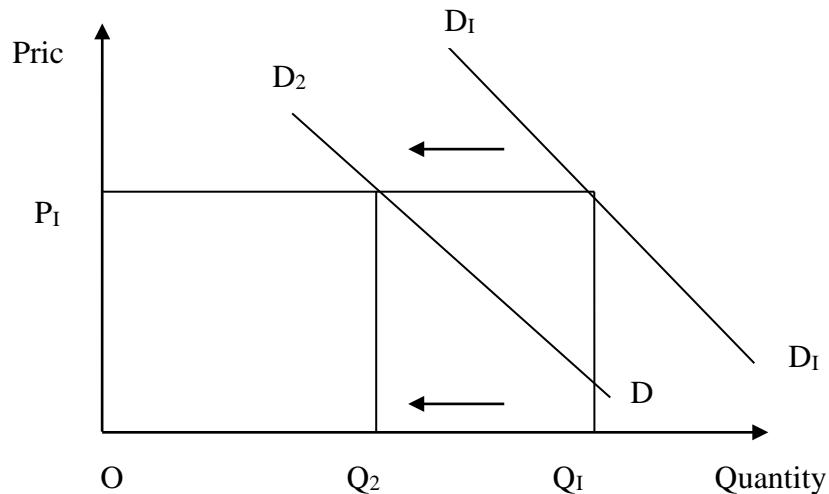
- ii. The effect of decrease in the price of a substitute on the demand curve for a normal good



INSIGHT

A decrease in the price of substitute will lead to a decrease in demand for a normal good. This is illustrated as a leftward shift in the demand curve from D_1D_1 to D_2D_2 in the above diagram

iii. The effect of a change in taste against a normal good.



Less of a normal commodity will be demanded given a change in taste against it. This is illustrated by a leftward shift in the demand curve from $D_1 D_1$ to $D_2 D_2$.

Examiner's Report

The question explored the candidates' knowledge of the concept of consumer surplus, producer surplus and the effects and graphical illustrations of changes in some of demand determinants for a normal good. The question was attempted by about 71% of the candidates, while the success rate was about 32%. The major pitfall in candidates' answers was the mixing-up of the ideas of 'change in demand' and 'change in quantity demanded' that were reflected in their graphic illustrations.

SOLUTION TO QUESTION 3

- a. The main features of monopoly include the following:-
 - i. **A Single Seller:** The market consists of a single seller or producer. Therefore the single producer or firm also constitutes the industry.

INSIGHT

- ii. **No close substitute to product:** The seller's product is unique in the sense that there are no close substitutes.
 - iii. **The firm is a price-setter (price-maker):** As the single firm, the monopolist can determine the price, but it cannot simultaneously determine quantity demanded or sold.
 - iv. **Barriers to entry:** The monopoly firm maintains its monopoly power due to the existence of barriers (artificial or natural) which prevent the entry of new firms into the industry.
 - v. **Downward sloping demand curve:** The demand curve is downward sloping indicating that at higher prices, less quantities are demanded.
 - vi. **Marginal revenue less than price:** At each level of output marginal revenue is less than price, thus the marginal revenue curve falls below the demand curve.
- b. The monopolist attains its profit maximizing objective at the point where marginal cost (MC) equals the marginal revenue (MR).

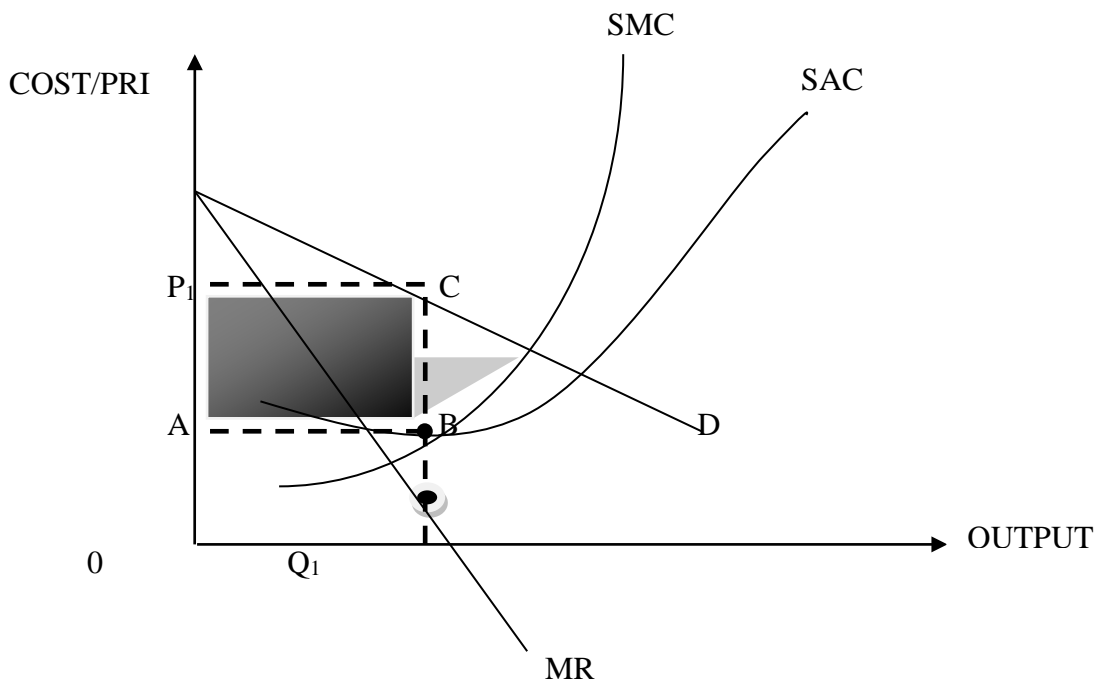


Figure 1: The Short-run Equilibrium Position.

INSIGHT

The above diagram illustrates the case of monopoly firm that earns abnormal profits in the short run by producing output Q_i where MC equal MR. The shaded area rectangle $ABCP_i$, gives the magnitude of monopolist's abnormal or supernormal profit.

With the entry blocked either naturally or artificially, the monopoly firm is not likely to expand output to the level where profit will be zero, even in the long run. Therefore, the firm will continue to maximize profit where its long run marginal cost (LMC) is equal to long run marginal revenue as long as price (P) is higher than or equal to long run average cost (LAC).

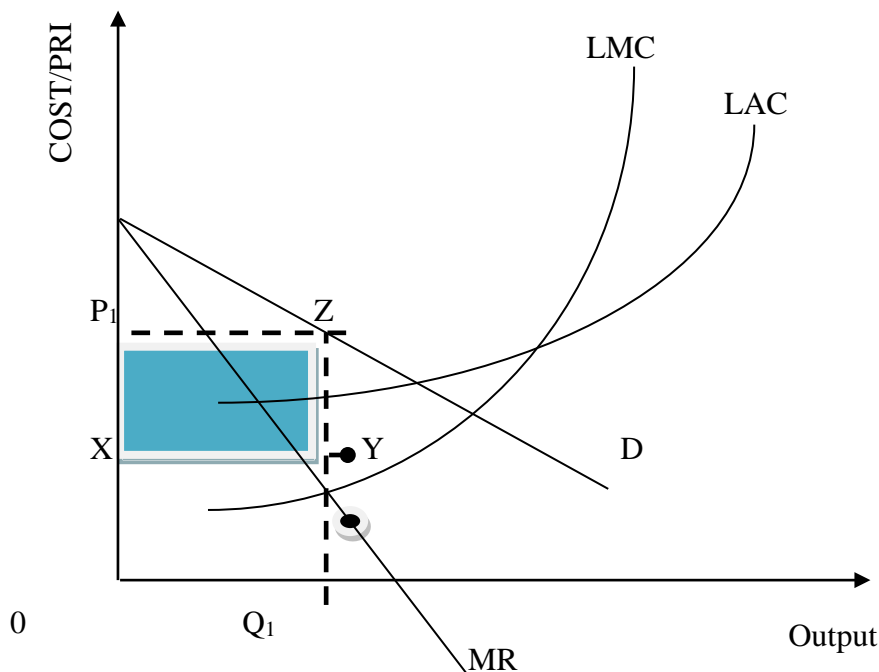


Figure 2: The Long run Equilibrium Position

The monopoly firm still earn abnormal or supernormal profit in the long run illustrated by the area of the shaded rectangle $XYZP_i$,

Examiner's Report

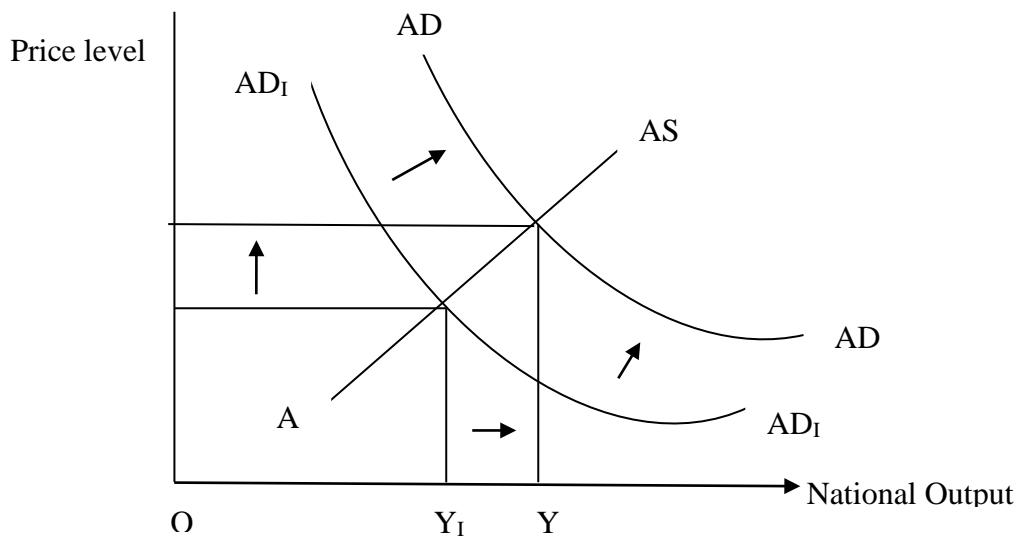
This is a straightforward question on monopoly. About 51% of the candidates attempted the question and they recorded average success

INSIGHT

rate of about 43%. The poor and irrelevant diagrams drawn by most of the candidates accounted for their failure in this question

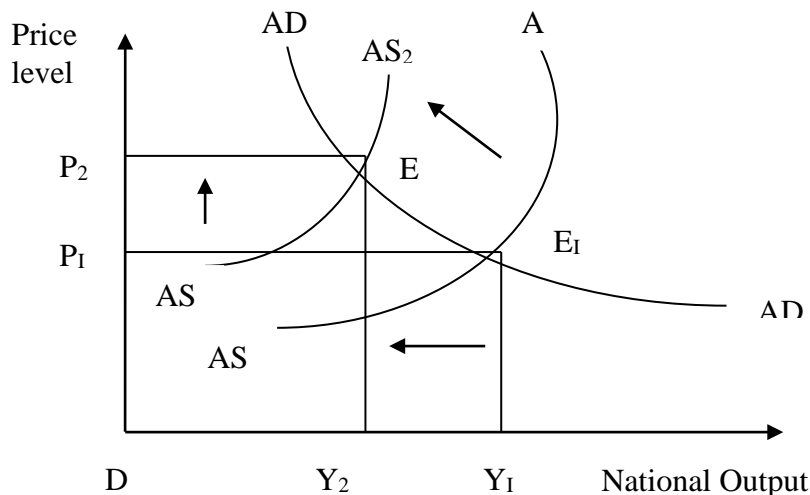
SOLUTION 4

- ai. Inflation can be defined as a persistent or sustained increase in the general price level in an economy.
- ii. **Demand pull inflation** is an inflation that occurs as a result of increase in aggregate demand.



In the diagram above, aggregate demand increases from AD_1 to AD_2 while the aggregate supply (AS) remains constant (AS, AS). This causes the general price level to increase from P_1 to P_2 and output level increases from Y_1 to Y_2 .

Cost push inflation: is an inflation resulting from an increase in the cost of production (or increase in the prices of factors of production)



=====
 =====

INSIGHT

the Supply (AS) curves intersect at E_1 and the corresponding price level and National output are P_1 and Y_1 respectively. If there is an increase in the cost of production as a result of, for instance increase in salaries and wages, the aggregate supply curve will shift leftward from AS_1 to AS_2 . This increase the general price level from P_1 to P_2 and the national output falls from Y_1 to Y_2 .

- b. The appropriate fiscal policy measures to curb inflation in an economy.
 - i. **Government expenditure:** A decrease in government expenditure will reduce aggregate consumption expenditure, thus reducing the general price level, other things being equal.
 - ii. **Taxation:** An increase in income tax rate will reduce the disposable income, thus reducing the consumption expenditure and the general price level.
 - iii. **Surplus budget:** Consistent annual adoption of surplus budget would reduce aggregate demand and hence inflationary pressure in the economy.

Examiner's Report

The question tested candidates' understanding of the macroeconomic problem of inflation and the relevance of government fiscal policy measure. About 64% of the candidates attempted the question, while about 60% of them scored pass mark. Those candidates who discussed monetary policy measures as against fiscal policy that was required lost vital marks.

SOLUTION 5

- a. The main objectives of the IMF can be summarised as follows:
 - i. To promote international monetary co-operation through a permanent institution that provides the machinery for consultation and collaboration on international monetary problems.

INSIGHT

- ii. To facilitate the expansion and contribute to balanced growth of international trade and thereby to the promotion and maintenance of high levels of employment and real income.
 - iii. To promote exchange rate stability and to maintain orderly exchange arrangement among members and to discourage competitive currency devaluation.
 - iv. To assist in the establishment of a multilateral system of payments in respect of current transactions and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
 - v. To help member countries overcome their balance of payment difficulties through the provision of short to medium term credit and technical guidance.
- b. Benefit derived by West African countries from their membership of IMF includes:
- i. Access to facilities of the IMF worth of millions of dollars which boosted their credit worthiness in international trade.
 - ii. The use of SDRs allocation to solve their balance of payments and reserve problems.
 - iii. Manpower development efforts of member countries have been complemented by the fund through training courses provided on economic and financial management.
 - iv. The Fund, on a regular basis, conducts studies on member countries economies and recommends necessary reform measures to improve economic growth and development.

Examiner's Report

The question on International Monetary Fund (IMF) and its relevance to the development aspirations of West African member countries is straightforward. The question was attempted by about 69% of the candidate with a success rate of about 44%.

INSIGHT

SOLUTION 6

- a. **A development plan** is a document containing detailed descriptions of current economic potentialities, specific objectives, policies and macroeconomic projections of the economy. It is a strategy to achieve rapid increase in the living standards of the people during a specified fixed period of time
- b. The objectives of development planning:
 - i. To maximise the utilisation of economic resources. The resources of any nation are not always enough for her use. In this case, resources must be allocated in such a way that they achieve maximum utilisation of them. It is through the proper allocation of resources that nations can accelerate their pace of economic development.
 - ii. To correct the imperfection of the market system. In reality, the market system is not perfect and therefore allocation of resources which occur under perfect competition model does not happen. There is therefore the need for government to interfere in order to ensure efficient allocation of resources.
 - iii. To bridge the gap between private cost and social cost, and private benefit and social benefit. In a perfect market, there may be divergences between social and private cost on one hand and social and private benefit on the other. This occurs as a result of the existence of externalities. As a result of external benefits, many projects which are needed may not be profitable under pure market system in which all investment decisions are left to the private individuals. The level of investment may fall below the social optimum because private investors ignore external benefits and supplementary benefits of projects in calculating the prospective returns on their investment.
 - iv. To ensure balanced growth. Planning may be used to ensure balanced growth for all sectors of the economy. By this there will be uniform growth and provision of complementary services and intra sectoral linkages.
 - v. To attract foreign investment and foreign aids. Foreign government and international organisations giving grants and loans need to be satisfied about effective use of their resources.

INSIGHT

- vi. To match the available resources with the desired goals. The viability of one project may be conducted upon another project. That is, the development of the agricultural sector requires the setting up of irrigation projects and a special transport facility for carrying fresh vegetables; fish etc between the farms and the market place. Therefore, planning is necessary to coordinate these activities.

The problems associated with development planning include:

- i. **Lack of reliable and adequate data:-** The basic limitation to economic planning in West Africa is lack of accurate, sufficient or detained information on the economy. In the absence of adequate data, planning cannot be effectively done. There is the need to improve our database so as to enhance effective planning and implementation.
- ii. **Lack of coordination:** Planning involves coordination between various ministries. These bodies may become semi-autonomous and as such, coordination between them becomes very difficult. This may affect the formulation and implementation of economic development plans.
- iii. **Non-reliability of foreign resources:** Foreign resources in the form of investments portfolio loans and aids projected in the planning may not materialise after all. For example, in both the 5-year and 7-year development plans in Ghana, the expected foreign investment and loans does not materialise. These affected the implementation of these development plans.
- iv. **Corruption:** One of the factors that explain failure of development planning is diversion of resources meant for the implementation of development plans to personal uses.

Examiner's Report

The question on development plan is also straight forward. The question was attempted by about 72% of the candidates, while the success rate was about 53%. The major pitfall in candidates' answers is equating 'development plan' to the 'budget' by some of the candidates.

INSIGHT

AT/172/P.3

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

BUSINESS LAW

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. The purpose of law is to
 - A. Set limits of offences
 - B. Sanction domestic agreements
 - C. Set moral standards
 - D. Enforce ethical issues
 - E. Regulate human conduct

2. Edicts are statutes promulgated by the
 - A. Regional government
 - B. State government during military rule
 - C. Central government
 - D. Federal government during autocracy
 - E. Local government during civilian era

3. Which of the following is a special court?
 - A. National Industrial Court
 - B. Federal High Court
 - C. State High Court
 - D. Court of Appeal
 - E. Magistrate Court

4. The State High Court is headed by the
 - A. Uno numero Judge
 - B. Justice puisine
 - C. Chief Magistrate
 - D. Chief Judge
 - E. Lord Justice

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

5. Which of the following is **NOT** a source of law?
- A. Obiter dictum
 - B. Common Law
 - C. Doctrines of Equity
 - D. Statutes of General Application
 - E. The Constitution
6. Negligence occurs where there is a breach of
- A. Safety standard
 - B. Standard of care
 - C. Obligation to ensure safety
 - D. Duty of care
 - E. Reasonable standard
7. For a contract to be valid, it must have the following elements **EXCEPT**
- A. Offer
 - B. Acceptance
 - C. Ethics
 - D. Intention to create legal relation
 - E. Capacity to contract
8. A written contract **NOT** under seal is a
- A. Contract by parol
 - B. Deed
 - C. Normal contract
 - D. Simple contract
 - E. Deed poll
9. A contract that is collateral to an illegal contract is
- A. Legal
 - B. Tolerable
 - C. Severable
 - D. Illegal
 - E. Superfluous

INSIGHT

10. Where a party fails to perform **ONE** of his obligations on the date fixed for performance, there is a/an
- A. Forced breach
 - B. Negligent breach
 - C. Innocent breach
 - D. Actual breach
 - E. Valid breach
11. An employment contract is regulated by
- A. Government
 - B. Courts
 - C. Promulgation
 - D. Labour Act
 - E. Labour Minister
12. An unlimited power of attorney may give rise to
- A. General agency
 - B. Special agency
 - C. Universal agency
 - D. Unlimited agency
 - E. *Del credere* agency
13. A type of authority which is deemed by a third party to be possessed by an agent is
- A. Expressive authority
 - B. Implied authority
 - C. Apparent authority
 - D. Objective authority
 - E. Special authority
14. *Caveat emptor* denotes
- A. A warning: buyers do not borrow
 - B. A caution: sellers do not sell
 - C. An advice to the buyers to beware
 - D. Counsel to lenders to be wary of strangers
 - E. A warning to third party to be careful

INSIGHT

15. Implied term as to title connotes
 - A. Power to buy
 - B. Power to sell
 - C. Discretion to sell
 - D. Authority to buy
 - E. Right to sell

16. The similarity between hire purchase and credit sale agreement is
 - A. Concession granted by the owner for payment in instalments
 - B. Facility for loan payment granted by the owner
 - C. Ownership of goods upon delivery
 - D. Possession by the buyer upon payment
 - E. Ownership concept built into the terms of the two types of contracts

17. Persons who suffer injuries or loss during the pendency of their employment are entitled to
 - A. Compensation
 - B. Inducement
 - C. Assistance
 - D. Grant
 - E. Reconciliation

18. The significance of a cover note under a contract of insurance is to
 - A. Prevent loss to the insurer
 - B. Protect the assured
 - C. Promote the insured after premium is paid
 - D. Cover the insured before the completion of the policy
 - E. Subrogate the assured

19. The relationship between a firm and a partner is that between
 - A. Employer and employee
 - B. Cooperative partners
 - C. Principal and Agent
 - D. Shareholder and the company
 - E. Creditor and agent

20. A formal document that regulates a partnership is
 - A. Articles of Partnership
 - B. Memorandum of Business

INSIGHT

- C. Articles of Association
 - D. Deed of Partnership
 - E. Memorandum of partnership
21. The interest of a member in a company measured by a sum of money is referred to as
- A. Transfer derivative
 - B. Share
 - C. Unit trust
 - D. Option
 - E. Debenture
22. Who of the following is **NOT** disqualified from being a Director of a company?
- A. A convict
 - B. A bankrupt
 - C. A person of unsound mind
 - D. A divorcee
 - E. A person aged 17
23. The Memorandum of Association of a company is required by statute to state the following **EXCEPT**
- A. The liability of the company
 - B. The business of the company
 - C. The name of the company secretary
 - D. Authorised capital
 - E. Division of capital into shares
24. Which of the following is **NOT** a method of winding up of a company?
- A. Voluntary winding up by the company
 - B. Compulsory winding up by the Registrar of C.A.C
 - C. A voluntary winding up by members
 - D. Winding up under the supervision of the court
 - E. Creditors winding up
25. Which of the following is a non-profit organisation?
- A. An unlimited liability company
 - B. A Partnership

INSIGHT

- C. A Company limited by shares
 - D. Incorporated trustees
 - E. A Public limited company
26. A bill payable to order is said to be negotiated by endorsement and
- A. Acceptance
 - B. Delivery
 - C. Offering
 - D. Consideration
 - E. Countermand
27. Which of the following is **NOT** an attribute of a negotiable instrument?
- A. The rights represented by the instrument is transferable
 - B. The holder of a bill of exchange can sue upon it in his own name
 - C. The transferee of a negotiable instrument does not take a subject to equity
 - D. The transferee of a negotiable instrument take subject to equity
 - E. It is a chose in action which is negotiable
28. Which of the following is **NOT** a type of cheque?
- A. Bearer Cheque
 - B. Exchange Cheque
 - C. Order Cheque
 - D. Crossed Cheque
 - E. Banker's Draft
29. Unit trust is a type of
- A. An implied trust
 - B. Constructive Trust
 - C. Public Trust
 - D. Collective Investment Scheme
 - E. Management Order
30. Which of the following is **NOT** a Public Trust?
- A. Trust for advancement of education
 - B. Trust for advancement of religion
 - C. Trust for care of testator's interest

INSIGHT

- D. Trust for relief of poverty
- E. Trust for purposes beneficial to the community

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. An important maxim of equity states that equity acts in
2. The supreme law in Nigeria is
3. A statement made by the way, not forming part of a decision of the court is called
4. The highest ranked judicial officer in Nigeria is
5. The court with the original jurisdiction to settle disputes between states is
6. Tort of defamation consists of slander and
7. Which contract is in writing, not supported by consideration, but is enforceable by the court?
8. An offer is a proposition made by the
9. Display of goods for sale in a shop is

INSIGHT

10. Where both parties to a contract make different mistake by misunderstanding each other, such a mistake is called
11. The plea of *non est factum* literally means
12. Property in the goods means
13. Goods identified and agreed upon by the parties at the time the contract is formed are called
14. An open, public and legally constituted market for the sale of particular goods is called.....
.
15. Equipment leasing agreement may **NOT** lead to the transfer of
16. An employee has a duty to obey the orders of the employer if such orders are
17. The main function of the Corporate Affairs Commission is to
18. The number of persons constituting an audit committee of a public company shall not exceed.....
19. Holders of naked debenture are also known as
20. A trust imposed on the parties by equity irrespective of their intention is known as

INSIGHT

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

- a. Offer is an element of a valid contract.

Required:

Define an offer (2¹/₂ Marks)

- b. Ade has three Toyota cars of the same model but of different colours. He wanted to sell the white one but Ola paid for the blue one. Ade delivered the white one to Ola's residence. Ola rejected the white car, insisting on the blue car

Required:

State the legal issues involved and advise Ola accordingly.
(5 Marks)

- c. Agency is a relationship that the parties may terminate under the law.

Required:

State **FIVE** ways to terminate an agency relationship (5 Marks)
(Total 12¹/₂ Marks)

QUESTION 2

- a. Nigeria legal system is based on common law and case law.

Required:

Explain briefly the operation of judicial precedent in the Nigerian court system. (2¹/₂ Marks)

- b. Mrs Okechukwu, a petty trader has just raised ₦8,000 with which she intends to register a private limited liability company. She intends to have herself and her 10 year old son as the shareholders of the company

Required:

Advise Mrs Okechukwu on the feasibility of her plan under the law. (5 Marks)

- c. The law requires a partnership to have some elements.

INSIGHT

Required:

State **THREE** elements of a partnership (3 Marks)

- d. The law of negotiable instruments recognises the need to ensure that only authorised persons benefit from financial instruments.

Required:

Explain briefly the nature of special crossing (2 Marks)

(Total 12¹/₂ Marks)

QUESTION 3

- a. The golden rule of sale of goods relates to the competence of the seller to transfer valid title to the buyer.

Required:

i. Explain briefly the rule "*Nemo dat quod non habet*"

(2 Marks)

ii. State **THREE** exceptions to the rule (3 Marks)

- b. Mrs Pearce purchased a plot of land in Mowe, Ogun State in year 2006 from Onigbedu for ₦25,000 at a time when a plot of land sold for ₦300,000. After the death of Onigbedu, his son, Omo Akin, questioned the sale of the land for such amount. He has vowed to invalidate the contract of sale in court

Required:

Advise Akin on the issues involved and the legal implication.

(5 Marks)

- c. Trusts may be created by implication of law or by express provisions in the trust deeds or wills.

Required:

Explain the nature of Express Trust

(2¹/₂ Marks)

(Total 12¹/₂ Marks)

QUESTION 4

- a. Mrs Ibimori is an employee of Savari Industrial Company. She has received a letter terminating her employment for staying away from work for one month. Mrs Ibimori has protested, claiming that she has just given birth and is entitled to stay away from work to nurse her new baby.

INSIGHT

Required:

Advise Mrs Ibimori on **TWO** remedies available to her for dismissal from service (5 Marks)

- b. i. Insurance law evolved to help mitigate losses when an unforeseeable or predetermined event occurs.

Required:

Explain briefly the term “Insurance” (2¹/₂ Marks)

- ii. Toshiku took an assurance policy with Global Assurance Plc against sudden death. He has denied certain facts that he knew were true about him such as the taking of medication for diabetes and high blood pressure.

Required:

Explain the duty that has been breached by Toshiku and the consequence. (2¹/₂ Marks)

- c. The Maxims of Equity are clearly evocative sentences capturing the essence of Equity.

Required:

Distinguish between rules of Equity and Common Law. (2¹/₂ Marks)
(Total 12¹/₂ Marks)

QUESTION 5

- a. Through the operation of hire purchase contracts a person who desires goods is enabled to immediately gain control and possession of such goods without the need to pay up the price at once. However, the transaction differs from Equipment Leasing.

Required:

- i. Define Finance Lease (2¹/₂ Marks)
ii. Explain when property in the goods on hire purchase passes to the hirer (2¹/₂ Marks)

- b. Samson owes Eware the sum of ₦5million which he has failed to pay. Eware intends to bring proceedings against Samson in court.

INSIGHT

Required:

Explain briefly the type of proceedings Eware may initiate and the remedy he may seek. (2¹/₂ Marks)

c. The Company Secretary occupies an important office in a company.

Required:

State **FIVE** essential duties of a Company Secretary (5 Marks)

(Total 12¹/₂ Marks)

QUESTION 6

a. An important characteristic of the Constitution is Fundamental Rights.

Required:

State **FOUR** Fundamental Rights.

(4 Marks)

b. i. Mr A' may be bound by the acts of Mr 'B' where he has put Mr 'B' in a position in which a third party believes that Mr 'B' has authority to do the acts.

Required:

Explain the type and nature of the authority of Mr. 'B' described above. (3 Marks)

ii. The servant/Agent must act within the scope of the master/principal's authority.

Required:

Explain briefly the legal principle that the employer may be held liable for the torts of his servant. (3¹/₂ Marks)

c. A company is required by statute to appoint an auditor or auditors.

Required:

State **TWO** contents of the auditor's report (2 Marks)

(Total 12¹/₂ Marks)

INSIGHT

SOLUTION MCQ

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

Examiner's Report

The questions test candidates' understanding of all areas of the syllabus. All the candidates attempted them and about 90% of them passed.

INSIGHT

SOLUTION SAQ

1. Personam
2. The Constitution
3. Obiter dictum
4. Chief Justice of Nigeria
5. The Supreme Court
6. Libel
7. Contract under seal/Contract by Deed
8. Offeror
9. Invitation to treat
10. Mutual mistake/Cross-purposes Mistake
11. This is not my deed
12. Ownership/title
13. Specific goods
14. Market overt
15. Ownership/title
16. Legal/Lawful
17. Incorporate and Register Companies
18. Six (6)
19. Unsecured creditors
20. Constructive Trust/Judicial Trust/Implied Trust

Examiner's Report

The questions test candidates' understanding of all segments of the syllabus. All the candidates attempted them and 75% of them passed.

SOLUTION TO QUESTION 1

- a. An offer is a definite promise by the offerer to the offeree with the intention that the promise shall be binding on him once it is accepted by the offeree (the person to whom it is addressed or made).
- b. The issue in the case is the effect of mutual mistake by Ade and Ola, the parties to the contract. The two were mistaken about the same material fact, that is, the colour of the car, subject matter of the contract. Thus, they were at cross-purposes. There was meeting of their minds since they agreed on the same model, but they were

INSIGHT

mistaken as to colour of the car. Hence, the contract is voidable and not void.

- c. Agency relationship can be terminated upon the happening of the following events:
- i. The death of either party;
 - ii. Insanity of either party;
 - iii. The bankruptcy of the principal;
 - iv. Expiration of the time agreed by the parties;
 - v. Completion of the transaction for which the agency was created;
 - vi. Subsequent illegality of the object/purpose of the agency; and
 - vii. Frustration/impossibility of performance by the agent/destruction of the subject matter of the agency (e.g. property).

Examiner's Report

This question tests candidates' understanding of offer and mutual mistake in contract as well as termination of agency.

About 95% of the candidates attempted the question and about 75% of them passed. Candidates should read the Study Text more.

SOLUTION 2

- a. Judicial precedent requires that decisions of higher courts bind the lower courts in the hierarchy provided that the facts of the cases are similar. It follows the principle of stare decisis, which means 'let the decision stand. For instance the decision of the Court of Appeal binds the High Court when the facts are similar.
- b. The issues involved in this question are minimum capitalization and minimum age requirement for membership of the proposed private company under the Companies and Allied Matters Act.

The minimum authorised share capital of a private company is ₦10,000. Thus, the ₦8,000 that Mrs. Okechukwu has is insufficient.

The minimum age required of a member of the proposed company is 18 years. Thus, Mrs Okechukwu's 10-year old child is not qualified to be a member of the proposed company.

INSIGHT

- c. The elements of a partnership are:
 - i. A business managed by or on behalf of the partners;
 - ii. Profit making; and
 - iii. Profit sharing

- d. A cheque is specially crossed “if it bears across its face two vertical lines and an addition of the name of a bank whether with or without the word “Not Negotiable”.

The purpose is to ensure that the cheques is payable only to the person specified.

Examiner’s Report

The question tests candidates’ understanding of judicial precedents, statutory requirements for company incorporation, and negotiable instruments.

About 80% of the candidates attempted the questions of which about 70% passed. Candidates are advised to study harder.

SOLUTION 3

- ai. ‘Nemo dat quod non habet’ means “nobody can give what he has not got”. Thus generally only the owner of goods or his agent can validly transfer title in the goods to the buyer.

- ii. The exceptions to the rule of “Nemo dat quod non habet” are:
 - a. Estoppel;
 - b. Sales by mercantile agent or factor;
 - c. Sales in market overt;
 - d. Sale under voidable title;
 - e. Sale by seller in possession;
 - f. Sale by buyer in possession; and
 - g. Disposition of goods under common law and statutory powers.

- b. The legal issue here is adequacy or sufficiency of consideration and its effect on the validity of contract.

A consideration need only to be sufficient and not adequate. It is sufficient if it is satisfactory to the person that demanded it.

INSIGHT

Thus, the contract is valid and binding. Akin will not succeed in his quest to rescind the contract.

- c. An express trust is created whenever a person called the testator or settlor transfers his property in writing to another person known as the trustee to hold for the benefit of some named persons called beneficiaries that may include the trustee or for some object specified by the testator or settlor.

Examiner's Report

This question tests candidates' understanding of "nemo dat quod non habet" and its exceptions in sale of goods; sufficiency of consideration in contracts; and the nature of express trust.

About 50% of the candidates attempted the question and about 50% of them passed. Candidates were ill-prepared for the question and should study harder.

SOLUTION 4

- a. The remedies available to Mrs. Ibimori for unfair termination of her appointment include the following:
 - i. Damages: This is monetary compensation that the court awards;
 - ii Re instatement: This is reappointment to her position in the company; or
 - iii. Payment of disengagement benefits.
- bi. Insurance is a contract by which a person or company (the insurer) agrees, in consideration of a single or periodic payments called the premium, to pay a sum of money to the insured on the happening of the risk insured or indemnify the insured for the loss caused by the risk insured.
 - ii. Toshiku has breached the duty of utmost good faith (uberrima fidei) by failing to disclose all material facts that would have influenced the decision of the insurer to undertake or not undertake the risk. Toshiku's action amounts to fraudulent misrepresentation that vitiates the life assurance contract.
- c. Equity is a system of law that developed in the chancery from the remedies introduced by the Lord Chancellor to correct the hardship and unfairness in the Common Law system. On the other hand,

INSIGHT

Common Law developed from the customs that were common to the people of England and Wales which the judges recognized and enforced.

Examiner's report

The question tests candidates' understanding of the remedies for wrongful dismissal; effect of non-disclosure of material facts in insurance contract; and the distinction between equity and common law.

About 85% of the candidates attempted the question and 75% of them passed.

SOLUTION TO QUESTION 5

- ai. A Finance Lease is an agreement between the user of the leased asset (the Lessee) and the provider of finance (the lessor) for most or all of the asset's expected life. During the lease, the lessee possesses the asset and pays rent to cover the depreciation of the asset and interest to cover capital cost.
- ii. The property in the hired goods passes to the hirer in hire purchase contract on the fulfilment of the following conditions:
 - i. When the hirer has paid all the agreed instalments; and
 - ii. Has exercised the option to purchase the goods.
- b. Eware may institute civil proceedings against Samson because debt repayment is a civil matter.
The remedies he may seek are recovery of the debt and damages.
- c. Duties of the company secretary are as following:
 - i. Attendance at company meetings;
 - ii. Rendering all secretarial services at the meetings;
 - iii. Providing guidance on compliance at meetings with applicable rules and regulations;
 - iv. Maintenance of records and registers;
 - v. Rendering proper returns and giving all notifications under the Companies and Allied Matters Act to the Corporate Affairs Commission; and
 - vi. Performing administrative and other secretarial duties as directed by the Board of the company;

INSIGHT

Examiner's Report

The question tests candidates' understanding of Finance Lease, passing of ownership in hire purchase, civil proceedings and remedies; and the duties of Company Secretary.

About 70% of the candidates attempted it of which 50% passed. Candidates are advised to study harder, the ICAN Study Text as their major pitfall was inadequate preparation.

SOLUTION 6

a. Under the Constitution, the following are Fundamental Rights:

- i. Right to life;
- ii. Right to dignity of the human person;
- iii. Right to personal liberty
- iv. Right to fair hearing;
- v. Right to private and family life;
- vi. Right to freedom of thoughts, conscience and religion;
- vii. Right to freedom of expression and press;
- viii. Right to peaceful assembly and association
- ix. Right to freedom of movement
- x. Right to freedom from discrimination
- xi. Right to acquire immovable property; and
- xii. Right to compensation upon compulsory acquisition of property.

bi. The type of authority in this case is the ostensible authority of the agent to act for the principal. Agents' ostensible authority could be seen, inferred or observed from the words and action of the principal.

If the agent acts within the ambit for such authority, the principal is bound.

ii. An employer may be held liable for the tort of his employee under the principle of various liability. The tort of the employee's must however have been committed in the course of the employee's official duty.

c. The Auditor's Report must contain the following matters:

INSIGHT

- i. Whether all information and explanations necessary for the Audit were obtained;
- ii. Whether proper books of accounts have been kept;
- iii. Whether proper and adequate returns have been received from the branches not visited by the Auditor;
- iv. Whether the company financial statements are in agreement with the accounting records;
- v. Whether in the opinion of the Auditor the financial statements give a true and fair view of the company's financial position for the period under review.

Examiner's Report

The question tests candidates understanding of Fundamental Rights; Ostensible authority of an agent; and contents of Auditor's Report.

About 80% of the candidates attempted the question and about 55% of them passed. Candidates have to study harder as their pitfall was inadequate preparation.

INSIGHT

AT/172/PI.4

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS - SEPTEMBER 2017**

COMMUNICATION SKILLS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Which of the following best defines communication?
 - A. A means of sending messages
 - B. The interchange of thought or information to bring about mutual understanding
 - C. The transmitting and receiving of messages
 - D. The transmutation of messages for business purposes
 - E. The interchange of accumulated information for business analysis at the right place and time

2. Which of the following is **NOT** a role of communication?
 - A. Location of organizational goodwill
 - B. Creation of good relations
 - C. Creation of organisational goodwill
 - D. Elicitation of receiver's response
 - E. Education of the recipient

3. The following are all forms of written communication **EXCEPT**
 - A. Letter
 - B. Oral Message
 - C. Fax Transmission
 - D. Electronic Mail
 - E. Organisational Journal

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

4. Which of the following is a disadvantage of written communication?
 - A. It is legally binding
 - B. It is formal
 - C. It does not allow for instant feedback
 - D. It may be difficult to interpret
 - E. It is intentional

5. Which of the following does **NOT** describe a noun phrase?
 - A. It is headed by a noun
 - B. It has a minimum of two elements
 - C. It can be headed by a pronoun
 - D. The noun can be in plural form
 - E. It must have a verb

6. Which of these contain the **TWO** elements in a verb phrase?
 - A. Subordinate verb and auxiliary verb
 - B. Lexical verb and main verb
 - C. Lexical verb and auxiliary verb
 - D. Main verb and subordinate verb
 - E. Auxiliary verb and verb phrase

7. The following are types of listening **EXCEPT**
 - A. Recapitulatory
 - B. Attentive
 - C. Critical
 - D. Appreciative
 - E. Active

8. Which of the following is **NOT** a barrier to effective listening?
 - A. Emotional disturbance
 - B. Dislike of the speaker
 - C. Distractions
 - D. Relaxing while listening
 - E. Paying attention to the message

INSIGHT

9. Organisational correspondence basically consists of
- A. Two types
 - B. Three types
 - C. Four types
 - D. One type
 - E. Five types
10. Which of the following is **NOT** a method of organizational correspondence?
- A. Letters
 - B. Memoranda
 - C. Circulars
 - D. Minutes
 - E. Press releases
11. Which of the following is a characteristic of an official letter?
- A. Formal
 - B. Romantic
 - C. Emotional
 - D. Informal
 - E. Educational
12. Features of letters include the following **EXCEPT**
- A. Writer's address
 - B. Addressee's address
 - C. Salutation
 - D. Date
 - E. Bibliography
13. Personal letters can express the following **EXCEPT**
- A. Personal feelings
 - B. Emotion
 - C. Personal needs
 - D. Official position on an issue
 - E. Anxieties

INSIGHT

14. “Female children are more beneficial than male children to their parents” is an example of
- A. Expository essay
 - B. Argumentative essay
 - C. Description essay
 - D. Narrative essay
 - E. Competitive essay
15. The sentence that summarises the opinions expressed within a paragraph is
- A. Topic sentence
 - B. Summary sentence
 - C. Introductory sentence
 - D. Conclusive sentence
 - E. Concluding sentence
16. Which of the following is **NOT** an example of non-technical reports?
- A. Feedback reports
 - B. Anonymous reports
 - C. Research reports
 - D. Eye-witness reports
 - E. Personal reports
17. Which of the following is **NOT** a reference format?
- A. Google Firefox Format
 - B. Modern Languages Association
 - C. American Psychological Association
 - D. Internet Citation Format
 - E. Chicago Style
18. Which of the following report writing steps describes how an investigation was carried out?
- A. Introduction
 - B. Theoretical Framework
 - C. Sample Selection
 - D. Methodology

INSIGHT

- E. Recommendation
19. Which of the following does **NOT** form part of a technical report writing steps?
- A. Conclusion
 - B. Acknowledgement
 - C. Salutation
 - D. References
 - E. Statement of the problem
20. Which of the following is a feature of a feedback report?
- A. Technical outlook
 - B. Formal format
 - C. Unordered format
 - D. Organized format
 - E. Structured outlook

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Internal correspondence is intended for within an organisation.
2. Correspondence is a written communication activity that involves a minimum of parties.
3. An upward flow of communication is from to authorities.
4. Effective managers exploit the..... to receive informal messages.
5. Communication involving the use of spoken words is known as

INSIGHT

6. Body language and facial expressions are examples of communication.
7. The use of space and distance in communication is called
8. The punctuation used to indicate emotion is
9. A series of round marks or spots (usually three) used to indicate suspense is called.....
10. Another name for full stop is
11. A speech is an act of disseminating information
12. A speech made on the spur of the moment is known as
13. A planned and rehearsed speech using brief notes is called
14. The part of a speech that contains the “heart of the topic” is theof the speech.
15. The essential characteristic of a narrative essay is
16. The use of details is the most important feature of essay
17. A story has a beginning, and
18. Reports are classified as and
19. The summary of a report is usually contained in the
20. A(n) panel is constituted by an authority to Investigate and write a report.

INSIGHT

SECTION B:

COMPULSORY

(30 Marks)

COMPREHENSION

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

Measurement in research refers to the use of numbers to describe certain observable characteristics. It is a concept that the society is quite familiar with. We measure height, length, speed and the amount of electricity and we accept these judgments without any question. We even measure time although none of the things mentioned above are seen. In communication and management sciences research, we also measure the effectiveness of a speech, concentration ability, the frequency of the use of a language, the performance of students in a test, satisfaction, motivation, and several other abstract characteristics. These, of course, are not more abstract than the concept of gravity, electricity, velocity and the like which the physical sciences have made “normal”. The most important requirement in measurement is to have an acceptable and consistent system through which the characteristics can be objectively measured.

The system has to be acceptable. To attempt to measure intelligence by observing the colour of the eyes is to make a mockery of the research process. Eyes are not generally accepted as indicators of intelligence. Who or what makes the determination of acceptability? The determination is based on some pre-theoretical considerations and some conventional reasoning patterns. Generally, the idea of measurement presupposes some theory. The beginning researcher should not try to design his own method of measurement. He should check how scholars have operationalised the concept under investigation. Thus, there is no need to look beyond test such as those of the achievement or predictive type in order to evaluate a student. There is no need to define comprehension in terms of attendance or facial expression.

Measurement involves three kinds of activities that are selected according to need. These activities are: categorizing, comparing and measuring. Of course, in doing any of these activities, scales must be designed. It is possible to engage in any of these activities. They could even be combined, depending on the need of the researcher. A researcher may be interested in knowing how many students passed and how many failed. Having established a pass mark (scaling), he proceeds to categorize – dividing the class into two groups.

ATSWA PART I SEPTEMBER 2017 DIET

INSIGHT

The researcher may further wish to check which of three students is the best in that test. He does this by comparing their scores and ranking them on a scale. It is also possible to want to check how tall a person is, how rich he is, how frequently he reads the newspapers or how many hours he spends watching television. Here the researcher measures on a pre-established scale. The instrument that is used to gather data (questionnaire, etc), must reflect the kind of activity that the researcher wants to engage in. This means that at the instrument design stage, the researcher must ensure that the type of information requested match the kind of measurement activity desired.

(Adapted from ‘Sola H. Adeosun & C. I. Udabah’ Voyage of Discovery: Research Methodology & Project Writing, PP. 104 – 105)

- a. What does the writer mean by “concentration ability?” (2 Marks)
- b. What is the grammatical function of the word ‘concentration’ in (a) above? (2 Marks)
- c. List the four unquestioned items that are normally measured (4 Marks)
- d. According to the writer, two attributes are required to determine the importance of measurement. What are these attributes? (2 Marks)
- e. According to the writer, what is the basis for acceptability indicator of measurement? (3 Marks)
- f. ‘Measurement’ involves three kinds of activities’. What are these? (3 Marks)
- g. What must the researcher do to test the best of three students? (2 Marks)
- h. Name one data-gathering instrument from the passage. (1 Mark)
- i. According to the passage, what must the researcher consider at the instrument design stage? (2 Marks)
- j. Give another word to replace each of the following words as used in the passage.
 - i. Observable
 - ii. Frequency
 - iii. Intelligence
 - iv. Acceptability

INSIGHT

- v. Predictive
- vi. Established
- vii. Stage
- viii. Ensure
- ix. Requested (9 Marks)

(Total 30 Marks)

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

Read the definition of communication below and answer the questions that follow.

Mary Ellen Guffey defines communication as “the transmission of information and meaning from one individual or group to another”.

- a. What kind of communication does the above definition describe? (2 Marks)
- b. State the **THREE** shortcomings of this definition. (3 Marks)
- c. Explain briefly how the definition can be improved upon to reflect what communication is all about. (10 Marks)

(Total 15 Marks)

QUESTION 2

Identify the grammatical name and grammatical function of each of the underlined expressions in the following sentences. Do not copy the sentence; write only the name and function.

- a. **The man, to whom I gave my daughter,** is now a senator.
- b. We all have **moments of depression.**
- c. He **has completed** his assignment.

INSIGHT

- d. **When you do not obey your inner voice**, you end up destroying your image.
- e. He must be **extremely brave**.
- f. Kwame locked the boy **inside the room**.
- g. He stays **where the gods meet**.
- h. One of the ladies **that are brilliant in our class** is proud.
- i. I have married **the lady**.
- j. She spoke **so fluently** then everybody applauded her. (15 Marks)

QUESTION 3

The Polytechnic sited in the town where you work as an Accounting Technician graduate has admitted a new set of students to study Accounting. The Head of Department of Accounting has invited you to participate in a debate as part of the orientation programme for the new intake. The topic is: “Entering the Accounting Profession through the Accounting Technicians Scheme (ATS) is more rewarding to the Accountant than entering with a graduate qualification”. Support the topic. (15 Marks)

QUESTION 4

There was a fight in one of the departments in the organization in which you work. During the fight, some office equipment were destroyed and some documents got missing. This led to a temporary closure of the department. A panel was set up to investigate the cause of the fight. You have been invited to give your account as an eye-witness. Write your report. (15 Marks)

INSIGHT

SOLUTIONS TO MULTIPLE CHOICE QUESTIONS

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

Examiner's Report

Every question in this part is compulsory. The performance was good as about 80% of the candidates scored 50% and above of the allocated marks. Candidates should ensure that they work through the entire syllabus for better performance in future.

INSIGHT

SOLUTIONS TO SHORT ANSWER QUESTIONS

1. Consumption/Use
2. Two
3. Subordinates
4. Grapevine
5. Verbal/Oral
6. Non-verbal
7. Phoxemics
8. Exclamation/Interjection
9. Ellipsis
10. Period/Point
11. Orally
12. Impromptu
13. Extemporaneous
14. Body
15. Orderliness
16. Descriptive
17. Middle, end
18. Technical, Non-Technical
19. Abstract/Executive Summary
20. Administrative

Examiner's Report

Every question in this part is compulsory. The performance was poor as only about 20% of the candidates scored 50% and above of the allocated marks. Candidates are advised to familiarise themselves with terms and

INSIGHT

concepts contained in ATSWA study texts to enhance better performance in future examinations.

SOLUTION TO SECTION B COMPREHENSION

- a. Power of complete attention/intense mental effort
Or The power to give one's attention to an activity.
- b. It qualifies 'ability'
- c. Height, length, speed, amount of electricity
- d. 'acceptable' and 'consistent'
- e. (i) Pre-theoretical considerations
(ii) Conventional patterns of reasoning
- f. Categorizing, comparing, measuring
- g. He compares their scores and ranks them on a scale
- h. Questionnaire
- i. The information requested must match the measurement activity
Desired
- j.

i.	observable	-	evident/discernible/noticeable
ii.	frequency	-	oftenness
iii.	intelligence	-	understanding/knowledge
iv.	acceptability	-	acceptableness/satisfactoriness
v.	predictive	-	prognostic/forecasting
vi.	established	-	confirmed/validated/determined
vii.	stage	-	point/section/level
viii.	ensure	-	guarantee/ascertain
ix.	requested	-	required/needed

INSIGHT

Examiner's Report

This is a compulsory question. It tests candidates' knowledge of reading and understanding of a given text and how to respond to questions on it. The performance was good as about 70% of the candidates that attempted the question scored 50% and above of the allocated marks. The major shortcomings were (i) lack of understanding of the content of the passage. (ii) Writing answers in full sentences which is not necessary. Candidates are advised to read wide and interpret questions correctly before answering them. They should also make use of ATSWA study text and past question papers for better performance in future examinations.

SOLUTION 1

- (a) This definition describes a one - way communication process.
- (b) The three shortcomings are:
- i. It lacks a feedback device.
 - ii. There is no role change among the parties involved.
 - iii. It smacks of authoritarianism.
- (c) This definition can be improved upon by introducing feedback loop which will show that the process is a continuous one. The process does not just begin with the sender and end with the receiver. When the receiver reacts to the message received, his role changes to that of a sender or source as he composes his response and sends to the first sender who now receives the feedback as a receiver. Basically then, to improve upon this definition, the following must be added:
- (i) Communication involves two parties
 - (ii) There must be a common understanding between the two parties

INSIGHT

This will now give a better definition of communication as “the transmission of information from an individual or group to another so that it can be understood and acted upon.”

Examiner’s Report

The question tests Candidates’ knowledge of the definition of communication. About 70% of candidates attempted the question. The performance was poor as less than 5% of the candidates that attempted the question scored 50% and above of the allocated marks. Candidates’ shortcomings were lack of understanding of what communication entails and inability to define communication properly.

Candidates are advised to study this aspect in the syllabus and make use of ATSWA study materials if they wish to perform better in future examinations.

SOLUTION 2

Clause / Phrase	Function
a. Noun Clause	Subject of the sentence
b. Noun Phrase	Object of the verb ‘have’
c. Verb Phrase	Predicator/verb of the sentence
d. Adverbial Clause (of time)	Modifies the verb ‘destroying’
e. Adjectival phrase	Describing the subject, ‘He’
f. Prepositional phrase	Shows the relationship between ‘the boy’ and ‘the room’
g. Adverbial Clause (of place)	Modifies the verb ‘stays’
h. Adjectival Clause	Qualifies the word ‘ladies’
i. Noun Phrase	Object of the verb ‘married’
j. Adverbial Phrase	Modifies the verb ‘spoke’

INSIGHT

Examiner's Report

This question tests different types and functions of clauses in English. About 60% of the candidates attempted the question. About 15% of the candidates that attempted the question scored 50% and above of the marks allocated

Candidates' main shortcoming was their inability to understand clause analysis. For improved performance in future examinations, candidates' are advised to study this aspect of grammatical usage in the syllabus and make use of ATSWA study texts.

SOLUTION 3

The Chairman, panel of judges, co-debaters, distinguished Accounting students, ladies and gentlemen.

My name is Kofi Paul, the Acting Bursar of Ifeoluwa Secondary School, Idera. I am a member of the Association of Accounting Technicians (AAT), which entails that I am also a product of the Institute of Chartered Accountants of the Nigeria's Accounting Technicians Scheme (ATS). Hence, this places me in a good position to support the topic for the debate I was invited to participate in.

I am here this afternoon to argue in favour of the topic 'Entering the Accounting profession through the Accounting Technicians Scheme is more rewarding than entering with graduate qualification.'

Let me begin by saying that an eligible candidate for Accounting Technicians Scheme Examinations must be a holder of Senior School Certificate/General Certificate of Education (SSC/GCE) with a minimum of five credits at two sittings, including English Language, Mathematics and Principles of Accounting.

Possessing academic qualification like a University Degree or a High National Diploma Certificate does not make one a professional Accountant. It is just a meal ticket and an enhancement of one's social status. Entering the Accounting profession through graduate qualification is tantamount to postponing the evil day.

Majority of the graduates do not pass the ICAN Examinations at the first attempt. They write the examinations several times before they can

INSIGHT

qualify as Chartered Accountants, while it is easier for someone with the qualification of an Association of Accounting Technicians to pass the professional examinations.

Accounting Technician employees perform better than graduates on the job, and employers of labour prefer them to graduates because they are more exposed and professional than the graduates.

The Accounting Technicians also have the opportunity of growing on the job and being promoted through rank and file.

Another advantage of entering the profession with Association of Accounting Technicians Certificate is that one would be connected to many distinguished Chartered Accountants through the Association of Accounting Technicians conferences, seminars and workshops. Many of these distinguished accountants could also engage the Accounting Technicians in the jobs which require middle-level manpower.

The advantages of entering the Accounting job through the Accounting Technicians Scheme are numerous, but because of constraint of time, the ones I have discussed would be beneficial to a prospective accountant. Hence, you will agree with me that entering, the Accounting Profession through the Accounting Technician's Scheme is more rewarding to the accountant than entering with graduate qualification.

Thank you for listening.

Examiner's Report

This question tests candidates' understanding of speech writing. About 50% of the candidates attempted this question. The performance was poor as only about 35% of candidates that attempted the question scored 50% and above of the allocated marks. Candidates' shortcomings were (i) lack of knowledge of speech writing format. (ii) inability to employ the language appropriate to speech making. (iii) inability to marshal points to convince the audience.

Candidates are advised to study this area of the syllabus well and make use of ATSWA study materials for a better performance in future examinations.

INSIGHT

SOLUTION 4

An Eye-Witness Report on a Fight in Human Resources Department of Pick and Pike Nig. Ltd.

My name is Olunbumi Adebisi, male and Nigerian. I share the same office with Vincent Awunor who is another clerk in the Human Resources Department of Pick and Pike Nigeria Ltd under the leadership of the Human Resources Manager. I happened to be in the office on the day (15/9/16) that Vincent and Femi Okoye had a fight.

There had been a lingering disagreement between Vincent and Femi for about one month. On this fateful morning, Femi came into our office to demand for a refund of money Vincent collected from him to get Femi's relation shortlisted for an employment interview. Vincent refused the demand on the ground that he put Femi's relation's name on the shortlist that he forwarded to the Human Resources Manager. He told Femi that it was the Manager that removed the name from the list because the applicant had no cognate qualification.

Vincent's refusal led to an argument and our boss sent Femi out of the office. One hour later, Femi came back. This time, he slapped Vincent and a fight ensued. As they fought, Vincent's table tumbled and down went the computer and the printer. The fight attracted other workers to our office. Some of them took sides and it became a free-for-all.

While the fight was going on, I saw Obeng Weah removing two files and a notebook from the Manager's table. I could not identify the file titles but the notebook was the time-book. Eventually, the Human Resources Manager came in and ordered the two of them to be taken to the Security Unit.

Signed

Olubunmi Adebisi

16 September, 2016

INSIGHT

Examiner's Report

This question tests candidates' understanding of report writing. About 45% of the candidates attempted the question. Their performance was poor as about 35% of the candidates that attempted the question scored 50% and above of the allocated marks.

Candidates' shortcomings were (i) lack of understanding of the format of speech making (ii) poor use of language (iii) lack of power of description.

Candidates are advised to familiarise themselves with this section of the syllabus and make use of ATSWA study materials for improved performances in future examinations.