

INSIGHT

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

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

- A) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH PAPER; AND

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

INADEQUATE COVERAGE OF THE SYLLABUS

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

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FOREWORD

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

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

The answers provided in this book do not exhaust all possible alternative approaches to solving the questions. Efforts have been made to use methods, which will save much of the scarce examination time.

It is hoped that the suggested answers will prove to be of tremendous assistance to students and those who assist them in their preparations for the Institute's Examinations.



NOTE

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

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AT/151/PLI

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
PART I EXAMINATIONS - MARCH 2015
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

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

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

1. Which of the following is **NOT** a use of Journals?
 - A. Making adjustment entries
 - B. Posting of opening balances
 - C. Correcting errors
 - D. Posting of unusual items and transactions
 - E. Posting the cash book entries

2. Which of the following items is a revenue expenditure?
 - A. Procurement of furniture
 - B. Cash purchase of tractor
 - C. Credit purchase of a tractor
 - D. Procurement of stationery
 - E. Purchase of property

3. The IASB framework identifies user groups of financial statements. Which of the following is **NOT** an information need of the investor group?
 - A. Assessing the repayment ability of an entity
 - B. Measuring performance, risk and return
 - C. Taking decisions regarding holding investments
 - D. Taking decisions on mergers and acquisitions
 - E. Taking buy/sell decisions

4. Which of the following are the effects of matching concept?
 - (i) Determination of periodic Profits
 - (ii) Unexpired costs are deferred
 - (iii) Cost of goods sold may be different from purchases
 - A. I,II and III
 - B. I and III
 - C. II and III
 - D. I and II
 - E. None of the above

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5. A business can make a profit and yet have a reduction in its bank balance. Which of the following might cause this?
- A. Sale of a non-current asset at a loss
 - B. Charging of depreciation in the statement of comprehensive income
 - C. Lengthening of the period of credit given to customers
 - D. Shortening of the period of credit given to customers
 - E. Lengthening of the period of credit taken from suppliers

6. How is the total of the Sales Day Book recorded in the nominal ledger?

	Debit	Credit
A.	Receivables Ledger	Receivables Control Account
B.	Receivables Control Discount	Receivables Ledger
C.	Sales	Receivables Control Account
D.	Receivables Control Account	Sales
E.	Purchases	Sales

7. Which of the following would occur if the purchase of computer stationery was debited to the computer equipment at cost?
- A. Overstatement of profit and over statement of non-current assets
 - B. Understatement of profit and an overstatement of non-current assets
 - C. Overstatement of profit and an understatement of non-current assets
 - D. Understatement of profit and an understatement of non-current assets
 - E. Overstatement of non-current assets only

Use the information below to answer questions 8 and 9.

A business had a balance in the bank of GH¢5,000 at the start of the month. During the following month, it paid for materials invoiced at GH¢2,000 less trade discount of 20% and cash discount of 10%. It received a cheque from a customer in respect of an invoice for GH¢400, subject to cash discount of 5%.

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8. What was the balance at the end of the month?
- A. GH¢4,000
 - B. GH¢3,980
 - C. GH¢3,960
 - D. GH¢3,940
 - E. GH¢3,890
9. How much did it pay to its Suppliers?
- A. GH¢2,400
 - B. GH¢1,800
 - C. GH¢1,600
 - D. GH¢1,440
 - E. GH¢1,400
10. If work -in-progress decreased during the period, then,
- A. Prime cost will decrease
 - B. Prime cost will increase
 - C. Factory cost of goods completed will decrease
 - D. Factory cost of goods completed will increase
 - E. Factory cost of goods completed is not affected
11. An error within the same class of account affecting different persons is
- A. Error of omission
 - B. Error of principle
 - C. Error of commission
 - D. Compensating error
 - E. Complete reversal error
12. If sales account has been wrongly debited with the sales amount of ₦30,000, how much is the amount to be used to reverse the above wrong entry?
- A. ₦90,000 debit
 - B. ₦90,000 credit
 - C. ₦60,000 debit
 - D. ₦60,000 credit
 - E. ₦15,000 debit

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13. A motor vehicle worth ₦750,000 was bought on credit from Eleganza and Sons Limited, a car dealer. How would Eleganza and Sons Limited reflect the transaction in its books?
- A. Non-current Assets
 - B. Trade receivables
 - C. Trade payables
 - D. Cash-in-transit
 - E. Goods on sale or return
14. Which of the following is both a book of original entry and a ledger?
- A. Journal
 - B. Cash discount
 - C. Trade discount
 - D. Cash book
 - E. Sales day book
15. Which of the following will reduce the balance of a bank customer's account that shows an overdrawn balance?
- A. Bank Charges
 - B. Overdraft interest
 - C. Dividend received
 - D. Direct debit
 - E. Standing charges
16. In a Company where complete records are **NOT** maintained, the capital at the commencement of a period is ascertained by preparing a
- A. Total Debtor's account
 - B. Bank Reconciliation Statement
 - C. Statement of Affairs
 - D. Trading profit and loss account
 - E. Trial Balance
17. Which of the following is **NOT** an example of capital expenditure
- A. Purchase of non-current assets
 - B. Extension or any improvement of a permanent nature made to any structure
 - C. Public relations cost
 - D. Legal fees of acquiring land or buildings
 - E. The cost incurred in bring any non-current assets to its present location

Use the following information to answer questions 18 and 19.

Plant and machinery	Le1,200,000
Depreciation rate	12 ¹ / ₂ % per annum

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18. The depreciation charged for the third year using reducing balance method is
- A. Le150,000
 - B. Le131,250
 - C. Le114,844
 - D. Le105,000
 - E. Le104,844
19. What is the net book value at the end of the second year?
- A. Le 1,050,000
 - B. Le 918,750
 - C. Le 903,500
 - D. Le 803,906
 - E. Le 650,000
20. The excess of the market value of manufactured goods and its cost is called
- A. Gross profit
 - B. Net profit
 - C. Manufacturing loss
 - D. Manufacturing profit
 - E. Net loss
21. Stone acquired a motor vehicle on January 1, 2014 at a cost of ~~₦~~2,500,000. The vehicle has an estimated useful life of four years and an estimated resaleable value of ~~₦~~500,000. Stone charges depreciation on the straight line basis with a proportionate charge in the period of acquisition.
- What will be the total depreciation charged on the vehicle in Stone's accounting period to October 31, 2014?
- A. ~~₦~~400,000
 - B. ~~₦~~405,000
 - C. ~~₦~~408,000
 - D. ~~₦~~416,667
 - E. ~~₦~~421,000
22. Which of the following is **NOT** a quality of information on integrity of data assessments?
- A. Accuracy
 - B. Concreteness
 - C. Cost effectiveness
 - D. Data security
 - E. Timeliness

Use the following details to answer questions 23 and 24.

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Ade, Tola and Remi are in partnership. The profits of the partnership for the year ended December 31, 2013 has currently been appropriated as follows:

Ade	₦300,000
Tola	₦100,000
Remi	₦80,000

The partnership agreement states that Tola is entitled to a guaranteed minimum profit share (GMPS) of ₦20,000. The profit sharing ratio is 3: 2: 1.

23. What is Tola's share of profit?
- A. ₦120,000
 - B. ₦140,000
 - C. ₦160,000
 - D. ₦180,000
 - E. ₦200,000
24. Determine Ade's share of profit
- A. ₦300,000
 - B. ₦290,000
 - C. ₦240,000
 - D. ₦285,000
 - E. ₦270,000
25. Which body issues the International Financial Reporting Standards?
- A. Accountants Disciplinary Board of West Africa
 - B. Central Bank Governing Board
 - C. Audit Practices Board
 - D. Stock Exchange Council
 - E. International Accounting Standards Board
26. Where the owner of a business takes goods from inventory for his own personal use, what accounting concept would apply in treating the transaction?
- A. Relevant concept
 - B. Capitalisation concept
 - C. Money measurement concept
 - D. Entity concept
 - E. Realisation concept
27. The difference between cash book balance and bank statement balance **CANNOT** be caused by
- A. Error by the bank

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- B. Unpresented cheque
 - C. Casting errors in the cash book
 - D. Presented cheques
 - E. Standing order payments
28. What is the cost of sales of an organisation, given sales figure of ₦25,000,000 with mark-up of $33\frac{1}{3}\%$?
- A. ~~₦~~625,000
 - B. ~~₦~~8,332,500
 - C. ~~₦~~16,667,500
 - D. ~~₦~~18,125,000
 - E. ~~₦~~18,750,000

Use the following information to answer questions 29 and 30.

UNITY CLUB ACCOUNT RECORDS

	₦	₦
Sales of tickets		250,000
Bar sales		280,000
Cash purchases of club house	100,000	
Credit purchases of motor vehicle		80,000
Electricity bill paid	5,000	
Salaries owed		10,000

29. The receipts and payments account balance is
- A. ~~₦~~425,000
 - B. ~~₦~~449,000
 - C. ~~₦~~475,000
 - D. ~~₦~~485,000
 - E. ~~₦~~505,000
30. The surplus or deficit on the Income and Expenditure Account is
- A. ~~₦~~408,000
 - B. ~~₦~~515,000
 - C. ~~₦~~555,000
 - D. ~~₦~~600,000
 - E. ~~₦~~606,000

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

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

1. The **TWO** main accounts prepared by a sole trader are the and the
2. Securities issued by a company at a fixed rate of interest payable on agreed terms at a specific date in the future is called
3. A program which deals with one particular part of a business accounting system is
4. A 'pool' of data, which can be used by any number of applications is referred to as
5. Most significant reserve such as (a) Revenue reserve (b) Retained profit (c) Retained earnings (d) Undistributed profits (e) Unappropriated profits are sometimes referred to as
6. An approved sum given to the petty cashier periodically to meet small items of expenditure is generally referred to as
7. In a manufacturing company, the partly finished goods or incomplete work is called
8. The residual interest in the assets of an enterprise after the deduction of its liabilities is called
9. The equivalent of a statement of profit or loss prepared by a social club is called
10. A company receives rent from a number of properties. The total received in the year ended December 31, 2014 was Le481,200.

The following were the amounts of rent in advance and in arrears as at December 31, 2013 and 2014.

	December 31, 2013	December 31, 2014
	Le	Le
Rent received in advance	28,700	31,200
Rent in arrears (all subsequently received)	21,200	18,400

What is the rental income that should appear in the company's statement of comprehensive income for the year ended December 31, 2014.

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11. A computer package may consist of a suite of

Use the following information to answer questions 12 and 13.

Details of subscriptions account of Bobby Club with GH¢10,000 per member.

	GH¢
Subscription owing January 1, 2013	300,000
Subscription received 2013	3,200,000

Subscription received in 2013 for 2014 from forty members were included in amount received.

12. What is the subscription to be transferred to income and expenditure account for 2013?
13. How much is the subscription received in advance and how will it be treated in the statement of financial position?
14. In accordance with International Financial Reporting Standards, the net book value of non-current assets is referred to as
15. A 'statement of affairs' is similar to a/an
16. In a sole- proprietorship business, the difference between total business assets and liabilities is
17. The rules and regulations governing international accounting developed by the International Accounting Standards Board is referred to as.....
18. The cost that consists of all indirect costs in respect of materials, labour and expenses is called.....
19. Cost of raw materials available less closing inventory of raw materials is.....
20. The accounting entries when a debt previously written off is recovered is

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

Explain the meaning of the following concepts and conventions used in accounting.

- Entity concept
- Money measurement
- Objectivity/Fairness
- Realisation concept

(Total 12½ Marks)

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QUESTION 2

The following trial balance was extracted from the books of Taylor John as at December 31, 2014:

	DR	CR
	Le	Le
Capital		740,530
Purchases and sales	731,300	1,054,600
Returns	6,180	4,350
Receivables and payables	126,420	157,400
Inventory – January 1, 2014	216,000	
Carriage inwards	2,900	
Motor vehicles (at cost)	270,000	
Freehold property (at cost)	520,000	
Office equipment (at cost)	105,000	
Salaries	97,500	
Electricity	3,800	
Provision for depreciation:		
Motor vehicles		103,000
Office equipment		26,500
Provision for bad debts		7,000
Insurance	2,900	
Rate	4,000	
Motor vehicle expenses	9,250	
Advertisement	3,200	
Rental income		8,200
Bad debt	2,470	
Discounts	<u>1,940</u>	<u>1,280</u>
	<u>2,102,860</u>	<u>2,102,860</u>

Additional information:

- | | | |
|----|---|----------------------------|
| a. | Closing inventory | Le 257,800 |
| b. | Rental income owed by tenant | Le 3,800 |
| c. | Accrued salaries | Le 5,640 |
| d. | Provision for bad debts is to be increased to | Le 8,300 |
| e. | Prepaid expenses – Insurance | Le 540 |
| | Rate | Le 960 |
| f. | Provision for depreciation: | |
| | Motor vehicles | - 10% on cost |
| | Office equipment | - 10% on reducing balances |

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You are required to:

Prepare statement of profit or loss and other comprehensive income for the accounting year and the Statement of Financial Position as at that date in a vertical format.

(12½ Marks)

QUESTION 3

- a. State the factors to consider when deciding on the type of applications package to buy or use (2½ Marks)
- b. State **FIVE** advantages and disadvantages each of application packages? (10 Marks)

(Total 12½ Marks)

QUESTION 4

The following information has been extracted from the books of accounts of Takure International Nigeria Limited for the year ended December 31, 2013.

	₦
Office equipment	467,000
Factory equipment	660,000
Advertising	50,000
Depreciation for the year:	
Factory equipment	80,000
Office equipment	60,000
Factory insurance	8,000
Direct wages	380,000
Factory utility	200,000
Indirect factory materials	250,000
Factory salaries	270,000
Finished goods at January 1, 2013	360,000
Office – Electricity	180,000
Postages and Telephone	100,000
Salaries	800,000
Raw materials purchases	3,050,000
Raw materials inventory as at January 1, 2013	95,000
Sales	7,224,000
Work in progress as at January 1, 2013	250,000

Additional information:

- a. At December 31, 2013, the following inventories were on hand:

	₦
Raw materials	200,000

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Work in progress 85,000

Finished goods 400,000

- b. At December 31, there was an accrual for postages of 9,000 and it was estimated that 12,000 had been paid in advance for electricity. These items were included in the books of account for the year ended December 31, 2013.

You are required to

Prepare Manufacturing Profit and Loss for the year ended December 31, 2013.
(Total 12½ Marks)

QUESTION 5

On June 30, 2014, the bank column of Akpan Enterprises cash book showed a debit balance of ₦13,830 and a credit balance of ₦21,810 in the bank.

The following are the other information on the cash book and bank statement.

- (i) Unpresented cheque ₦18,900
- (ii) Uncredited lodgement ₦7,500
- (iii) Dishonoured cheque ₦2,190
- (iv) Dividend of ₦1,140 paid directly to the bank was not recorded in the cash book
- (v) Bank charges of ₦1,260 had been charged in the bank statement but not entered in the cash book
- (vi) Entry was not made in the cash book for a subscription of ₦300 paid by standing order
- (vii) Cheque for ₦810 drawn by Mr. J. Knor was charged to Mr. Akpan's account in error in June 2014 by the bank

You are required to:

- a. Make appropriate adjustments in the cash book (3½ Marks)
 - b. Prepare a statement reconciling the adjusted balance in the cash book with the balance shown in the bank statement as at June 30, 2014 (4 Marks)
 - c. State **FIVE** reasons for which a bank may dishonour a cheque (5 Marks)
- (Total 12½ Marks)

QUESTION 6

- a. To whom should information contained in a company's financial statements be communicated? (6½ Marks)
 - b. Described briefly the kind of information needed by **TWO** of the groups of people you identified in (a) above. (6 Marks)
- (Total 12½ Marks)

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SOLUTION

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

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WORKINGS

8.

	GH¢	GH¢
Balance per Bank		5,000
<u>Add Receipts</u>		
Invoice Value	400	
Less Cash discount (5% x 400)	<u>20</u>	<u>380</u>
		5,380
<u>Less Disbursements:</u>		
Purchases:		
Invoice Value	2,000	
Less: Trade Discount (20%)	<u>400</u>	
	1,600	
Less Cash Discount (10%)	<u>160</u>	<u>1,440</u>
NBV		<u><u>3,940</u></u>

9. (2,000 – 400 – 160) = GH¢ 1,440

18.

		Le
	Plant and Machinery – Cost	1,200,000
Year 1	Depreciation (12½% x 1,200,000)	<u>(150,000)</u>
	NBV	1,050,000
Year 2	Depreciation (12½% x 1,050,000)	<u>(131,250)</u>
	NBV	<u>918,750</u>
Year 3	NBV b/f	918,750
	Depreciation (12½% x 918,750)	<u>(114,844)</u>
	NBV	<u><u>803,906</u></u>

19. NBV b/f Year 1 (see working 18) = 1,050,000
 Depreciation Year 2 (12½% x 1,050,000) = (131,250)
 NBV at end of Year 2 = 918,750

21.

Acquisition date – January 1, 2014			
Cost – ₦2,500,000			
Useful life	-	4 years	
Resaleable Value	-	₦500,000	
Depreciation Per annum	=	<u>2,500,000 – 500,000</u>	
		4	
	=	₦500,000	

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Proportionate Charge

$$\begin{aligned} & \text{January 1, 2014 – October 31, 2014 – 10 months} \\ & = 500,000 \times \frac{10}{12} \\ & = \underline{\underline{\text{N}416,667}} \end{aligned}$$

23.

		N
Current Allocation	Ade	300,000
	Tola	100,000
	Remi	<u>80,000</u>
Total Profit		<u>480,000</u>

Sharing Ratio – 3 : 2 : 1

$$\text{Tola's Share} = \frac{2}{6} \times 480,000 \quad \underline{\underline{\text{N}160,000}}$$

$$24. \quad \text{Ade's Share} - \frac{3}{6} \times 480,000 = \underline{\underline{\text{N}240,000}}$$

$$28. \quad (1 - \frac{1}{4}) \times \text{N}25,000,000 \\ = \frac{3}{4} \times 25,000,000 = \underline{\underline{\text{N}18,750,000}}$$

29.

		N
<u>Receipts:</u>		
Sales of tickets		250,000
Bar sales		<u>280,000</u>
		530,000
<u>Payments:</u>		
Electricity bill		(5,000)
Club house		<u>(100,000)</u>
Balance		<u>425,000</u>

30.

	N	N
Sales of tickets		250,000
Bar Sales		<u>280,000</u>
		530,000
Less:		
Expenses:		
Electricity bill paid	5,000	
Salaries	<u>10,000</u>	<u>15,000</u>
Surplus		<u>515,000</u>

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EXAMINER'S COMMENT

The questions are of standard except question 19. None of the options provided is the right answer. The question has therefore been amended and the right answer (Le 918,750) included as one of the options. Candidates were awarded the marks as bonus

PART II: SHORT-ANSWER QUESTIONS

1. Statement of Profit or loss and other Comprehensive Income
- b. Statement of Financial Position
2. Debentures
3. Module
4. Data Base
5. General Reserves
6. Imprest
7. Work – In – Progress or Work – In – Process
8. Owners' Equity/Net Assets
9. Income and Expenditure Account
10. Le 475,900
11. Multiple Applications
12. GH¢ 2,500,000
13. GH¢ 400,000 (GH¢ 10,000 x 40)
Treated as Current Liability
14. Carrying Value
15. Statement of Financial Position
16. Owner's Equity
17. International Accounting Standards
18. Factory Overheads or Manufacturing Overheads
19. Raw Materials Consumed
20. (a) Re-instate the debt/liability
 - DR Debtor (Trade Receivable)
 - Cr Bad Debt Recovered Account (to be transferred to Income)
- (b) Post amount Received
 - DR Cash/Bank
 - Cr Debtor (Trade Receivable)

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WORKINGS

10. Le {28,700 + 481,200 + 18,400} – {21,200 + 31,200}
= Le 475,900

Or

Stated thus in Account form

Rent Account			
	Le		Le
Bal b/f	21,200	Bal b/f	28,700
		Bank	481,200
I & E	475,900	Bal. c/d	18,400
Bal c/d	<u>31,200</u>		
	<u>528,300</u>		<u>528,300</u>
Bal. b/f	18,400	Bal. b/f	31,200

12. GH¢ 3,200,000 – 300,000 – 400,000 (i.e. 10,000 x 40)
= GH¢ 2,500,000

Or

In Account form

Subscription Account			
	GH¢		GH¢
Bal b/f	300,000		
		Bank	3,200,000
I & E	2,500,000		
Bal. c/d	<u>400,000</u>		
	<u>3,200,000</u>		<u>3,200,000</u>
		Bal. b/f	400,000

EXAMINER'S COMMENT

The SAQs are also standards. However, SAQ No. 5 is capable of different interpretations. Candidates were therefore given the benefit of the doubt by awarding them the allotted mark for any reasonable answer provided.

SOLUTION 1

a. Entity Concept

In accounting, a business or an organisation and its owners are treated as two separately identifiable parties. This is called the 'entity concept.' The business stands apart from its owners as a separate economic unit. It is therefore necessary to record the business's transactions separately to distinguish them from the owner's personal transactions. This helps to give a correct determination of the true financial condition of the business.

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“The entity’ view holds the business enterprise to be an institution in its own right separate and distinct from the parties who furnish the funds.

b. Money Measurement Concept

The money measurement underlines the fact that in accounting generally every recorded transaction or event is measured in terms of money, that is, the local currency monetary unit of measure. Using this principle, a fact or transaction or event which cannot be expressed in terms of money is not recorded in the accounting books.

c. Objectivity/Fairness Concept

The objectivity principle says that whenever possible, accounting entries should be based on fact – that is, on information that can be objectively proved rather than on information that is open to interpretations. The idea of objectivity is that financial statements should not be influenced by personal bias of management. For example, 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.

Objectivity is useful in accounting in the following ways:

- i. Auditing is made possible
- ii. Accounting data is standardised
- iii. Fraud and falsification of accounts are minimised
- iv. Data is available for independent party to cross-check.

Fairness is an extension of the objectivity principle. In view of the fact that there are many users of accounting information, all having differing needs, the fairness principle requires that accounting reports should be prepared not to favour any group or segment of the society.

d. Realisation Concept

The realisation concept is concerned with determining when revenue is earned. The realisation concept holds that revenue should be recognised at the time goods are sold and services are rendered, that is, the point at which the customer has incurred liability.

Before revenue can be realised and recorded, it must have met the following conditions:

- i. The revenue is capable of objective measurement.
- ii. The value of asset received or recoverable is reasonably certain.

EXAMINER’S COMMENT

The question tested candidates’ understanding of four of the basic accounting conversions with which candidates are expected to be familiar. Not less than 95% of the candidates attempted the question. About 50% of the candidates scored a little above average. Their performance would have been better but for their lack of good communication skills.

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SOLUTION 2

a.

Taylor John

**Statement of Profit or Loss and the Comprehensive Income for the year ended
December 31, 2014**

	Le	Le	Le
Sales			1,054,600
Less: Returns Inwards			<u>6,180</u>
			1,048,420
Less: Cost of Sales:			
Opening Inventory		216,000	
Purchases	731,300		
Carriage inwards	<u>2,900</u>		
	734,200		
Less: Return Outwards	<u>4,350</u>		
		<u>729,850</u>	
		945,850	
Less Closing Inventory		<u>257,800</u>	
			<u>688,050</u>
Gross Profit			360,370
Rental Income (8,200 + 3,800)			12,000
Discount Received			<u>1,280</u>
			373,650
<u>Expenses:</u>			
Salaries (97,500 + 5,640)		103,140	
Electricity		3,800	
Provision for depreciation:			
- Motor Vehicle	27,000		
- Office equipment	<u>7,850</u>	34,850	
Provision for Bad debts (8,300 – 7,000)		1,300	
Insurance (2,900 – 540)		2,360	
Rate (4,000 – 960)		3,040	
Motor Vehicle Expenses		9,250	
Advertisement		3,200	
Bad debts		2,470	
Discount allowed		<u>1,940</u>	<u>165,350</u>

INSIGHT

NET PROFIT		<u>208,300</u>
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b. TAYLOR JOHN
 STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	Cost Le	Accumulated Depreciation Le	Carrying Value le
<u>Non-Current Assets</u>			
Freehold Property	520,000	-	520,000
Motor Vehicle	270,000	130,000	140,000
Office equipment	<u>105,000</u>	<u>34,350</u>	<u>70,650</u>
	<u>895,000</u>	<u>164,350</u>	730,650
<u>Current Assets</u>			
Inventory		257,800	
Receivables	126,420		
Less: Provision	<u>8,300</u>	118,120	
Payments:			
- Insurance	540		
- Rate	<u>960</u>	1,500	
Rent Receivable		<u>3,800</u>	
			<u>381,220</u>
TOTAL ASSETS			<u>1,111,870</u>
<u>Equity and Liabilities</u>			
Owner's Equity		740,530	
Net Profit		<u>208,300</u>	
			948,830
<u>Current Liabilities</u>			
Trade Payables		157,400	
Accrued salaries		<u>5,640</u>	<u>163,040</u>
Total Equity and Liabilities			<u>1,111,870</u>

EXAMINER'S COMMENT

The question is on preparation of the sole trader's financial statements – Statement of Profit or Loss and the Comprehensive Income. The basic principles were adequately tested in this question. As expected, over 70% of the candidates attempted the question. It was clear that the vertical format required by the question posed a little challenge. Candidates therefore need to familiarise themselves with the vertical format as this is the modern form of presenting financial statements.

INSIGHT

SOLUTION 3

- a. Package to use or buy – factors to consider
 - i. Cost – This includes the cost of the software, set up time and the operating system.
 - ii. Flexibility – How easy is it to make amendments in future, if need be.
 - iii. Types of processing – What is the input and output medium associated with the package.
 - iv. Timing – of processing
 - v. Hardware required
 - vi. Degree of reliability

- b.
 - i. Advantages of application packages
They include:
 - i. They make implementation of an application to be faster and cheaper.
 - ii. They provide standard approach to common applications.
 - iii. They are efficient in terms of speed, accuracy and storage requirements.
 - iv. They save programming efforts.
 - v. There is substantial reduction in systems efforts
 - vi. Application packages bring about ease of use, especially since it usually comes with documentation.
 - vii. They help to increase the productivity of users

 - ii. Disadvantages of application packages
 - i. Some packages are not up-dated.
 - ii. Packages may not be 100% suitable for a particular use, as they may not be fully tailored towards its use.
 - iii. Experts may not be readily available to assist in case there are challenges.
 - iv. Packages may include features that are not particularly relevant and this may cause some inefficiency.
 - v. Where the vendor company has ceased to exist, getting support for and maintain the software may become problematic.

EXAMINER'S COMMENT

This question tested candidates on their knowledge of computer application packages, their advantages and disadvantages and the factors to consider when making a choice. Less than 30% of the candidates attempted the question and they scored below the average mark. Candidates are advised to study this aspect of the syllabus well in their study pack to be able to attempt similar questions in any subsequent diet.

INSIGHT

SOLUTION 4

TAKURE INTERNATIONAL NIGERIA LIMITED
MANUFACTURING, PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2013

	₦	₦	₦
Sales			7,224,000
Raw materials (Jan.1, 2013)		95,000	
Purchases of Raw materials		<u>3,050,000</u>	
Cost of Raw materials available		3,145,000	
Raw material at close		<u>(200,000)</u>	
Cost of Raw materials used		2,945,000	
Direct wages		<u>380,000</u>	
Prime Cost		3,325,000	
<u>Factory Overheads</u>			
Factory Salaries	270,000		
Ind. Factor Expenses	250,000		
Factory Utility	200,000		
Factory Insurance	8,000		
Depreciation – Factory Equipment	<u>80,000</u>		
		808,000	
<u>Change in work – in – Progress</u>			
Opening WIP	250,000		
Closing WIP	<u>(85,000)</u>	<u>165,000</u>	
Cost of Production		4,298,000	
Finished Goods – Jan. 1		<u>360,000</u>	
		4,658,000	
Finished Goods – Dec. 31		<u>(400,000)</u>	
COST OF SALES			4,258,000
GROSS PROFIT			2,966,000
<u>Operating Expenses</u>			
Advertising		50,000	
Office electricity		180,000	
Postages and telephone		100,000	
Salaries		800,000	
Depreciation – Office Equipment		<u>60,000</u>	
			<u>1,190,000</u>
NET PROFIT			<u>1,776,000</u>

INSIGHT

EXAMINER'S COMMENT

Manufacturing Account preparation is no doubt a familiar topic to most candidates. Not less than 97% of the candidates attempted the question. Though, more than 60% of candidates scored not less than 50% of the allotted mark, there is room for better performance if candidates pay attention to the appropriate format/layout for better presentation, even in their primary assignment in practice.

SOLUTION 5

a.

AKPAN ENTERPRISES ADJUSTED CASH BOOK AS AT JUNE 30, 2014

	₦		₦
Balance b/f	13,830	Dishonoured cheque	2,190
Direct lodgment		Bank charges	1,260
- Dividend	1,140	Standing order	300
	<u>14,970</u>	Balance c/d	<u>11,220</u>
			<u>14,970</u>

b.

AKPAN ENTERPRISES BANK RECONCILIATION STATEMENT AS AT JUNE 30, 2014

	₦	₦
Balance as per Bank Statement		21,810
Add:		
- Uncredited lodgment	7,500	
- Cheque drawn by another customer wrongly charged	<u>810</u>	
		<u>8,310</u>
		30,120
Less: Unpresented Cheque		<u>18,900</u>
Balance as per adjusted cash book		<u>11,220</u>

- c. A cheque may be dishonoured by a bank for any of the following reasons:
- Where the cheque is stale;
 - Where there are insufficient funds in the drawer's account;
 - Where there are alterations on the cheque and this has not been acknowledged by endorsement;
 - Where the amount as stated in words differs from figures;
 - For irregular signature of the drawer

INSIGHT

- vi. Where the drawer gives a “stop” order on the cheque;
- vii. If the cheque has been crossed and it is presented over the counter;
- viii. If the cheque has been post dated.

EXAMINER’S COMMENT

Bank Reconciliation Statement is also a very familiar topic to most candidates and an area in which most candidates’ are engaged in practice. The question tested in the simplest form their competence in this area. This has reflected in candidates’ general performance as practically all candidates who attempted the question scored above the average mark.

SOLUTION 6

- a. Accounting is the process of communicating financial information about a business entity to users such as shareholders and managers. Accounting information help users to make financial decisions. Users of financial information may be both internal and external to the organization.

The internal users are the primary users of accounting information and included the following:

- i. Owners (shareholders) of the company;
- ii. The management of the company;
- iii. The employees of the company.

External users or secondary users of accounting information include the following:

- i. Lenders of the company;
- ii. The customers of the company;
- iii. The suppliers of the company;
- iv. Financial analysts;
- v. The Regulatory Authorities e.g. the Tax authorities, Corporate Affairs Commission (CAC), the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the Stock Exchange, etc.
- vi. The External Auditors.

- b. The kind of information needed by these users include:

- i. Owners (shareholders) of the company
 - Profitability of the firm.
 - The maintainable earnings of the firm.
 - The long-term survival of the company.
 - The returns on their investments (ROCE).
- ii. The management of the company
 - Every aspect of the company’s performance is of concern to management e.g.

INSIGHT

- Information on the organisation's performance (profitability, liquidity and financial position) that can aid them in taking appropriate measures to improve the company's results.
- The company's standing among its competitors.
- The financial liquidity and solvency of the company, etc.

iii. The employees of the company

Employees are interested in:

- The firm's profitability.
- The financial position of the firm.
- The long-term stability and survival of the company that will guarantee their job security

iv. Lenders of the company

The lenders' primary concern is the security of their money and the repayment prospects of their loans. They therefore need information on:

- The company's profitability.
- The liquidity of the company.
- The value of the company's assets.
- The gearing of the company.

v. The customers of the company

Customers are particularly interested in information for assessing the financial position of the company.

- The company's liquidity
- The company's profitability
- Long-term prospect of the company e.g. from the quality of products.

The customers' concern is whether the business will continue to be a reliable source of supply.

vi. The suppliers of the company

The trade creditors supply goods to the company, usually on credit. They are therefore interested in the ability of the company to pay for the goods supplied to the business promptly. The profitability and reliability of the company will be of great interest to them.

vii. Financial analysts

Financial analysts analyse companies' financial statements on behalf of their clients to help them make informed financial decisions. This class of users include, stock brokers, credit agencies and financial reporters. Every aspect of the firm's financial performance and its financial environment will be their concern. They will therefore be interested in examining:

- The firm's profitability and financial position (liquidity, solvency and long-term survival prospects).
- The Returns on investor's stake in the business.

INSIGHT

- The firm's competitors, etc.
- viii. The Regulatory Authorities
Regulatory agencies need information on the business that will assure that the company's disclosure of accounting information is in accordance with the stipulated rules and regulations, in order to protect the interest of the stakeholders who rely on such information in forming their decisions.
- ix. The External Auditors.
- From examination of financial statements auditors provide owners reasonable assurance that the accounts are free from material misstatements and can therefore be relied upon.
 - Audited financial statements provide reliable basis for determining the accuracy of tax liability by Tax Authorities.
 - Auditors provide financial analysis of statements and advise clients accordingly.

EXAMINER'S COMMENT

Financial statements are not prepared for their own sake but to provide relevant information to users for their financial decisions. The question required candidates to identify these users and their information needs. More than 60% of the candidates attempted the question. All of them did well in the (a) part of the question but failed to articulate the information needs of the users as required in the (b) part of the question. Admittedly, the question was not properly worded, yet candidates were able to recognise the demand of the examiner. Candidates are advised to make a more in-depth study of this area of the syllabus as this is the whole essence of the accountant's work.

INSIGHT

AT/151/PI.2

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATIONS - MARCH 2015
ECONOMICS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS

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

- An economic system in which the economic freedom of the consumers is sacrificed is
 - Centrally planned economy
 - Capitalist economy
 - Decentralised economy
 - Market economy
 - Closed economy
- Demand curve shifts leftwards when the income of the buyers increases for
 - A normal good
 - An inferior good
 - A free good
 - A luxury good
 - An essential good
- In the theory of consumer behavior, which of the following statements is **NOT** true of the consumer equilibrium position for commodities A and B?

A. $\frac{MU_A}{P_A} = \frac{MU_B}{P_B}$

B. $\frac{MU_A}{MU_B} = \frac{P_A}{P_B}$

C. $MRS_{AB} = -\frac{P_A}{P_B}$

D. $MU_A = P_A$

E. $\frac{MU_{m_A}}{MU_{m_B}} = \frac{P_B}{P_A}$

INSIGHT

4. The vertical distance between Average Total Cost (ATC) and Average Variable Cost (AVC) measures
 - A. Marginal cost
 - B. Total fixed cost
 - C. Average fixed cost
 - D. Economic profit
 - E. Total variable cost

5. The market structure in which the operators are many and none of them can influence the market price is the
 - A. Imperfect market
 - B. Perfect market
 - C. Oligopolistic market
 - D. Stock market
 - E. Duopolistic market

6. The reward for entrepreneurial efforts in a production process is called
 - A. Rent
 - B. Wage
 - C. Dividend
 - D. Interest
 - E. Profit

7. In the short-run, the marginal cost is the
 - A. Ratio of change in total variable cost to change in quantity
 - B. Ratio of change in total fixed cost to change in quantity
 - C. Ratio of total cost to quantity
 - D. Addition of total fixed cost and total variable cost
 - E. Difference between total cost and total variable cost

8. Given the demand function for Milo as $Q_d = 300 - 20p$ and supply function as $Q_s = 20p - 100$, where price (p) is in dollars, the equilibrium price is
 - A. \$100.00
 - B. \$50.00
 - C. \$20.00
 - D. \$15.00
 - E. \$10.00

9. The economic activities of the society as a whole is the concern of
 - A. Normative economics
 - B. Positive economics
 - C. Welfare economics
 - D. Macroeconomics
 - E. Micro economics

INSIGHT

10. The monetary payments a firm makes to outside suppliers of resources are called
- A. Economic cost
 - B. Opportunity cost
 - C. Explicit cost
 - D. Implicit cost
 - E. Real cost
11. The purpose of the theory of consumer behaviour is to
- A. Confirm the law of supply
 - B. Validate the law of demand
 - C. Explain the law of diminishing returns
 - D. Substantiate the law of increasing opportunity cost
 - E. Rationalise the properties of an indifference curve
12. When price elasticity of demand coefficient for a commodity is zero, it means that demand for the commodity is
- A. Elastic
 - B. Inelastic
 - C. Unit elastic
 - D. Perfectly elastic
 - E. Perfectly inelastic
13. Which of the following monetary policy measures **CANNOT** be used to curb inflation in an economy?
- A. Sale of treasury bills
 - B. Increase in discount rate
 - C. Request for special deposits
 - D. Increase in reserve requirements
 - E. Upward review of credit ceiling
14. Which **ONE** of the following countries is a member of the Paris Club of creditors?
- A. United Arab Emirates
 - B. Republic of Ireland
 - C. United kingdom
 - D. Argentina
 - E. Australia
15. **ONE** of the methods of estimating a country's national income is the
- A. Cost – benefit method
 - B. Expenditure method
 - C. Distribution method
 - D. Consumption method
 - E. Multiplier method

INSIGHT

16. Given a non-governed economy in which Investment (I) = L\$50 million and consumption (C) = L\$100 million + 0.25Y, the equilibrium national income (Y) is
- A. L\$50 million
 - B. L\$100 million
 - C. L\$200 million
 - D. L\$400 million
 - E. L\$500 million
17. Which of the following is **NOT** a characteristic of developing countries?
- A. Low level of income
 - B. Low life expectancy
 - C. Low population growth rate
 - D. Export of primary products
 - E. Predominance of primitive technology
18. The General Agreement on Tariffs and Trade (GATT) now World Trade Organisation (WTO) was formed to
- A. Promote exchange rate stability
 - B. Promote trade liberalisation
 - C. Promote commercialization of international businesses
 - D. Encourage self sufficiency
 - E. Discourage free trade
19. A tax levied on businesses at every stage of production and distribution is called
- A. Value – added tax
 - B. Capital gains tax
 - C. Ad valorem tax
 - D. Personal income tax
 - E. Companies income tax
20. The population of a country in a certain year was 50 million and the per capita income was \$2,050, the country's Gross National Product (GNP) is
- A. \$750 billion
 - B. \$100.25 billion
 - C. \$102.5 billion
 - D. \$125.05 billion
 - E. \$150 billion

INSIGHT

21. Which of the following is **NOT** an argument for trade protection?
- A. Promote a self – reliant economy
 - B. Protect newly established local industries
 - C. Encourage importation of goods
 - D. Raise revenue for government
 - E. Prevent dumping
22. The value of visible exports less the value of visible imports equals
- A. Terms of trade
 - B. Balance of trade
 - C. Balance of payments
 - D. Capital account balance
 - E. Current account balance
23. When a measure taken to redress or cushion the effects of inflation leads to a further worsening of the problem, we have
- A. Hyper-inflation
 - B. Creeping inflation
 - C. Stagflation
 - D. Mark-up inflation
 - E. Spiral inflation
24. The acronym SDR means
- A. Special Drawing Rights
 - B. Savings Discount Requirements
 - C. Savings Deposit Rates
 - D. Special Deposits Rights
 - E. Special Development Research
25. Currency devaluation is associated with
- A. Flexible exchange rate system
 - B. Fixed exchange rate system
 - C. Multiple – exchange rate system
 - D. Floating exchange rate system
 - E. Managed floating exchange rate system
26. The indicator of the value of money in an economy is the
- A. National income
 - B. Disposable national income
 - C. Gross domestic product
 - D. Aggregate consumption
 - E. General price level

INSIGHT

27. Government will adopt a surplus budget to enable the country overcome the problem of
- A. Economic depression
 - B. Economic récession
 - C. Deflation
 - D. Unemployment
 - E. Inflation
28. The unemployment caused by a change to more capital-intensive technologies in most sectors of the economy is described as
- A. Cyclical unemployment
 - B. Structural unemployment
 - C. Seasonal unemployment
 - D. Residual unemployment
 - E. Frictional unemployment
29. The apex regulatory bank in every modern financial system is the
- A. Central Bank
 - B. Mortgage Bank
 - C. Development Bank
 - D. Commercial Bank
 - E. Micro Finance Bank
30. Which of the following is **NOT** a function of Organization of Petroleum Exporting Countries (OPEC)?
- A. Co-ordinating and unifying the petroleum policies of members
 - B. Providing financial assistance to all non-oil producing countries
 - C. Providing an efficient and regular supply of petroleum
 - D. Promoting oil price stability
 - E. Guaranteeing a fair return to investors in the petroleum industry

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

ATTEMPT ALL QUESTIONS

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

1. The difference between the maximum amount a person is willing to pay for a good and its current market price is called.....
 2. An economic system in which only the price mechanism allocates productive resources is the
-

INSIGHT

3. The graph that is used to illustrate the law of returns to scale is the
4. The short down condition for a perfectly competitive firm is when the price is less than the
5. The change in quantity demanded of a commodity due to a change in the relative price, with real income being held constant is called
6. The locus of points that joins different combinations of any two inputs (labour and capital) which gives rise to the same level of output is known as
7. The concept describing the technical relationship between input and output is the.....
8. The responsiveness of demand for one good to changes in the price of another good is measured using the concept of
9. The difference between the gross value of a product and the cost of raw materials in national income measurement is known as
10. If the percentage of income paid in tax varies directly with the level of income, the tax system is classified as
11. In the quantity theory of money, the average number of times a unit of money is used per annum in the purchase of goods and services is described by the concept of
12. A fraction of disposable income that households plan to spend for consumer goods and services is called
13. A bank whose main functions include the control of the nation's money supply is the
14. If the government desires to keep the level of economic activities relatively stable as in the preceding year, it will adopt budget.
15. A rate of exchange determined by the international demand for and supply of a nation's money is called a
16. A member of the World Bank Group whose activities include provision of insurance services and private investment guarantee is the
17. The term for simultaneous occurrence of high inflation and high unemployment in a stagnant economy is
18. An autonomous international financial institution whose main objectives include helping members to overcome balance of payments difficulties by providing credit is
19. The view that a country should specialize in the production of a commodity in which it has the lowest opportunity cost of production compared with the rest of the world is expressed in the theory of.....

INSIGHT

20. A sustained increase in a country's real gross domestic product or real gross national product is captured in the concept of

SECTION B ATTEMPT FOUR QUESTIONS IN ALL (50 MARKS)

PART I MICROECONOMICS (ATTEMPT ANY TWO QUESTIONS)

QUESTION 1

- a. Distinguish clearly between 'merger' and 'acquisition'. (3½ Marks)
- b. Explain briefly the underlisted types of merger:
- i. Vertical merger
 - ii. Horizontal merger
 - iii. Conglomerate merger

(9 Marks)
(Total 12½ Marks)

QUESTION 2

In a free market economy, the willingness and ability of a consumer to buy and the ability and willingness of the sellers to sell are expressed in the following demand and supply equations:

$$Q_d = 3000 - 20p$$

$$Q_s = 20p - 1000$$

Where Q_d and Q_s are quantity demanded and supplied respectively and p is price in dollar (\$).

Required:

- a. Prepare the demand and supply schedule using the price range: \$60, \$80, \$100 and \$120. (4 Marks)
- b. Prepare the demand and supply graph from the schedules obtained in (a) above on the same axes and use it to determine the market price and quantity traded on the market. (8½ Marks)

(Total 12½ Marks)

QUESTION 3

- a. In order to maximize profit, a firm attempts to select the production function that, given the prices of inputs used by the firm and implicit costs, will minimize the total costs of production incurred by the firm.

Explain the term "production function". (2½ Marks)

- b. The following table gives the short run production function for a particular good

Units of Labour	Total Output	Marginal Product	Average Product
1	20	-	-
2	45	-	-
3	73	-	-
4	99	-	-
5	121	-	-

INSIGHT

Required:-

- i. Complete the table to obtain the Marginal Product (MP) and Average Product (AP) trends. (5 Marks)
 - ii. At what level of employment of labour does diminishing marginal return sets in? (1 Mark)
 - iii. Explain the concepts of Marginal Product and Average Product. (4 Marks)
- (Total 12½ Marks)**

PART II: MACROECONOMICS (ATTEMPT ANY TWO QUESTIONS)

QUESTION 4

Reduction of unemployment is one of the primary macroeconomic policy objectives of every modern economy.

Required:

- a. Explain briefly the concept of unemployment. (4½ Marks)
 - b. Identify and explain **FOUR** policy measures a government might adopt to deal with unemployment. (8 Marks)
- (Total 12½ Marks)**

QUESTION 5

- a. What do you understand by the concept of “balance of payments”? (4½ Marks)
- b. The following table shows a hypothetical data on the balance of payments of a given country in a certain year:

Items	Exports (₦m)	Imports (₦m)
Merchandise	300	500
Shipping	150	240
Insurance	100	200
Banking	250	260
Direct Investment	350	400
Porfolio Investment	200	350
Unrequited transfer	300	200

Required:

Calculate and interpret

- i. The balance of trade (2 Marks)
- ii. The balance on current account (2 Marks)
- iii. The balance on capital account (2 Marks)
- iv. The overall balance of payments (2 Marks)

(Total 12½ Marks)

INSIGHT

QUESTION 6

- a. Highlight **FOUR** objectives of Economic Community of West African States (ECOWAS).
(6 Marks)
- b. Discuss **THREE** problems facing ECOWAS as a regional economic organisation.
(6½ Marks)
- (Total 12½ Marks)**

INSIGHT

**ACCOUNTING TECHNICIANS SCHEME (WEST AFRICA)
EXAMINATION MARCH 2015
ECONOMICS**

SUGGESTED SOLUTION

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

INSIGHT

- 23. E
- 24. A
- 25. B
- 26. E
- 27. E
- 28. B
- 29. A
- 30. B

EXAMINER'S COMMENT:

The questions cover all areas of the syllabus adequately. Being compulsory questions, all candidates attempted the questions in this part. About 58% of the candidates scored pass marks. Effective coverage of the syllabus is required for candidates to perform well in this part.

PART II SOLUTION TO SHORT-ANSWER QUESTIONS

1. Consumer's surplus
2. Capitalist economic system/free enterprise/free market
3. Long Run Average Cost (LRAC) Curve
4. Average Variable Cost (AVC)
5. Substitution effect
6. An Isoquant
7. Production function
8. Cross-price elasticity of demand
9. Value added
10. Progressive tax
11. Velocity of money circulation
12. Average propensity to consume (APC)
13. Central Bank
14. Balanced
15. Flexible exchange rate or floating exchange rate
16. Multilateral Investment Guarantee Agency (MIGA)
17. Stagflation
18. International Monetary Fund (IMF)
19. Comparative Cost advantage
20. Economic growth

INSIGHT

EXAMINER'S COMMENT:

All the candidates attempted the questions in this part in compliance with the instructions given. The questions provide a good coverage of the syllabus. About 78% of the candidates scored below average marks. Candidates are expected to master the key concepts and terms in all the topics in the syllabus to facilitate a good performance.

SOLUTION TO QUESTION 1

- 1 a. **Merger** is the amalgamation or coming together of two or more firms to form a new company. It is a voluntary union in which the parties involved hope for improvement on their current level of operation and profitability. **Acquisition** on the other hand, is an outright purchase or taking over of one company by another whereby no new company is formed. Under this arrangement, the company acquiring put in a bid offering to buy the shares of the company to be acquired for cash. The shareholders of the firm to be acquired then vote whether to accept or reject the offer.
- b(i) **Vertical Merger**:- This refers to a merger of firms in the same industry but at different levels or stages of production of a good e.g a car manufacturer and a car tyre manufacturer. The two firms thus become one and the tyre produced is used directly to achieve the output of car manufacturing.
- (ii) **Horizontal Merger**: This is the union of two or more firms in the same industry and at the same stage of production. For example, two motor car manufacturers could merge to produce a bigger and more efficient car manufacturer with a variety of brands within the same company.
- (iii) **Conglomerate Merger**: This occurs when firms in different industries come together. For example, a furniture making company merge with a soap manufacturing demand trend. Once the merger has taken place, the newly established firm can reorganise to reduce costs and achieve some other goals for which the merger is done. For example there could be a single head office instead of the two earlier existing head offices, a process known as *rationalisation*.

EXAMINER'S COMMENT:

The question tests candidates' understanding of the concepts of merger and acquisition in business organization. About 55% of the candidates attempted the question, while only about 50% of them scored pass marks. The common pitfall is inability of most of the candidates to differentiate between vertical merger and horizontal merger. Candidates are advised to prepare well to ensure better performance in subsequent examinations.

SOLUTION TO QUESTION 2

- a) Given demand and supply functions as:
 $Q_d = 3000 - 20P$
 $Q_s = 20P - 1000$

INSIGHT

- (i) Substitute the values \$60, \$80, \$100, and \$120 into the demand and supply equations above to obtain the quantities demanded (Q_d) and supplied (Q_s).

$$\begin{aligned} \text{When } P = \$60, Q_d &= 3,000 - 20(60) = 1800 \\ Q_s &= 20(60) - 1000 = 200 \end{aligned}$$

$$\begin{aligned} \text{When } P = \$80, Q_d &= 3000 - 20(80) = 1400 \\ Q_s &= 20(80) - 1000 = 600 \end{aligned}$$

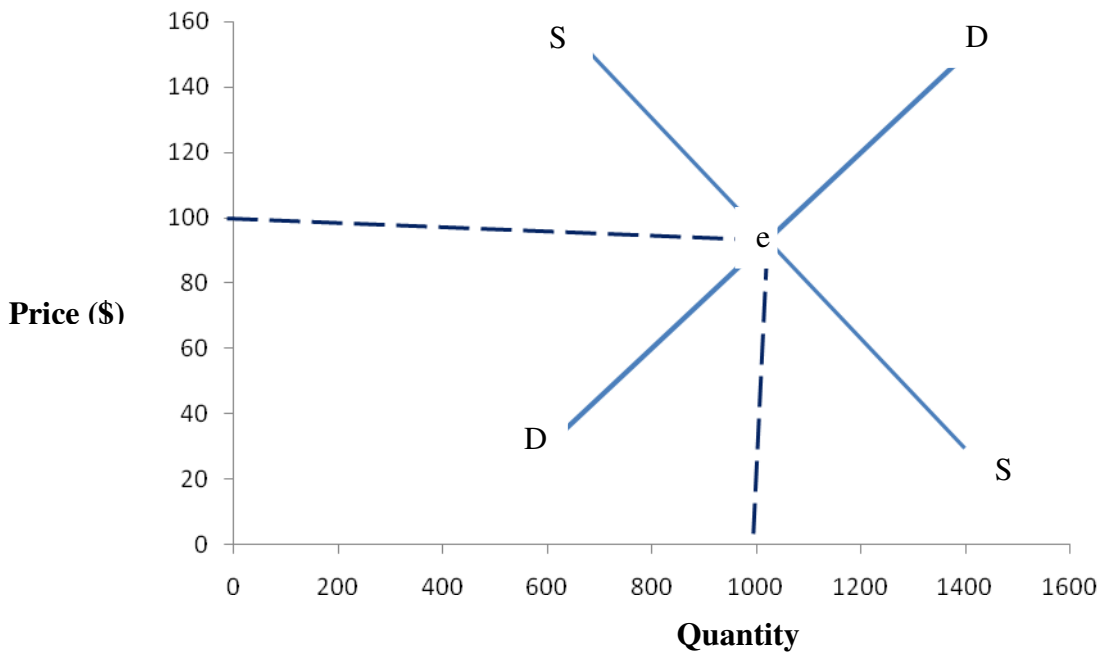
$$\begin{aligned} \text{When } P = \$100, Q_d &= 3000 - 20(100) = 1000 \\ Q_s &= 20(100) - 1000 = 1,000 \end{aligned}$$

$$\begin{aligned} \text{When } P = \$120, Q_d &= 3000 - 20(120) = 600 \\ Q_s &= 20(120) - 1000 = 1400 \end{aligned}$$

Demand - Supply Schedule

Price (\$)	Quantity Demanded	Quantity Supplied
60	1800	200
80	1400	600
100	1000	1000
120	600	1400

Demand-Supply Graph



INSIGHT

b(ii) From the point of intersection (e) between demand and supply curves,

- Trace a perpendicular to the price- axis to obtain market price as \$100
- Trace a perpendicular to the quantity – axis to obtain equilibrium quantity as 1,000

EXAMINER'S COMMENT:

The question tests candidates' knowledge of the construction of demand and supply schedules from demand and supply equations, as well as graphical determination of equilibrium price and quantity. About 80% of the candidates attempted the question and the success rate recorded is about 75%.

SOLUTION TO QUESTION 3

- a. Production function is a technical relationship between the quantity of inputs required to produce a good and the quantity of output produced. It determine the maximum output that can be produced from a given quantity of inputs and a given level of technology during a given period of time.

The general production function can be expressed as:

$$Q = f(K, L)$$

Where:

Q represents the output

K represents capital

L represents Labour

bi

Units of Labour per day	Total Output	Marginal product	Average Product
1	20	20	20
2	45	25	22.5
3	73	28	24.3
4	99	26	24.8
5	121	22	28.75

ii. Diminishing marginal returns sets in with the introduction of the forth unit of labour

iii. **Marginal Product:** This is the change in total product resulting from the use of one more unit of a variable factor. Mathematically, It may be expressed as

$$MP = \frac{\Delta TP}{\Delta L}$$

Where

$$\Delta TP = \text{change in total product}$$

$$\Delta L = \text{change in no of workers (L)}$$

INSIGHT

Average product: This is the output per unit of the variable factor employed in the production process. In this case, where labour is the variable input, it is measured by dividing total product by the amount of variable factor employed. That is

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

EXAMINER'S COMMENT:

This is a question on production function and the derivation of marginal product and average product trends from a given short-run total product trend. About 90% of the candidates attempted the question and about 65% of them scored pass marks.

SOLUTION TO QUESTION 4

- a. Unemployment is the stock of all those individuals who are not engaged in any productive activity and who are either unable to find work at the prevailing real wage rate or who are in the process of switching to a new job.

Unemployment is a major cause of sluggish economic growth and it is associated with the problems of poverty and inequality.

- b. The policy measures a government might adopt to deal with unemployment includes the following:
- i) **Population growth control:** The government should intensify efforts on population planning and control. Effective population control will include propagating the need for family planning and making family planning cheaper and attractive.
 - ii) **Emphasis on labour-intensive production techniques**
Government should promote industries that adopt labour-intensive production techniques so as to generate sufficient employment opportunities. Government assistance in terms of cheap loan disbursement can aid investment and thereby leading to employment generation.
 - iii) **Discouraging Urbanisation:** The primary cause of migration of people to urban areas in search for alternative employment is the lack of gainful employment in the rural areas. To solve problems of urban unemployment, government must encourage the setting up of industries in the rural areas by providing good roads, water, electricity, schools, hospitals and other relevant amenities.
 - iv) **Encourage foreign direct investment:** Government should encourage foreign investors by liberalising business registration procedures, relaxing control on remittance of profits, promoting exchange rate stability and convertibility of local currency, eliminating multiple taxation and provision of adequate infrastructural facilities.

INSIGHT

- v) **Restructuring the educational system:** To solve the problem of the educated unemployment, the government should introduce and encourage educational programmes that will generate skills that are relevant to the immediate needs of the economy.
- vi) **Fiscal Policy:** Public expenditures should be directed towards creation of public works and other activities that will raise the level of labour employment
- vii) **Expansionary Monetary Policy:** Through the Central Bank government should increase money supply to raise level of employment generating investment in the economy.

EXAMINER'S COMMENT:

The question tests candidates' knowledge of the concept of unemployment and the policy measures to tackle the problem in a macroeconomy. About 92% of the candidates attempted the question and about 34% of them scored below average marks.

SOLUTION TO QUESTION 5

- a. **Balance of payments** is a country's official records of all payments made to other countries and the amounts received from them during a given period of time, usually a year.

A balance of payment could be surplus when the total receipts are more than the total payment, and deficit when the total payments are more than the total receipts. Balance of payments equilibrium occurs when total payments are equal to total receipts.

The balance of payments account has three major components: Current account, capital account and official reserve account

- b. Using the given data;

i. **The balance of trade (BOT)** = Visible Export value less visible import value = N(300-500) million
= - N200 (Unfavourable balance of trade)

ii. **Balance on current account**
(BOT) + Balance on invisible items = N {(-200m +150+100+250+300) - (240+200+260+200)}
= N{600-900}
= - N300m Current account deficit

INSIGHT

- iii. **Balance on Capital Account** = ₦ ((350 + 200) – (400 + 350))
= ₦ (550-750)
= - ₦200(Deficit Balance)
- iv. **Overall Balance of Payment (BOP)** = Balance on current Account +
Balance on Capital Account
= - ₦300 + (- 200)
= - ₦500 million (Overall
balance of payments deficit)

EXAMINER'S COMMENT:

This is a question on international monetary relations which explores candidates' understanding of the balance of payments (BOP) statement; its definition and relevant items in its component accounts. About 30% of the candidates attempted the question, while about 82% of them scored below average marks.

SOLUTION TO QUESTION 6

- a. The main objectives of ECOWAS are:
- i. The gradual reduction and eventual elimination of tariffs and other barriers to free trade among member nations.
 - ii. The elimination of obstacles restricting the free movement of persons, services and capital between member countries.
 - iii. The establishment of common tariff structure and commercial policy towards non-member countries.
 - iv. The harmonisation of the agricultural policies and the promotion of common policies within the Community especially in the fields of marketing, research and agric business
 - v. The promotion of joint development of transport, communication, energy and infrastructural facilities.
 - vi. The harmonisation of industrial and monetary policies of member countries
 - vii. The establishment of funds to promote and finance development projects as well as to provide compensation to member states which may suffer losses as a result of trade liberalisation within the Community.

Problems Facing ECOWAS Include:

- i. **Dependence on revenue from tariffs:** Since the formation of a custom union requires the adoption of common external tariffs by all members against non-member countries.
- ii. **Similarity of products:** All members are primary producers depending heavily on their agricultural sector. This reduces the chance and potential benefits of increased inter territorial trade in the Community.
- iii. **Monetary barriers:** Each country still maintains autonomous Central Bank issuing different national currencies. This constitutes a major obstacle to international trade and joint investment programmes.

INSIGHT

- iv. **Balance of payments problems:** Persistent balance of payments disequilibrium makes it difficult for member countries' Central Banks to settle their payment obligations to each other promptly.
- v. **Immobility of factors of production:** The objective of free movement of factors especially labour and capital has not been achieved.
- vi. **Closer economic ties with colonial powers:** Members still rely heavily on their former colonial masters. They find it difficult to adopt discriminatory tariff policies that could have adverse consequences on the economies of these countries.
- vii. **Political instability:** The governments in most of the countries in ECOWAS are not stable due to incessant military interventions.

EXAMINER'S COMMENT:

The question tests the candidates' knowledge of the objectives of ECOWAS and problems constraining its performance. About 90% of the candidates attempted the question, while about 62% of them scored pass marks.

INSIGHT

AT/151/PL.3

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION - MARCH 2015
BUSINESS LAW**

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS

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

1. Common Law is a type of
 - A. Law that is commonly placed
 - B. The customs of the common people
 - C. The Received English Law
 - D. The law of the commons
 - E. The rule of law

2. The law of Equity was developed by
 - A. The Supreme Court
 - B. The Court of Appeal/Circuit Court of Appeal of Liberia
 - C. The Federal High Court
 - D. The Sharia Court
 - E. The Court of chancery

3. The number of years of post call qualification for the appointment of a Court of Appeal Justice/Circuit Court Judge is
 - A. 10 years
 - B. 11 years
 - C. 12 years
 - D. 15 years
 - E. 5 years

4. In a civil matter the wrong doer pays to the victim
 - A. Pension
 - B. Annuity
 - C. Compensation
 - D. Fine
 - E. Fees

INSIGHT

5. Negligent misstatement is a breach of
 - A. Fiducial duty
 - B. Court duty
 - C. Personal duty
 - D. Official duty
 - E. Contract

6. Consideration may move from the promisee to the
 - A. Offeror
 - B. Grantor
 - C. Guarantor
 - D. Offeree
 - E. Promisor

7. Which of the following is **NOT** a factor to discharge a contract?
 - A. Performance
 - B. Frustration
 - C. Breach
 - D. Capacity
 - E. Express agreement

8. Which of the following is **NOT** true about simple contract?
 - A. It must always be in writing
 - B. The parties must have contractual capacity
 - C. The parties must give consideration
 - D. There must be offer
 - E. The parties must be capable of accepting the offer

9. A Contract is illegal when it is declared to be
 - A. Voidable
 - B. Ultra Vires
 - C. Void
 - D. Amenable
 - E. Valid

10. Which of the following is **NOT** a defence available to a person who wants to rely on the doctrine of *non est factum*?
 - A. Fraud
 - B. Misrepresentation
 - C. Mistake
 - D. Negligence
 - E. Frustration

INSIGHT

11. An agent transacts businesses on behalf of a/an
- A. Mentor
 - B. Principal
 - C. Consultant
 - D. Administrator
 - E. Manager
12. An agent who is engaged to sell goods and properties on behalf of their owners to the public is
- A. An interloper
 - B. A hawker
 - C. An executor
 - D. An auctioneer
 - E. A public seller
13. In sale of goods, the seller transfers ownership and title to the buyer for a consideration called
- A. Morality
 - B. Contingency
 - C. Prize
 - D. Price
 - E. Present
14. Which of the following is **NOT** an implied term in a hire purchase agreement?
- A. Quiet possession
 - B. Freedom from encumbrance
 - C. Fitness to purpose
 - D. Right to sell the goods
 - E. Notification of cash price
15. Which of the following is **NOT** the obligations of the hirer in hire purchase transaction?
- A. Accept delivery of the goods
 - B. Take care of the goods
 - C. Pay in instalments
 - D. Redeliver the goods upon termination of agreement
 - E. Sell the goods when some instalments are outstanding

INSIGHT

16. Which of the following is **NOT** an exception to the rule that a hirer cannot transfer title to third party until he has exercised the option to purchase?
- A. The owner is by his conduct, stopped from denying the seller's authority to sell
 - B. The purchase was made in a market overt
 - C. The sale is by court order, through a bailiff in execution of a writ of fieri facias (Fi – Fa)
 - D. The sale was made under private arrangement
 - E. The Hirer sold the goods and immediately paid the outstanding balance to the owner in apparent exercise of his option to purchase
17. Contract of employment can be terminated by any of the following methods **EXCEPT**
- A. Notice
 - B. Redundancy
 - C. Death
 - D. Frustration
 - E. Lock out
18. The duties of an employee to the employer include the following **EXCEPT** to
- A. Obey reasonable or lawful orders
 - B. Give exclusive service
 - C. Assist the employer's customer in their business
 - D. Render service personally
 - E. Account for profits received
19. The effect of misrepresentation in insurance contract is to make the contract
- A. Void
 - B. Voidable
 - C. Illegal
 - D. Legal
 - E. Has no effect
20. An insurable interest can best be defined as
- A. An interest which the insurer is willing to insure
 - B. Representing an insurance that can be made by any person(s), bodies or corporate organisation.
 - C. The legal right which the insured has in the property to be insured
 - D. A life insurance policy
 - E. A non-life insurance contract

INSIGHT

21. Partnership can be dissolved by an order of court on the following grounds **EXCEPT**
- A. Insanity or death
 - B. Permanent incapacity
 - C. Persistent breach of partnership agreement
 - D. Bankruptcy
 - E. When the business of the partnership can only be carried out at loss
22. Partnership can be formed in any of the following ways **EXCEPT** by
- A. Implication arising from the conduct of the parties
 - B. Oral agreement
 - C. Simple oral agreement
 - D. Deeds
 - E. Agency
23. Which of the following is **NOT** the duty of promoters?
- A. Is an agent and trustee of the company
 - B. Decides on the name, object and address and liabilities of members
 - C. Prepares the regulations of the company incorporated
 - D. Raises capital for the company
 - E. Registers the company
24. Which of the following information is **NOT** included in the Regulations of the Company to be presented to Corporate Affairs Commission/Registrar General/Business Registry Department for registration of companies?
- A. Authorised business and powers of the company
 - B. Constitution and Administration of the company
 - C. Authorized or minimum share capital
 - D. Prospectus
 - E. Powers of the directors
25. Which of the following is **NOT** required for a person to become a director of a company?
- A. Being named in the Regulations of the company
 - B. Payment for Directors' qualification shares
 - C. Appointment or election
 - D. Holding out
 - E. Being a professional adviser
26. What is the effect of writing "Account Payee only" on a cheque?
- A. The cheque can only be paid into the account of the named payee only
 - B. The cheque must have two parallel lines on its face
 - C. The cheque can be paid across the counter
 - D. The cheque has been counter manded
 - E. The cheque can only be paid on the customer's authority
-

INSIGHT

27. The Bill of Exchange drawn on a bank payable on demand is called
- A. Shares warrant
 - B. Treasury bill
 - C. A cheque
 - D. Bank note
 - E. Promissory note
28. Which of the following is **NOT** a Negotiable Instrument?
- A. Postal orders
 - B. Money orders
 - C. Share certificates
 - D. Dividend warrants
 - E. Bill of Lading
29. A stale cheque is one that has been issued for
- A. More than one year
 - B. Up to five years
 - C. More than six months
 - D. Less than one year
 - E. More than two years
30. Which of the following is **NOT** a duty of a bank to its customer?
- A. Honour customers cheques
 - B. Pay cheques only on the customer's authority or mandate
 - C. Keep the customer's account safe
 - D. Advise the customer on business ventures
 - E. Operate the account without negligence

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

ATTEMPT ALL QUESTIONS

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

1. Repugnancy is a rule for testing the validity of
2. The Court that has exclusive jurisdiction in matters relating to admiralty, defence and banking in your country is
3. The two elements that must be present to constitute criminal liability are *actus reus* and.....

INSIGHT

4. In negligent misstatement, the inquirer must know that the person making the statement possess..... skill
5. *Consensus ad idem* in contract means.....
6. The appropriate actions available to an aggrieved party in a case of breach of condition of contract are..... and
7. The effect of illegality on a contract is to make it.....
8. When an offer is withdrawn as in Dickinson V Dodds (1876), the offer is said to be.....
9. *Del Credere* means.....
10. In sale of goods, when does property in goods pass to the purchaser of unascertained goods?
11. The two parties to a contract of hire purchase are..... and
12. The right of the employer to terminate the appointment of the employee without notice is known as
13. The transfer of insurance business from one insurance company to another insurance company is known as.....
14. A person who holds himself out to a third party as a partner in a firm is regarded as a.....
15. A major feature of a private company is that the membership must not be more than.....
16. An order given by a customer to his banker to stop the payment of a cheque issued to a third party before presentation is called.....
17. The transfer of a proprietary right on a bill of exchange from one person to another is called.....
18. An arrangement under which money is invested on behalf of small investors by way of trust deed is called.....
19. The right of a party to complain to a notary public when a bill is dishonoured is called.....
20. A banker who discloses the account of a customer to a third party without the customer's consent is guilty of breach of the duty of.....

INSIGHT

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

The decisions of Judges constitute a large part of our laws and are judicial precedents of courts that are hierarchically arranged for adjudication of both civil and criminal matters.

- a. You are required to explain briefly the following terms:
- i. *Res Judicata* (2½ Marks)
 - ii. Hierarchical structure of courts in your country (2½ Marks)
 - iii. Criminal and civil Liability (2½ Marks)
 - iv. Negligent misstatement (2½ Marks)
- b. In the Law of contract, a party who has not furnished some consideration may not be able to enforce the contract

You are required to state briefly what ‘consideration’ means in the law of contract. (2½ Marks)

(Total 12½ Marks)

QUESTION 2

- a. It is important to read and understand the content of a legal document before signing it because of the application the doctrine of *non est factum*. Explain this doctrine. (5 Marks)
- b. Cocoa and Gold Investment Limited invited Young Adeyemo, an architect, designer and consultant to a meeting to discuss the possibility of developing a piece of land in Accra. Young Adeyemo immediately made the designs before entering into a formal contract for the purpose and submitted a GH¢5000 invoice as his bill. Cocoa and Gold Investment refused to pay.

You are required to advise the parties. (5 Marks)

- c. What is an offer in law of contract? (2½ Marks)

(Total 12½ Marks)

QUESTION 3

- a. Mr. Bibi boarded a bus operated by CiCi Transport Limited, which was to take him from Lagos to Jos. He paid the fare and also paid freight charges for his luggage. The luggage was handed over to Mr. Agbero, an officer of National Union of Road Transport Workers as directed by CiCi. CiCi is also aware that Mr. Agbero put the

INSIGHT

luggage in the bus. On getting to Jos, Mr. Bibi could not find his luggage and CiCi denied that Mr. Agbero is its agent.

You are required to advise the parties (5 Marks)

- b. Ade bought a Toyota Corrola Car from Olu Motors Limited for the price of ₦4.2million. After using the car for six months, the Police seized the car on the ground that it was stolen.

Ade intends to institute an action against Olu Motors Limited for the recovery of the ₦4.2million he paid for the car and to also claim damages.

You are required to advise Ade. (5 Marks)

- c. “The parties to a hire purchase transaction are free to make any bargain and incorporate such in the hire purchase agreement.”

You are required to:

State and explain **ONE** term that is **NOT** allowed by statute in a hire purchase agreement. (2½ Marks)

(Total 12½ Marks)

QUESTION 4

- a. The law of agency deals with the rules that govern the relationship between agents, their principals and third parties.
- i. Explain briefly how **TWO** different types of agency are created (5 Marks)
- ii. Contrast a disclosed principal with an undisclosed principal (2½ Marks)
- iii. Explain the implication of a third party getting to know of the existence of a principal after signing a contract with the agent. (2½ Marks)
- b. Explain **ONE** of the tests for the determination of the existence of master/servant relationship. (2½ Marks)

(Total 12½ Marks)

QUESTION 5

A, B, C are partners in ABC& Co, a firm that deals in textile materials. In 2006, A assigned his interest in the firm to Chief Olowo for the loan of ₦100,000 he took from Chief Olowo until he is able to repay the loan.

Also, Mr. Jack, a friend to B, who parades himself as the General Manager of the firm to outsiders, invited Z to supply the firm lace materials worth ₦200,000. In 2012, the firm became insolvent and the creditors sued the firm. C decided to engage the services of a

INSIGHT

lawyer to represent the partners in the High Court/Circuit Court of Liberia, but the other partners refused to pay the lawyer on the ground that they never instructed C to engage him.

You are required to:

- a. Explain the legal issues involved and the nature of the liability of the partners, if any.
(8½ Marks)
- b. List **FOUR** documents required to be filed at the Corporate Affairs Commission/Registrar General/Business Registry Department before a company can be registered
(4 Marks)

(Total 12½ Marks)

QUESTION 6

- a. X issued a cheque to Y on Friday, 10 January, 2014. X died the following day, and the news of X's death reached the manager of his bank immediately. When the bank opened on Monday, 13 January, 2014, the manager forgot to inform the cashier on duty about the death of X. The cashier honoured the cheque on presentation.

You are required to advise the parties. (5 Marks)

- b. "Negotiation is the transfer of ownership in a bill from one person to another."
Explain how the following bills may be negotiated:
 - i. Bearer bill; and
 - ii. Order bill(5 Marks)
- c. Who are Incorporated Trustees? Under what part of the law are they registered?

(2½ Marks)

(Total 12½ Marks)

INSIGHT

SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

EXAMINER'S COMMENT

The questions covered the entire syllabus. Candidates understood the questions and over 60% of the candidates scored above 50% of the marks.

INSIGHT

PART II: SHORT-ANSWER QUESTIONS

1. Customary law
2. Federal High Court
3. Mens rea
4. Special/Professional Requisite
5. Meeting of minds
6. Repudiate the contract and sue for damages
7. Void
8. Revoked (Revocation)
9. Extra Pay/commission for extra job
10. When the goods are ascertained (S. 16 of the Act)
11. Owner and hirer
12. Dismissal
13. Re-Insurance
14. Partner by Estoppel
15. 50
16. Countermand
17. Negotiation
18. Unit Trust
19. Noting and Protesting
20. Secrecy

EXAMINER'S COMMENT

The questions fairly covered the syllabus and candidates' understanding of the questions was satisfactory. Candidates' performance was good as about 60% of them scored above 50% of the marks.

SECTION B: SOLUTIONS

SOLUTION 1

- a.
 - i. *Res Judicata* means that a judicial decision reached by a competent court and on merit concludes the matter between the parties on the same issues and subject matter and is binding on the parties only except on appeal.
 - ii. The structure of Nigerian courts is hierarchical from the highest to the lowest with corresponding superiority in scope and area of jurisdiction. The superior courts are the Supreme Court, the Court of Appeal and the High Courts, while the inferior courts are the Magistrate Courts to the Customary Courts.
 - iii. Criminal law deals with unlawful acts against the state and/or the public, which attracts punishments or sanctions.
-

INSIGHT

Civil liability occurs in contract, torts or other relationships. The basic aim of civil proceedings is to compensate the aggrieved.

- iv. Negligence misstatement arises when a person who has special skill is consulted for advice and the advice is relied upon which results in loss to the aggrieved party. Such misstatement arise from lack of due care in rendering the advice.
- b. Consideration in the law of contract is defined as some right, interest or profit or some forbearance, detriment or loss suffered by the other party.
(see the case of CURRIE Vs MISA)

EXAMINER'S COMMENT

The questions test candidates' knowledge of some legal terminologies and definition of 'consideration' in the Law of Contracts. Candidates displayed very deep understanding of the questions which were attempted by over 90% of the candidates.

Candidates' performance was satisfactory, as about 50% of them scored above 50% of the marks.

SOLUTION 2

- a. If a person signs a document, he is bound by the contents whether he has read it or not as was held in L'ESTRANGE v GRAUCOB LTD. The court will not assist a foolish party. It will not add to, subtract from or import provision into contract as was held in OYENEYIN v AKINKUGBE.

The person who is induced by fraud to sign a document can claim that the action was not his doing by pleading - *Non est factum*, that is, "it is not my deed."

Non est factum is a defence against a document signed by undue influence or induced fraudulently.

A mere mistake as to the content of the document signed will not suffice to sustain the plea. It must be established that the document was totally different from that which was actually signed, provided he can show that:

- i. He was fraudulently induced by another person to sign.
 - ii. He was not negligent in signing it.
- b. This case is premised on invitation to treat in the law of contract. It involves a preliminary stage in which one party invites the other to make an offer.

In this case, Cocoa and Gold Investment Ltd invited young Adeyemo to a meeting, which was an invitation to treat and not a contract. Young Adeyemo made the design before entering into a formal contract. There was no formal contract between Cocoa and Gold Investment Ltd and Young Adeyemo; hence, the GH¢ 5,000 invoice is not valid.

INSIGHT

If young Adeyemo should sue Cocoa and Gold Investment Ltd, he will lose the case on the ground that there was no contract upon which he could claim GH¢ 5,000 see the case of OLAOPA v OBAFEMI AWOLOLO UNIVERSITY (1997) which is a similar case.

- c. An offer is a proposition made by one party called the offeror to another party called the offeree clearly stating the terms and his intention is to be bound, if the offer is accepted. Offer plus acceptance is meeting of the minds; where there is no offer, there can not be an acceptance as was held in EJINIYI v ADIO

EXAMINER'S COMMENT

The questions test candidates' understanding of some essential elements of a valid contract with focus on *Non est factum*, invitation to Treat and Offer.

About 70% of the candidates attempted the question. Performance was good as over 50% of the candidates scored 50% of the marks.

SOLUTION 3

- a. The issue raised in this case is that of implied Agency or Agency by Estoppel. An agency relationship may be created by conduct of the parties. With apparent or ostensible authority, a person is allowed to appear as if he is the Principal's agent when in fact he is not.

It can also be called Agency by Estoppel. Even though, no customary Principal - Agency relationship exists, the Principal is prevented from denying the existence of the agency relationship and he is therefore bound by it.

Cici will be liable for the act of Mr Agbero as Mr Agbero is his agent. Mr Bibi can maintain an action against Cici

- b. In sale of goods, the owner or seller must possess the title – "*Nemo dat quod non habet*," i.e. a seller cannot give what he does not have. (Section 12 (i) of the Sale of Goods Act 1893) applies.

There is an implied condition on the part of the seller that he shall have right to sell the goods. It follows that where the seller has no right as in the case at hand, Olu Motors will be liable to pay Ade the cost of the car i.e. ₦4.2million and damages.

- c. The following terms are not allowed by statute in a hire purchase agreement:
- i. Any term allowing the owner or his agent to enter upon the hirer's premises for repossession of the good or which relieves him of liability for doing so.
 - ii. Any term which excludes or restricts the right of the hirer to terminate the agreement or any term that increases his liability over and above the one provided by the Act.
 - iii. Any term regarding any person acting for the seller or owner as agent of the hirer.

INSIGHT

Any term imposing an insurer or repairer on the hirer.

EXAMINER'S COMMENT

The questions test candidates' knowledge of the Principle of Estoppel in Agency Law and some essential elements in Hire Purchase Contracts.

About 80% of the candidates attempted the question. Performance was below average as less than 30% of the candidates scored 50% of the marks. Candidates' major pitfall was their lack of knowledge of the basic Principle of Agency Law and Hire Purchase Contracts. Candidates are advised to study this topic more deeply.

SOLUTION 4

- a. i. Agency may be created by the following methods
- Agency by Agreement
An agent may be appointed directly through an express or implied agreement between him and the principal.
 - Agency by Ratification
Agency by ratification arises if a principal subsequently adopts or ratifies the unauthorized acts or contracts that had been entered into by the agent in the principal's name.
 - Agency by Estoppel
Agency by estoppel arises where a person has by his conduct or words given (a false) impression to others that somebody is his agent and those persons have relied on this (wrong) impression to deal with that person as if he were an agent.
 - Agency by necessity
Agency by necessity arises in emergencies or situations of urgent commercial need when the law authorizes somebody to act in order to safeguard the interest of another.
- ii. A disclosed principal is one whose existence (not necessarily his name) is known to the third party. The third party is made aware at the time of his contact with the agent, that the agent is acting on behalf of another person.
- An undisclosed principal is one whose name and existence are concealed from the third party by the agent. The third party is therefore made to believe that the agent is acting for himself.
- iii. In the case of an undisclosed principal, the third party can sue only the agent personally. This is the position even when the agent discloses the principal after signing the contract. Where an agent acts within his authority and names his principal or makes the third party aware that a principal (named or unnamed) existed, the agent is generally not liable on the contract.

INSIGHT

- b. The tests for determining the existence of a master-servant relationship are as follows:
- i. The Control Test – a servant is a person subject to the command of his master as to the manner in which he works.
 - ii. Organization Test – This test determines whether or not a person being a servant, is part and parcel of the organization.
 - iii. Dismissal Test – An employer normally has the power to hire and to fire. The fact that he wields the power of dismissal presupposes that the employee is a servant under a contract of service irrespective of his professional qualification.

EXAMINER'S COMMENT

The questions test candidates' knowledge of Types of Agency and undisclosed principal under Agency Law as well as master/servant relationship in Employment Law. Over 80% of the candidates attempted the questions, pass rate was over 70% which is very good.

SOLUTION 5

- a. Partnership is a business relationship that subsists between two or more people with the view to make profit. For a partnership to exist, the following elements must be present:
- i. There must be a business
 - ii. The partners must have a view to make profit
 - iii. The business must be carried on by or on behalf of the partners
 - iv. The partners can act as agents for the business

From the foregoing, the assigned participation of Chief Olowo in the sharing of profit of ABC & Co. as a result of the indebtedness of A to Chief Olowo, does not make Chief Olowo a partner in the firm.

On the other hand, Mr Jack would be regarded as a partner by estoppel and by so doing, he will be held liable for the liability the firm may have incurred.

Also, C has the implied authority to engage the services of a solicitor to defend and also to recover debt owed the firm. Therefore, the partners will be jointly and severally liable to pay the solicitor's fees.

- b. The following documents are required to be filed at the Corporate Affairs Commission (CAC):
- i. The Memorandum of Association;
 - ii. The Article of Association;
 - iii. Notice of the address of the registered office;
 - iv. A statement containing the list and particulars of the persons who have consented to be the first directors of the company;

INSIGHT

- v. Statement of the authorized share capital;
- vi. Statement of compliance by legal practitioner;
- vii. Any other documents required by the Commission.

EXAMINER'S COMMENT

The questions test candidates' understanding of Partners Liabilities under Partnership Law and incorporation documents which must be submitted to the Corporate Affairs Commission (CAC). Only about 30% of candidates attempted the questions. Performance was poor with only 10% pass rate.

Major pitfall was candidates' shallow knowledge of the topics. They are advised to study the topics more deeply.

SOLUTION 6

- a. The issue in the question is when the bank's duty to honour cheques issued by the customer will no longer exist.

One of the exceptions to the rule is that the bank is under a duty to honour the customer's cheque is when the customer dies or becomes insane and the information gets to the knowledge of the bank.

In this case, X who issued a cheque died before it was presented to his bank. The bank was promptly informed of the death of X. At this point, the duty to honour the cheque of X has ceased.

The subsequent payment of the cheque is therefore a breach of the exception to the rule of the duty of a bank to honour a customer's cheque.

Therefore, the bank is liable for such payment.

- b. i. A Bearer bill is negotiated by mere delivery by the owner to another person, who now becomes the holder.
- ii. An Order bill is negotiated by endorsement and delivery. The owner of the bill endorses it to another person and delivers it.
- c. Incorporated Trustees are people bound together by either custom, religion, kinship or nationality or any association established for any religious, educational, literary, scientific, social, cultural or charitable out of which one or more of them have been appointed trustees.

The association is registered under Part C of the Companies and Allied Matters Act.

EXAMINER'S COMMENT

The questions test candidates' understanding of Negotiable Instruments (Bill) and Incorporated Trustees.

About 70% of the candidates attempted the questions. Performance was woeful as pass rate was below 20%. Candidates' major pitfall was inadequate preparation for the examination in the topics. They are advised to prepare more adequately for future examinations.

INSIGHT

AT/151/PI.4

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA

ACCOUNTING TECHNICIANS SCHEME

PART I EXAMINATION- MARCH 2015

COMMUNICATION SKILLS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS

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

1. A speech that is prepared, outlined and rehearsed but not written in details is
 - A. impromptu
 - B. memorised
 - C. manuscript
 - D. conversation
 - E. extemporaneous

2. For professional presentation, the speaker must adhere to the following **EXCEPT**
 - A. Speak with confidence
 - B. Use gestures
 - C. Maintaining eye contact with the audience
 - D. Disregard his tone of voice
 - E. Dress appropriately

3. Which of the following may hamper effective speaking?
 - A. Adequate preparation
 - B. Appropriate format
 - C. Setting goals and objectives
 - D. Simplicity of style
 - E. Inappropriate context

INSIGHT

4. Which of the following is the most natural and important form of information exchange?
- A. Writing
 - B. Listening
 - C. Speaking
 - D. reading
 - E. questioning
5. Which of the following does **NOT** involve the use of oral communication?
- A. Telephone Conversation
 - B. Interviews
 - C. Questionnaire
 - D. Conferences
 - E. Meetings
6. Which of the following indicates the variation of pitch when speaking?
- A. Primary Stress
 - B. Secondary Stress
 - C. Intonation
 - D. Homophone
 - E. Pitch
7. Which of the following is accomplished through the prominence given to “content” words?
- A. Word stress
 - B. Primary stress
 - C. Secondary Stress
 - D. Stress
 - E. Sentence Stress
8. The expression ‘I was completely at sea’ means
- A. Very confused
 - B. Swimming in the sea
 - C. Over joyous
 - D. Very sad
 - E. Very moody

INSIGHT

9. The word “**TELEVISION**” is stressed on which syllable?
- A. First
 - B. Second
 - C. Third
 - D. Fourth
 - E. Fifth
10. Which of the following is usually a short story narrative that teaches a moral lesson?
- A. Idiom
 - B. Proverb
 - C. Anaphora
 - D. Parable
 - E. Paradox
11. Essay writing involves the following **EXCEPT**
- A. Exposition
 - B. Argumentation
 - C. Ability to organize material
 - D. Ability to produce varied and lively prose
 - E. A rigorous research design
12. Essay writing encourages the following **EXCEPT**
- A. Careful use of numbering, headings and sub-headings
 - B. Careful choice of topics
 - C. Breaking the topics into parts
 - D. Brainstorming for relevant ideas
 - E. Organizing the ideas into related parts
13. Which of the following is **NOT** required in essay presentation?
- A. Title
 - B. Introduction
 - C. Findings and recommendation
 - D. Body
 - E. Conclusion
14. Which of the following is **NOT** a link word for showing continuity in essay writing?
- A. Conclusive
 - B. Although
 - C. However
 - D. Naturally
 - E. Nevertheless

INSIGHT

15. Which of the following is a poor marker of style in essay writing?
- A. Varied sentence structure
 - B. Precise use of vocabulary
 - C. Avoidance of colloquialism
 - D. Verbosity
 - E. Clarity
16. Which of the following is **NOT** contained in long essay?
- A. Title page
 - B. Table of contents
 - C. The essay itself or the body
 - D. Appendices
 - E. Explanatory note page
17. When quotations are used in long essays, sources are acknowledged in
- A. Footnotes and bibliography
 - B. Ellipsis
 - C. Quotation marks
 - D. Appendix
 - E. Indexes
18. Narrative essays use the following tools **EXCEPT**
- A. Dialogue
 - B. Chronology
 - C. Flashback
 - D. Analysis
 - E. Point of view
19. Argumentative essays do **NOT** require
- A. Research
 - B. Analysis
 - C. Figurative language
 - D. Strong internal logic
 - E. Supporting evidence
20. Which of the following is **NOT** used in descriptive essays?.
- A. Flash-forward
 - B. Denotative language
 - C. Connotative language
 - D. Metaphor
 - E. Simile

INSIGHT

SECTION A: PART II

SHORT-ANSWER QUESTIONS

(20 Marks)

ATTEMPT ALL QUESTIONS

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

1. The kind of reading which a reader embarks upon in order to get the main ideas of a passage is called.....
2. In reading a passage, a reader's interaction with the text involves perception, interpretation, application and.....
3. Scanning is also referred to as.....
4. Another name for light reading is.....
5. When a reader reads in preparation for a test or an examination, the type of reading he does is known as.....
6. The book is on the table.
In this sentence, the underlined expression is.
7. As soon as the man arrives, I will leave the resort.
What is the grammatical name given to the underlined expression?
8. The man who visited us yesterday is the Sailor's father.
The grammatical function of the underlined expression is.....
9. "I don't understand the idea which the man put across to me because he was impatient."
This sentence contains.....main clause(s) and.....subordinate clause(s).
10. I told him what I believe in
What is the grammatical name given to the underlined expression?
11. A letter of complaint is an example of aletter
12. The formal feature, "Yours sincerely" is referred to as.....
13. The short form of memorandum is called.....
14. A letter written to an uncle in an oil company is an example of a/an.....letter
15. A letter written to invite members to an emergency meeting is known as.....
16. Issues to be discussed in a meeting are listed in a(n).....
17. A newsletter falls under news media known as.....
18. The relationship between a writer and a recipient of a formal letter is purely.....
19. The relationship between a writer and a recipient of an informal letter is.....
20. The formal feature that comes immediately after the "subscription" in a formal letter is the.....

INSIGHT

SECTION B:

QUESTION 1

COMPULSORY

COMPREHENSION

(30 Marks)

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

Imprisonment as the primary punishment for crime has had a surprisingly brief history. In Europe until the end of the 18th century, the criminal was dealt with, in the main, by means of humiliation, mutilation, execution and deportation. Prisons were for those awaiting trial, for debtors and vagrants and for political and religious non-conformists.

Although from the humanitarian point of view, imprisonment was certainly an improvement on earlier penalties, the emphasis was initially wholly on its punitive aspect. Strict discipline enforced by severe corporal punishment and hard as well as usually wholly unproductive labour was the basis of the system, together with the isolation, so far as was possible, of the prisoner from his fellow inmates.

In Europe and the United States, hard labour in isolation continued to be the basis of the prison regime until towards the end of the 19th century. One of the first developments of the 20th century was the separate confinement of adolescents from adults. The borstal system, as it came to be known, not only aimed at separating the younger prisoner from the hardened criminal, but also at providing the former with a form of training suitable to his years and with the means to earn an honest living.

At the same time, the whole value of imprisonment as it then existed, for detering the prisoner himself from continuing in a course of crime, as well as others who might seek to emulate him and, more particularly, for reforming him, came to be doubted. The first result was the probation system—a system that was developed in the United Kingdom and widely copied and adapted in the rest of the world. It was not, however, until the 20th century that the existing prison systems were themselves seriously challenged. Although reluctance to spend money on those who are usually regarded as the least deserving has meant that progress has been slow, and that implementation of policies has lagged seriously behind their acceptance, a prison today is very different from that of even a quarter of a century ago.

Perhaps the most important factor in bringing this situation about has been the abandonment of the concept of retribution – it is no longer thought necessary that the offender should expiate his offence – and its replacement with the concept of reformation. With this has come a recognition that all criminals are not the same and that the system that might be expected to prevent one offender from continuing in crime might not similarly influence another. It has also been accepted, although only in the last decade, that the majority of prisoners are not dangerous and do not constitute a high security risk; indeed for many, the prison is the only security they know – and that this majority are unlikely to be helped to live in the community by being isolated from it.

INSIGHT

The aims of the penal system today therefore, are to keep offenders out of prison wherever possible, and where this is not possible, to keep them in touch with the community as far as is compatible with security. On the basis that a prisoner, when released, must be capable of earning an honest living if he is not to offend again, attempts are now made to provide him with the training and work most likely to achieve this end.

The first of these aims is now most generally achieved by probation, under which the offender is placed for a specified period under supervision. The supervisor may be a salaried officer of the court, as is the case in the United Kingdom, or a voluntary worker or organisation, as it happens in the United States and other countries. An alternative method, used in several countries, is the suspended sentence, by which sentence is passed, but suspended, again for a specified period, so long as the offender does not commit a further offence. The two systems, however, are not mutually exclusive and are often used in conjunction.

(Source: *The New World Library: Year Book, 1967*, Caxton Publishing Co. Ltd. in *Round-up English for West African Senior School Certificate Examination* by O.O. Idowu et al, pp. 61-62).

- a. Give the passage a suitable title. (3 Marks)
- b. How were the criminals treated in Europe before the end of the 18th century? (2 Marks)
- c. What is 'the borstal system' as used in the passage? (4 Marks)
- d. What, according to the writer, was the whole value of imprisonment? (3 Marks)
- e. What are the **TWO** benefits of the current penal system to the prisoners? (6 Marks)
- f. What are the **TWO** aims of the current penal system? (4 Marks)
- g.enforced by severe corporal punishment
 - i. What is the grammatical name given to the above expression as used in the passage? (1 Mark)
 - ii. What does it qualify? (2 Marks)
- h. Give one word or phrase which can replace each of the following words as used in the passage?
 - i. Vagrants (1 Marks)
 - ii. deterring (1Marks)
 - iii. retribution (1 Marks)
 - iv. reformation (1 Marks)
 - v. probation (1 Marks)

(Total 30 Marks)

INSIGHT

As the secretary of the Appointments and Promotions Committee, write a memo to invite all members to the meeting.

(10 Marks)

(Total15 Marks)

QUESTION 5

You have recently been elected as the President of your trade union. Write a speech reiterating your four-cardinal agenda for the union. During your campaign before the election, you had set out a four-cardinal agenda which you intend to pursue after you would have been elected President. Now, you have been elected for a term of two years and you will soon be sworn-in.

Prepare the acceptance speech you will deliver at the inauguration ceremony of your Executive Committee, stating clearly how you intend to pursue your four-point agenda enumerated during your campaign.

(Total15 Marks)

INSIGHT

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

EXAMINER'S COMMENT

The questions cover the entire syllabus. This section is compulsory for all candidates. Candidates performance was above average as about 65% of them scored 50% and above of the allocated marks. Candidate's common fault was the inability to understand the concepts tested in the questions. They should familiarise themselves with the concepts in the syllabus and make use of past questions and study packs for improved performance in future examinations.

PART II: SHORT-ANSWER QUESTIONS

1. Skimming
2. Evaluation/Review
3. Rapid survey
4. Reading for pleasure
5. Study reading
6. Prepositional phrase
7. Adverbial clause (of time)
8. It qualifies 'man'
9. 1, 2
10. Noun clause

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11. Formal/Official/Business
12. subscription/Complimentary close
13. Memo
14. Informal/Personal
15. Circular/Notice of Meeting
16. Agenda
17. Periodical/Bulletin
18. Official
19. Personal/Unofficial
20. Signature

EXAMINER'S COMMENT

The questions cover the entire syllabus. The section is compulsory for all candidates. Candidates' performance was poor as only about 40% of them scored 50% and above of the allotted marks. Their common fault was the inability to understand the concepts tested in the questions. They should study these concepts and make use of past questions and study packs for better performance in subsequent examinations.

SOLUTION 1

COMPREHENSION

- a.
 - i. Reforming/Rehabilitating prisoners OR
 - ii. The reasons behind imprisoning criminals OR
 - iii. The Penal System OR
 - iv. The evolution of the Penal System
- b. They were humiliated, mutilated, executed and deported.
- c.
 - i. It is a system where younger criminals were separated from hardened criminals.
 - ii. It provides suitable training that would enable the young prisoners to be gainfully employed later in life.
- d. The whole value of imprisonment is to
 - i. deter the prisoner from further committing crime.
 - ii. prevent other people from emulating him.
 - iii. reform the prisoner.
- e. The benefits of the current penal system to the prisoners are:
 - i. It keeps the prisoner out of prison.
 - ii. It integrates them into their communities.
 - iii. It trains them to be able to earn a living.

INSIGHT

- f. The aims of the current penal system are:
- i. to keep offenders out of prison wherever possible.
OR to place the offenders under probation.
 - ii. to keep them in touch with the community.
 - iii. to suspend the prison terms of the offender.
- g.
- i. Adjectival phrase
 - ii. It qualifies the noun 'discipline'
- h.
- i. vagrants – vagabonds, wanderers, destitute, rovers, nomads
 - ii. deterring – discouraging, restraining, checking, preventing, stopping, disallowing, protecting, safeguarding, forbidding
 - iii. retribution – severe/serious punishment, revenge, requital, reprimand, vengeance, payback
 - iv. reformation – changing/change, reforming, rehabilitation, reestablishment, restoration
 - v. probation – training, trial, observation period, testing

EXAMINER'S COMMENT

The question tests candidates' understanding of main points in a given test/passage. It is a compulsory question, 99.9% of the candidates attempted the question as one candidate did not answer it. Candidates' performance was poor as about 35% scored 50% and above of the allocated marks. Their commonest fault were:

- Lack of understanding of the content of the passage;
- Poor expression;
- Inability to know how comprehension questions are answered.

Candidates should improve their reading ability by reading wide, improve their knowledge of vocabulary and learn how to answer comprehension question to get better result in future examinations.

SOLUTION 2

- a. Non-verbal communication is the communication between people by means other than speech or word of mouth. This involves the sending and receiving of wordless, mostly visual, cues between people in communication. Non-verbal communication encompasses kinesics (body language), paralanguage, proxemics (distance), physical environment/appearance and graphic representations. It is important to note that while non-verbal communication is largely culture-specific, certain aspects like a nod, a shake of hands, a smile, etc. are universal. Certain body movement which means nothing in one culture may be considered offensive in another. Non-verbal communication can strengthen, contradict, complement and substitute a verbal message.

INSIGHT

- b. Even though, non-verbal communication is defined as communication by means other than speech, this is not to say that it is isolated from the word of mouth. Non-verbal communication is meaningless without speech or words. A smile is meaningless if it is not associated with a particular disposition such as joy or happiness – a verbal signal that gives meaning to the message the mouth sends (i.e. smile) without words.

Non-verbal communication cannot be isolated from speech because speech contains non-verbal elements known as paralanguage which includes pitch and prosodic features such as stress, intonation and rhythm.

- c. In a multi-lingual and multi-cultural nation like Nigeria, it is to be expected that non-verbal communication may have been the cause of conflict among people from different cultural backgrounds. In some cultures for example, a handshake with the left hand indicates membership of an occultic fraternity. A young person delivering a parcel with the left hand to an older person is considered rude, proud and ill-mannered.

On the other hand, in another culture, people see nothing wrong with this. This cultural difference exemplified in this inter-cultural contact can lead to a communal strife, if not properly handled. Some cultures also demand that the youth must prostrate or kneel down before the elders in greeting as a sign of respect and good manners. But prostrating for elders is not considered a necessity in other cultures and people take no offence if this is not done. The influence of such cultural determinants on non-verbal communication cannot be overemphasized. To promote inter-cultural harmony, such determinants need to be documented for the education of the people.

EXAMINER'S COMMENT

The question tests candidates' understanding of non-verbal communication, its relationship with oral communication and interplay of cultural and non-verbal communication. About 85% of the candidates attempted the question. Candidates' performance was very poor as only about 20% of them obtained 50% and above of the marks allocated. Their major shortcomings were the inability to understand the demands of the question and how to relate the theoretical knowledge of the topic to the practice daily need.

Candidates should study types of communication, make use of past questions and study packs to better their performance in future.

SOLUTION 3

- a. i. Pamphlet
 ii. Profession
 iii. Lieutenant
 iv. Itinerary
 v. Guarantee
 vi. Tomorrow
 vii. Privilege
 viii. Counterfeit
 ix. Genuine

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- x. Essential
- b. The sender is a person who constructs a message and attempts to convey it to somebody else. The communication process starts when the message is formulated in the sender's brain. Before the contents of the message can be transmitted, the sender will need to encode the contents. Encoding the message means that the sender converts it into a suitable format for transmission, in the case of a telephone message, this normally means that the person uses a series of spoken words.

EXAMINER'S COMMENT

The question tests candidates' knowledge of spellings and punctuation marks. About 95% of the candidates attempted the question. Their performance was good as about 80% of them scored 50% and above of the allocated marks. Candidates should endeavour to continue to study the mechanics of the English Language for better performance in future.

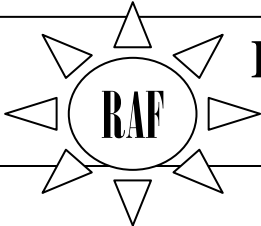
SOLUTION 4

The differences between a memo and a circular.

	Memo	Circular
i.	It is a short official note to convey information within an organisation.	It is an official written communication for a large number of people within or outside an organisation.
ii.	The format is specific as the information is to specific designated officer.	The format is general as the information is to many people.
iii.	Information involves lateral communication.	Information involves downward communication.
iv.	The officer issuing memo must sign to validate the information.	The signature of the officer issuing the circular is not particularly necessary.
v.	It can be used in report writing.	It is not necessary in report writing.
vi.	It uses a pre-printed format.	It uses the organisation's letterhead.

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b.

		RAYMOND ACCOUNTING FIRM 14, Great Lake Road, Abuja	
INTERNAL MEMORANDUM			
FROM: The Secretary, A & P REF: SEC/A&P2		TO: All Members, A & P DATE: March 22, 2015	
SUBJECT: PROMOTION FOR 2015			
<p>This is to inform you of the meeting arranged for Monday, April 13, 2015 at 2.30 p.m. to consider the promotion for the current year. The meeting will be held in the Personnel Manager's Office.</p> <p>I am looking forward to seeing you and please attend punctually.</p> <p>Signature John Atama Secretary</p> <p>Cc: Chairman/CEO Personnel Manager Financial Director Technical Services Director All Heads of Departments File</p>			

EXAMINER'S COMMENT

The question tests candidates' knowledge of business correspondence. About 20% of the candidates attempted the question. Candidates' performance was very poor as only about 10% of them scored 50% and above of the allotted marks. Commonest shortcomings were:

- Inability to understand the difference between memo and circular
- Inadequate knowledge of memorandum format/layout.

Candidates should familiarise themselves with all forms of business correspondences to improve their performance in future examinations.

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SOLUTION 5

ACCEPTANCE SPEECH DELIVERED BY MR KOFI TAYLOR, THE NEWLY ELECTED PRESIDENT OF THE ACCOUNTING TECHNICIANS WORKERS' UNION (ATWU) AT THE UNION'S AUDITORIUM ON MARCH 15, 2015

The Managing Director,
The Chairman and Members of the Electoral Committee,
The Vice-President elect,
Other newly elected Officers
Representatives of other Unions,
Gentlemen of the Press,
Ladies and Gentlemen.

I am highly delighted this evening to be with you to deliver my acceptance speech. First and foremost, I express my profound gratitude to all and sundry for giving me your mandate to lead the Union for a term of two years.

I wish to assure every member that the four – cardinal programmes promised during my electioneering campaign will be sincerely pursued. Let me seize this opportunity to re-state them. These are:

- i) To achieve a harmonised salary structure (HS) for the workers;
- ii) To ensure regular promotion for the members as and when due;
- iii) To operate a dependable insurance scheme for members;
- iv) To secure housing loan for members.

I, therefore, solicit for your unflinching support to achieve these laudable agenda.

As a popular parlance says, it is believed that “a tree does not make a forest.” I welcome your candid advice from time to time. Feel free to seek clarifications from me when you are in doubt about anything.

At this juncture, ladies and gentlemen, it is very important to explain how the four-cardinal programme will be pursued and, by the special grace of God, be achieved. Let me start with the issue of harmonised salary structure for our members. This will be pursued by consulting our colleagues in other states where the harmonised salary structure had already been implemented, collect and study the table. Through the Congress, ideas, as regards how we will start the discussion on it with the Government, will be generated. A salary structure table will be designed and forwarded to Government for consideration. I implore every member to update his/her records in his/her department.

The executive will ensure that our members who are due for promotion to the next and higher levels enjoy their promotion as and when due. We will equally ensure that for those who had been overdue, arrears of salaries for promotion are paid when they are eventually promoted. We will ensure also that the Annual Performance Evaluation Report (APER) forms are distributed to members to fill on time and the Heads of Departments complete their portion promptly.

The issue of operating a dependable insurance scheme will be pursued by inviting some insurance companies to enlighten us on the various insurance policies and facilities that we

INSIGHT

can access. We will enter into agreements with some credible ones on terms of insurance. A lot of us can enjoy comprehensive life and vehicle insurance policies.

Furthermore, hectares of land will be bought in the name of the Union in some accessible communities. Some credible banks will also be approached for negotiation to grant members building loan facilities. The Union Cooperative Societies will also be enjoined to grant facilities regularly to those who are eligible.

Comrades, as earlier said, your unflinching support is solicited for. I appeal to all of you to be self-disciplined, diligent and forthright in the discharge of your responsibilities. I thank everybody for listening.

God bless you all.

Content	-	10 marks
Style	-	5 marks
Total	-	15 marks

EXAMINER'S COMMENT

The question tests candidates' understanding of speech writing. Less than 10% of the candidates attempted this question. About 50% of them scored 50% and above of the allotted marks.

Candidates' commonest fault were:

- Inadequate knowledge of the format of speech writing;
- Poor expression;
- Inability to understand the demand of the question.

Candidates are advised to study the aspect of speech writing and language use for better performance in future examinations.