



**THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF NIGERIA**

INSIGHT

**SEPTEMBER 2023 ATSWA EXAMINATIONS
PART I**

**Question Papers
Suggested Solutions
and
Examiners' Comments**

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THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2023 EXAMINATIONS (PART 1)****BASIC ACCOUNTING**

PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER

EXAMINATION INSTRUCTIONS

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

TUESDAY, 26 SEPTEMBER, 2023

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2023**

BASIC ACCOUNTING

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS

(30 Marks)

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Which of the following is NOT a direct user of financial statements?
 - A. Trade Union
 - B. Employee
 - C. Financial Analysts
 - D. Lenders
 - E. Management

2. A new branch of accounting which mainly focuses on the disclosure of non-financial or qualitative information about an entity is called
 - A. Sustainability Accounting
 - B. Social and Environmental Accounting
 - C. Project Accounting
 - D. Cost Accounting
 - E. Government Accounting

3. Which of the following is a fundamental characteristic of financial statement?
 - A. Verifiability
 - B. Comparability
 - C. Understandability
 - D. Relevance
 - E. Timeliness

4. A financial statement that is capable of making difference in the decision made by users of such information is said to be
 - A. Comparable
 - B. Relevant
 - C. Timely
 - D. Verifiable
 - E. Complete

5. A financial statement presented in a way to show an account entrusted to a person who is responsible or in custody to manage a property is calledaccounting
- A. Project
 - B. Social
 - C. Fiduciary
 - D. Sustainability
 - E. Government

6. Which of the following account can be found in a nominal ledger?

- A. Building Account
- B. Machinery Account
- C. Patents Account
- D. Salaries and Wages Account
- E. Capital Account

7. Given the following information:

	GH¢
Equipment	500,000
Stationery expense	50,000
Furniture	40,000
Trade Receivables	120,000
Bank Account	80,000

Calculate the amount to be recognised in the Real Ledger accounts.

- A. GH¢790,000
 - B. GH¢700,000
 - C. GH¢540,000
 - D. GH¢200,000
 - E. GH¢50,000
8. Which of the following is **NOT** recorded in the Statement of Profit or Loss?
- A. Revenue
 - B. Depreciation Reserve
 - C. Bad Debt
 - D. Return Inward
 - E. Return Outward
9. In a private company, the minimum number of owners is
- A. 100
 - B. 50
 - C. 7
 - D. 5
 - E. 1

10. A financial statement is said to be when it enables users to correct past evaluations and assessments.
- A. Predictive
 - B. Confirmatory
 - C. Faithfully represented
 - D. Complete
 - E. Comparable
11. Which of the following is **NOT** a current liability?
- A. Trade Payables
 - B. Bills Payable
 - C. Subscription outstanding
 - D. Subscription in advance
 - E. Electricity bills owed

Use the information below to answer questions 12 and 13

An item of Property, Plant and Equipment (PPE) with economic useful life of 10 years was bought on March 31, 2022 at a cost of GH¢1,500,000, Salvage value GH¢100,000 and annual depreciation accrues evenly during the year ended December 31, 2022.

12. Calculate depreciation charge in the Statement of Profit or Loss for the year ended December 31, 2022.
- A. GH¢180,000
 - B. GH¢160,000
 - C. GH¢150,000
 - D. GH¢140,000
 - E. GH¢105,000
13. Determine the carrying amount of the item of Property, Plant and Equipment (PPE) to be recognised in the Statement of Financial Position as at December 31, 2022.
- A. GH¢1,395,000
 - B. GH¢1,360,000
 - C. GH¢1,350,000
 - D. GH¢1,320,000
 - E. GH¢1,220,000
14. Which of the following is **NOT** a characteristic of business?
- A. It is a social service to the public
 - B. It exists to make profits
 - C. It supplies goods that it either makes or buys from other parties
 - D. Its reward for accepting risk is profit
 - E. The profit earned by it belongs to its owners

15. Which of the following shows a list of balances in the books of accounts?
- A. Statement of Financial Position
 - B. Income Statement
 - C. Cash Book
 - D. Nominal Ledger
 - E. Trial Balance
16. Which of the following books of original entries record goods bought on credit?
- A. Sales Journal
 - B. Purchases Journal
 - C. Sales Return
 - D. Purchases Return
 - E. Journal
17. An item of Property, Plant and Equipment bought in cash was credited into Cash Account and debited into Purchases Account, the error committed is called error of
- A. Principle
 - B. Omission
 - C. Complete Reversal
 - D. Original Entry
 - E. Commission
18. Which of the following is **NOT** posted to credit side of Trade Receivables Control Account?
- A. Bad Debt
 - B. Allowance for doubtful Trade Receivables
 - C. Bill Receivable
 - D. Sales Return
 - E. Discount Allowed
19. Which of the following has a debit entry in the Trade Payables Control Account?
- A. Discount Allowed
 - B. Return Inward
 - C. Credit Notes
 - D. Payment to Supplier
 - E. Dishonoured Cheque
20. Which of the following source document is issued for goods sold in cash?
- A. Invoice
 - B. Voucher
 - C. Slip
 - D. Receipt
 - E. Bin Card

21. Which of the following is **NOT** recorded in Trade Payable Control Account?

- A. Amount paid to supply
- B. Return Outward
- C. Cash Purchases
- D. Discount Received
- E. Credit Purchases

22. In Bank Reconciliation Statement, where will dishonoured cheque be recorded?

- A. Credit Side of Bank Statement
- B. Debit Side of Cash Book
- C. Credit Note
- D. Debit Note
- E. Credit Side of Cash Book

23. Given the following information:

	L\$
Cash Book Balance (Credit)	400,000
Unpresented Cheque	1,800,000
Uncredited Cheque	300,000

Calculate balance in the bank statement

- A. L\$2,500,000
- B. L\$2,100,000
- C. L\$1,900,000
- D. L\$1,800,000
- E. L\$1,100,000

24. Which of the following has a debit entry in the adjusted Cash Book?

- A. Bank Charges
- B. Stale Cheque
- C. Standing Order
- D. Electronic Dividend
- E. Value Added Tax on Bank Charges

25. The body that is responsible for setting International Financial Reporting Standards (IFRS) is

- A. International Accounting Standards Committee (IASC)
- B. International Accounting Standards Board (IASB)
- C. Financial Reporting Council of Nigeria (FRCN)
- D. Institute of Chartered Accountants of Nigeria (ICAN)
- E. American Institute of Public Certified Accountants (AICPA)

26. When Allowance for doubtful trade receivables is no longer required, the accounting entry is debit

DR	CR
A. Allowance for doubtful trade receivables	Gross Profit
B. Gross Profit	Allowance for doubtful trade receivable
C. Statement of Profit or Loss	Allowance for doubtful trade receivables
D. Allowance for doubtful trade receivables	Turnover
E. Trade receivables	Statement of Profit or Loss

Use the information below to answer questions 27 and 28

The information below was extracted from the Trial Balance of the year ended June 30, 2022:

	Le
Trade Receivables' Account Balance	800,000
Allowance for doubtful receivables	80,000

Allowance for doubtful receivable is to be increased to 15% for the year ended June 30, 2022.

27. Calculate allowance for doubtful receivables to be charged in the Statement of Profit or Loss for the year ended June 30, 2022.

- A. Le880,000
- B. Le800,000
- C. Le200,000
- D. Le120,000
- E. Le40,000

28. Calculate net trade receivables to be recognised in the Statement of Financial Position as at June 30, 2022.

- A. Le680,000
- B. Le720,000
- C. Le760,000
- D. Le800,000
- E. Le880,000

Use the information below to answer questions 29 and 30

Given the following information:	₦
Revenue	1,500,000
Opening Inventory	200,000
Purchases	600,000
Return Inward	100,000
Closing Inventory	300,000
Salaries and Wages	400,000

29. Calculate Gross Profit

- A. ₦1,300,000
- B. ₦1,000,000
- C. ₦900,000
- D. ₦800,000
- E. ₦600,000

30. Calculate the Net Profit

- A. ₦200,000
- B. ₦400,000
- C. ₦600,000
- D. ₦500,000
- E. ₦900,000

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

ATTEMPT ALL QUESTIONS

1. The 'true and fair view' of the financial statement of an entity is to be reported by the
2. A specialised branch of accounting where managers and employees internally monitor and review the effective usage of resources to achieve overall entity's objective is called
3. A specialised branch of accounting, which deals with investigative skills and ability to probe frauds and deliberate misrepresentation is known as
4. In a computerised accounting system, a set of alphanumeric and numeric symbols, which are engaged to represent accounting transactions is referred to as
5. A financial statement is said to be when it represents or depicts the economic phenomena in words and numbers.
6. A ledger which summarises all transactions to prepare a trial balance is called
7. A ledger which does not record account of individuals, firms, sole proprietor, partnership and company is referred to as

8.	Given the following information:	GMD
	Sales	600,000
	Trade Receivables	300,000
	Discount Received	150,000
	Trade Payables	100,000

Calculate the amount to be recognised in the nominal ledger

9. In an entity, the totality of the procedures of accumulating cost is known as
10. In which country was Financial Accounting developed?
11. The body responsible for developing International Financial Reporting Standards is called
12. The process of recording basic financial transactions from various source documents is known as
13. The body responsible for the registration of companies in your country is called
14. An accounting concept which assumes that an entity has a perpetual succession is called
15. In an entity's book-keeping, a process of setting off or reducing opposite accounting balances is known as
16. An accounting concept, which justifies the charging of item with small amount to the Statement of Profit or Loss is referred to as concept
17. A Cheque credited into the Cash Book but not yet debited in the bank statement is known as
18. The journal entries to record the transactions of goods bought and sold for cash is and
19. A discount deducted from selling price to inspire bulk purchase is referred to as
20. In Bank Reconciliation Statements, a cheque presented after six months is known as

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

QUESTION 1

- a. Explain briefly the following users of Financial Statements:
- i. Direct Users (1½ Marks)
 - ii. Indirect Users (1 Mark)
- b. Identify and briefly explain **THREE** direct **and TWO** indirect users of Financial Statements and clearly indicate the purpose for which such statements are put in to use. (10 Marks)
- (Total 12½ Marks)**

QUESTION 2

- a. Outline **THREE** features of a Private Company (1½ Marks)
- b. Describe the statutory books of a limited liability company (3 Marks)
- c. State **EIGHT** statutory books of a public limited liability company (8 Marks)
- (Total 12½ Marks)**

QUESTION 3

Essien Business Enterprise is running an Information Communication Technology (ICT) related business in Kumasi, Ghana. It is the second year of operation. The records keeping are very poor. However, the following information have been supplied:

	1/7/2021	30/6/2022
	GH¢'000	GH¢'000
Inventory	4,200	50,800
Trade Payables	3,800	5,900
Trade Receivables	24,800	18,900
Cash	1,250	1,430
Bank	7,950 Cr.	9,800 Dr.
Office Building	30,000	30,000
Motor Vehicle	6,000	6,000
Equipment	20,000	20,000
Loan from friends	15,000	15,000

Additional information:

- (i) Essien withdrawals per week for private use: cash GH¢200 and recharge cards GH¢250 and there are 52 weeks in a year.
- (ii) Bad debt receivables amounted to GH¢2,500,000 and all assets are to be depreciated on 10% annually with effect from the year ended June 30, 2022.
- (iii) Provision for allowance for receivables is to be 5% of trade receivables as at June 30, 2022.
- (iv) Additional capital introduced in cash during the year was GH¢10,000,000.

You are required to:

Prepare from the above an Income Statement for the year ended June 30, 2022 and a Statement of Financial Position as at that date. **(Total 12 ½ Marks)**

QUESTION 4

Kumasi Bank Limited (₵)
Bank Statement for the month of June, 2022 for Kwame Enterprises

Date	Transactions	Debit	Credit	Balance
		₵	₵	₵
1/6/2022	Balance b/d			60,000,000
3/6/2022	Aliyu 01201		10,000,000	70,000,000
4/6/2022	Aliyu 01202		10,000,000	80,000,000
5/6/2022	Opoku 02112	15,000,000		65,000,000
8/6/2022	Opoku 02113	10,000,000		55,000,000
12/6/2022	Deposit Revenue		15,000,000	70,000,000
13/6/2022	Deposit Revenue		15,000,000	85,000,000
13/6/2022	Dessailly Ltd.	15,000,000		70,000,000
15/6/2022	Ibadan Electricity bill	2,000,000		68,000,000
25/6/2022	Salaries and Wages	20,000,000		48,000,000
29/6/2022	VAT	100,000		47,900,000
29/6/2022	COT and other Charges	186,000		47,714,000
30/6/2022	Withholding Tax	100,000		47,614,000

Cash Book for the Month of June 2022

DR		CR	
	₵		₵
1/6: Balance b/d	60,000,000	4/6: Opoku 02112	15,000,000
9/6/: Revenue	30,000,000	5/6:Opoku 02113	10,000,000
10/6/: Gyan Ltd	10,000,000	10/6: Dessailly Ltd.	15,000,000
23/6: Revenue	60,000,000	29/6: Jordan	5,000,000
		30/6: PAYE	5,000,000
		30/6: Pension	10,000,000
		30/6: Bal c/f	<u>100,000,000</u>
	<u>160,000,000</u>		<u>160,000,000</u>

You are required to:

Prepare the Adjusted Cash Book and Bank Reconciliation Statements for Kwame Enterprise for the month of June 2022. **(12 ½ Marks)**

QUESTION 5

- a. Briefly explain with **TWO** examples each, Revenue and Capital expenditures (4 Marks)
- b. Write short notes on the following books of original entries
- i. Sales Day Book (2 Marks)
 - ii. Purchases Day Book (2 Marks)
 - iii. Journal (2 Marks)
 - iv. Cash Book (2½ Marks)
- (Total 12 ½ Marks)**

QUESTION 6

Extract from the Trial Balance of Dokunnu Manufacturing Enterprise as at June 30, 2022 is presented below:

	L\$'000
Office Rates	1,500
Office Rent	1,200
Inventory at 1/7/2021:	
Raw Materials	21,500
Work In Progress	13,500
Finished Goods	15,500
Manufacturing Wages	50,000
Direct Manufacturing Expenses	4,000
Revenue	250,000
Carriage Outwards	2,125
General expenses	11,400
Discount Received	1,450
Discount Allowed	1,225
Depreciation:	
Factory Machinery	1,250
Factory Equipment	1,100
Purchases of raw materials	74,000
Return Inwards	6,000
Factory Expenses	21,000
Office Salaries	12,050
Selling Expenses	24,500

Additional Information:

- (i) Inventories as at June 30, 2022
- | | L\$'000 |
|------------------|----------------|
| Raw Materials | 15,300 |
| Work in Progress | 19,500 |
| Finished Goods | 19,000 |
- (ii) Dokunnu Manufacturing Enterprises manufactured and distributed well packaged Dokunnus in Monrovia, Liberia at a profit margin of 20%.

You are required to:

Prepare Manufacturing Account and Statement of Profit or Loss for the year ended June 30, 2022. **(Total 12½ Marks)**

SECTION A: PART 1

MULTIPLE-CHOICE SOLUTIONS

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

Workings

Q7		G H C
	Equipment	500,000
	Furniture	40,000
		<u>540,000</u>

$$\text{Q12 } (\text{G H C } 1,500,000 - \text{G H C } 100,000) / 10 \times 9/12$$
$$= \text{G H C } 105,000$$

$$\text{Q13 } \text{G H C } 1,500,000 - \text{G H C } 105,000 = \text{G H C } 1,395,000$$

$$\text{Q23 } \text{L\$}1,800,000 - \text{L\$}400,000 - \text{L\$}300,000 = \text{L\$}1,100,000$$

$$\text{Q27 } (15\% \times \text{Le}800,000) - \text{Le}80,000 = \text{Le}40,000$$

$$\text{Q28 } \text{Le } 800,000 - \text{Le}120,000 = \text{Le}680,000$$

Q29		₦	₦
	Revenue		1,500,000
	<u>Less</u> Return inward		<u>100,000</u>
			1,400,000
	<u>Less</u> cost of sales: Opening/inventory	200,000	
		Purchase	<u>600,000</u>
			800,000
		Closing inventory	<u>300,000</u>
			<u>500,000</u>
			<u><u>₦900,000</u></u>

$$\text{Q30 } \text{Net profit} = \text{₦}900,000 - \text{₦}400,000 = \text{₦}500,000$$

Examiner's comment

The set of the questions test candidates' knowledge on the various area of the syllabus. All the candidates attempted the question and their performances were above average. Candidates' major pitfall is their failure to prepare well for the examination. Candidates are advise to prepare well for the future examination.

SECTION A: PART II

SHORT-ANSWER SOLUTIONS

1. Auditor/External auditor/Statutory auditor
2. Performance Management/Management Accounting
3. Forensic Accounting
4. Coding
5. Faithful Representation

6. Control account
7. Impersonal
8. GMD 750,000
9. Cost Accounting
10. Italy
11. International Accounting Standard Board (IASB)
12. Book-keeping
13. Corporate Affairs Commission
14. Going Concern
15. Contra/ Setting-off
16. Materiality
17. Unpresented Cheque
18. Dr Purchases Cr Cash
Dr Cash Cr Sales
19. Trade/Quantity Discount
20. Stale Cheque

Workings

Q8	GMD
Sales	600,000
Discount Received	<u>150,000</u>
	<u>750,000</u>

Examiner's comment

The questions test candidates' knowledge on the various area of the syllabus.

The question is compulsory and all the candidates attempted it with their performance above average.

Candidates' major pitfall are their poor preparation for the examination.

Candidates are advise to prepare well for this type of examination in future.

SECTION B

SOLUTION 1

(a)

- i. **DIRECT USERS:** Direct users are mainly the stakeholders and owners of the business who bear the risk of making losses made in the running of the business.

Examples are:

- Owners of the business
- Management
- Employees
- Lenders
- Investors, etc

- ii. **INDIRECT USERS:** The indirect users of financial statement are those who do not have financial stake in the running of the business.

Examples are:

- Tax authority
- Customers
- Financial analysts
- Government authority
- Community, etc

b.

(i) Types of Direct Users

1. **Business Owners:** These are the sole traders, partners and shareholders. They need accounting information to assess whether the business is efficiently run. They use the accounting information to determine the profitability of the enterprise. It will allow the shareholders (in case of limited liability company) to make appropriate investment decisions.
2. **Investors:** These are people who put their financial resources through shareholding, venture capital with the intention of making profit or capital appreciation as a reward for their investment. It enable the investors to determine whether to realize the investment or not.
3. **Management:** These are the people that manage the business on behalf of its owners. They need accounting information to ascertain the efficiency of the policy they formulated; and plan and control the various sections of the business.
4. **Employees:** Employees are the human resource base of the organization. They are entitled to the payment of their salaries and wages. They need accounting information to enable them decide how secure their job is and the ability of the business to pay salaries and wages as at when due.
5. **Lenders:** These include the banks and other finance providers. Financial statements enables them to decide whether more credit facility can be granted and whether the company is credit worthy or the business will be in operation for the foreseeable future.

(ii) INDIRECT USERS

1. **Tax authority:** These are government organizations established by law and charged with the responsibility for tax assessment and collection. One of the basis of determining tax is profit generated by the business. Therefore, the tax authority requires the financial information to compute tax payable by these businesses.

2. **Customers:** These are the people who purchase the good and services made by the business. The financial information will enable them to determine whether the business will continue to be a reliable source of supply of goods and services.
3. **Financial Analysts:** Financial analysts render financial advisory services to their clients. They need the financial statements for the purpose of advising their clients to take informed investment decision.
4. **Government:** Government need accounting information to enable it to formulate fiscal policies that will enhance the growth of the economy.
5. **Public:** The public which includes, individuals, trade unions, communities, etc need financial information to take decisions on whether to deal with an entity. The community need financial information to know the level of corporate social responsibility (CSR) of an organization to its environmental.

Examiner's comment

The question tests candidates' knowledge on users of financial statements and for which purpose are they using the information.

About 90% of the candidates attempted the question and their performance was above average.

Candidates' major pitfall was their inability to cover all the areas of the syllabus.

Candidates are advise to always cover all aspect of the syllabus when preparing for future examination.

SOLUTION 2

- a) A private company is one that is stated to be so by its Memorandum of Association and has the following features:
 - i. **Members:** A private company needs to have a minimum of 1 member (as in the case of a one – person company), for starting its business. However, it cannot have more than 50 members, which is the maximum number of members that can form such company.
 - ii. **Transfer of its shares:** Its Articles of Association must restrict the transfer of its shares.
 - iii. **Public subscription of its shares:** Private company cannot invite the public to subscribe for its shares or deposit money for fixed periods or payable at all whether or not they bear interest.
 - iv. **Number of directors:** The Companies and Allied Matters Act (CAMA) provides that the company must have a minimum of one director, while the maximum number of directors is 15.

- v. **Perpetual Succession:** A private company keep on continuing forever. Its life or continuity is not affected by the life of its members. These companies are created bylaw and are also dissolved by it.
 - vi. **Minimum share capital:** The Corporate Affairs Commission (CAC) provides for a minimum issued share capital of N10,000, for private companies limited by shares, except in the case of banks and insurance companies.
 - vii. **Index of register for members:** Private companies are not required by law to maintain an index register of members.
- b) Statutory books are the official records kept by the company relating to all legal and statutory matters. The statutory books of the company must be maintained and kept at the company's registered office (or alternative location notified to the Corporate Affairs Commission where they can be inspected). The essence of maintaining these statutory books is to offer members of the company or any other person an opportunity to inspect the records of the company and be aware of its state of affairs.
- c) The list of the registers and documents which every company is required under the CAMA to keep include:
- i. The register of the company's members,
 - ii. The Index of members where they are more than 50,
 - iii. The register of charges registered against the company.
 - iv. Minutes Book (of all General meetings, Directors' meetings, and Manager's meetings (if any) including copies of shareholders' resolutions passed,
 - v. Register of Directors' shares and debentures
 - vi. The register of directors and secretaries,
 - vii. The register of interest in shares
 - viii. The Accounting Records
 - ix. Director's service contracts

Examiner's comment

The question tests the basic features of a private company and description of statutory books of Limited Liability Company.

About 80% of the candidates attempted the question and their performance was average.

Candidates major pitfall was their poor in-depth knowledge in the requirements of the question.

Candidates are advise to prepare well for the future examination.

SOLUTION 3

**ESSIEN BUSINESS ENTERPRISE
STATEMENT OF AFFAIRS AS AT 1/7/21**

		GH¢'000	GH¢'000
Inventory		4,200	
Trade Receivables		24,800	
Cash		<u>1,250</u>	
			30,250
Non-Current assets			
Office Building	30,000		
Motor Vehicle	6,000		
Equipment	<u>20,000</u>		
			<u>56,000</u>
			86,250
Less Liabilities: Trade Payables	3,800		
Bank	7,950		
Loan	<u>15,000</u>		
			<u>26,750</u>
			<u>59,500</u>

Opening Capital

	CASH BOOK			
	Cash	Bank	Cash	Bank
Bal b/f	1,250		-	7,950
			10.4	-
Capital	10,000			
			9,809.6	
Received from debtors		17,750		
			1,430	9,800
	<u>11,250</u>	<u>17,750</u>	<u>11,250</u>	<u>17,750</u>

	Trade Receivables		
	GH¢'000		GH¢'000
Bal b/f	24,800	Bad debts	2,500
		Bank	17,750
Sales	14,350	Bal c/f	18,900
	<u>39,150</u>		<u>39,150</u>

Trade Payables			
	GH¢'000		GH¢'000
		Bal b/f	3,800
Cash	9,809.6		
		Purchases	11,909.6
Bal c/f	5,900		
	<u>15,709.6</u>		<u>15,709.6</u>
		Bal b/d	5,900

Net purchases = ₦11,909.6
 Less Drawings
 250 x 52 13.0
11,896.6

Provision for allowance for receivables 5% @ ₦18,900,000 = 945,000

**ESSIEN BUSINESS ENTERPRISE
 INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022**

	GHc'000	GHc'000
Sales		14,350
<u>Less:</u> Cost of Sales		
Opening stock	4,200	
Purchases	<u>11,896.6</u>	
	16,096.6	
Closing Stock	<u>50,800</u>	<u>34,703.4</u>
		49,053.4
Less Expenses		
Bad debts	2500	
Depreciation	5600	
Allowance	<u>945</u>	<u>9,045.0</u>
Net (loss) profit		<u>40,008.4</u>

**ESSIEN BUSINESS ENTERPRISE
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022**

	COST		ACC DEP		CARRYING AMOUNT
	GHc'000		GHc'000		GHc'000
Office Building	30,000		(3,000)		27,000
Motor Vehicle	6,000		(600)		5,400
Equipment	<u>20,000</u>		<u>(2,000)</u>		<u>18,000</u>
	<u>56,000</u>		<u>5600</u>		50,400
Current assets:					
Inventory			50,800		
Trade Receivables	18,900				
	<u>945</u>				
			17,955		
/Bank balance			9,800		
Cash			<u>1,430</u>		
					<u>79,985</u>
					<u>N130,385</u>
Financed by					
Capital					59,500
Additional Capital					<u>10,000</u>
					69,500
Profit (loss)					40,008.4
Less Drawings					<u>(23.4)</u>
					109,485
Loan					<u>15,000</u>
					124,485
Current liability:					
Trade payables					5,900
					<u>N130,385</u>

Examiner's comment

The question tests candidates' knowledge on the preparation of financial reports from an incomplete records situation.

About 40% of the candidates attempted the question and their performance was average. Candidates major pitfall was their poor in-depth knowledge in this area.

Candidates are advise to prepare and practice past questions very well before writing future examination.

SOLUTION 4

Adjusted Cash Book for June 2022 for Kwame Enterprise

	GH¢		GH¢
Balance b/d	100,000,000	Standing Order	2,000,000
Aliyu	10,000,000	Direct Salaries	20,000,000
Aliyu	10,000,000	VAT	100,000
		COT and other Charge	186,000
		Withholding Tax	100,000
		Balance b/d	<u>97,614,000</u>
	<u>120,000,000</u>		<u>120,000,000</u>
Balance b/d	97,614,000		

Bank Reconciliation Statement for June 2022 for Kwame Enterprise

	GH¢	GH¢
Balance from Adjusted Cash Book		97,614,000
Add: Unpresented Cheques		
29/6: Jordan	5,000,000	
30/6: PAYE	5,000,000	
30/6: Pension	<u>10,000,000</u>	<u>20,000,000</u>
		117,614,000
Less: Uncredited Cheques		
10/6: Gyan Ltd	10,000,000	
23/6: Revenue	<u>60,000,000</u>	<u>(70,000,000)</u>
Balance as per Bank Statement		<u>47,614,000</u>

Maximum 25 ticks ½ Mark each = 12 ½ Marks

Alternative Method

Bank Reconciliation Statement for June 2022

	GH¢	GH¢
Balance as per Bank Statement		47,614,000
Add: Uncredited Cheques		
10/6: Gyan Ltd	10,000,000	
23/6: Revenue	<u>60,000,000</u>	<u>70,000,000</u>
		117,614,000
Less: Unpresented Cheques		
29/6: Jordan	5,000,000	
30/6: PAYE	5,000,000	
30/6: Pension	<u>10,000,000</u>	<u>(20,000,000)</u>
Balance as Per Adjusted Cash Book		<u>97,614,000</u>

Examiner's comment

The question tests candidates knowledge on the preparation of adjusted cash book and bank reconciliation statement respectively.

About 50% of the candidates attempted the question and their performance was average. Candidates' major pitfall was their poor understanding of the tested topic.

Candidates are advise to prepare well for the future examination.

SOLUTION 5

- a. **Capital Expenditure:** This may be defined as the cost of acquiring a non-current asset for use in an entity. Capital expenditure includes such costs as are incurred in adding value to existing non-current assets in order to improve their earning capacity and to prolong their life for more than one accounting period. Examples of capital expenditure are:
- i. Purchase price of non-current assets such as motor vehicles, buildings, furniture and fittings, plant and machinery;
 - ii. Extension or any improvement of a permanent nature made to any structure
 - iii. Legal fees of acquiring land or buildings;
 - iv. The cost incurred in bringing any non-current asset to its present location
 - v. Any other cost that must be incurred in getting the non-current assets ready for its intended use.

Revenue Expenditure: This, on the other hand, is any cost in which its earning potential is exhausted within one accounting period. Such expenditures are not made to increase or improve the value of non-current assets rather they are incurred for the maintenance and day-to-day running of the business. Examples of revenue expenditure are:

- i. The cost incurred in acquiring trading inventories for sale;
 - ii. Cost of repairing any non-current assets;
 - iii. Discount allowed on credit sales;
 - iv. Expenses in connection with rent, insurance, telephone and electricity; and.
 - v. Staff salaries and emoluments.
- bi. **Sales Day Book:** Also known as sales journal is the book of original entry that records credit sales. The relevant source document is the duplicate of the invoice issued to the customer. The volume of daily sales transactions normally demands that they are firstly collated for the period before being transferred to sales account. The sales day book shows the following information:
- i. A list of the sales invoices in the order in which they are issued
 - ii. The date of issue
 - iii. The name of the customer
 - iv. The number of the invoice
 - v. The sales ledger number to which the individual accounts are posted
 - vi. The net amount of the invoice after deducting trade discount and VAT

The sales daybook does not show the description of the goods. These are contained in the invoice.

- bii. **Purchases Day Book also called purchases journal:** Is the book of original entry used to record all credit purchases. The total therein transferred to the debit of the purchases account at regular intervals. An amount relating to each

supplier is credited in their respective subsidiary ledgers. The period covered may be daily, weekly or monthly depending on the volume of purchases transactions. The details on purchases day book are extracted from incoming invoices. Each supplier's account is correspondingly credited in the subsidiary ledger.

- biii. **Journal:** Is the book to record transactions that do not fit into other subsidiary books. The information recorded in the journal about each transaction includes:
- i. The date of the transaction
 - ii. The debit and credit charges in specific ledger accounts
 - iii. A brief explanation of the transaction, referred to as "narration" The narration is required to indicate the purpose and authority of the transaction.

For efficient use of the journal, one must be able to analyse the effect of a transaction on assets, liabilities, and owner's equity. The subsidiary books already considered are also referred to as journals. For example, the Sales Day Book or sales Journal, Purchases Day Book or purchases Journal, etc. To distinguish this book from other day books, this journal is sometimes referred to as "General Journal" or "Journal Proper"

- biv. **Cash Book:** A cash book is an extension of a ledger. It records all financial transactions in cash, receipts and payment of cash. It uses the rules of double entries to record cash receipts and payments. It records both cash receipts and payments in cash as well as cheque receipts, transfers and payments made through banks. The cash book serves two purposes, a book of subsidiary records and books of accounts. There is one column cash book with only cash on the debit and credit sides in addition to date, folio and descriptions on both sides; two column cash book with cash and bank with date, description, folio on both sides, three column cash book with cash, bank and discount. It has date, description folio, cash, bank discount allowed on the debit sides and date, description folio, cash, bank discount allowed on the credit side for a three-column cash book.

(2 ½ Marks)

(Total Marks 12 ½)

Examiner's comment

The question tests candidates' knowledge on the basic distinctions between Revenue and Capital expenditures. In addition, the part(b) of the question tests basic explanation of some subsidiary books of accounts.

About 90% of the candidates attempted the question and their performance was above average.

Candidates major pitfall was their poor understanding of the question's requirement.

Candidates are advise to get good materials and test books to practice with, before writing future examination.

SOLUTION 6

DOKUNNU MANUFACTURING ENTERPRISES Manufacturing Account and Statement of Profit and Loss for the year ended June 30, 2022

	LS'000	LS'000
Opening Inventory – Raw Material		21,500
Add: Purchases		<u>74,000</u>
Cost of Raw Material Available		95,500
Less: Closing Stock-Raw Material		<u>(15,300)</u>
Cost of Raw Materials Used		80,200
Add: Direct Wages		50,000
Direct Manufacturing Expenses		<u>4,000</u>
		134,200
Less: factory overlued		
factory Expenses	21,000	
Depreciation – factory machinery	1,250	
Depreciation – factory equipment	<u>1,100</u>	
		23,350
Change in work in progress (W.I.P)		
Opening inventory WIP	13,500	
Opening inventory WIP	<u>(19,500)</u>	<u>(6,000)</u>
Cost of production		151,550
Unrealised profit on value of goods manufactured (see wk 1)		<u>37,887.5</u>
Market value of goods manufactured		<u><u>189,437.50</u></u>
Sales revenue		250,000
Less return inward		(6,000)
		244,000
Less cost of sales		
Opening inventory – finished goods	15,500	
Value of goods manufactured	<u>189,437.5</u>	
	204,937.5	
Less closing inventory of finished goods	<u>(19,000)</u>	<u>185,937.5</u>
Gross profit		58,062.50
Add		
Discount received		1,450
Manufacturing profit		<u>37,887.5</u>
		97,400
Deduct operating expense		
Office rates	1,500	
Office rent	1,200	
Carriage outwards	<u>2,125</u>	

General expenses	11,400	
Discount allowance	1,225	
Office salaries	12,050	
Selling expenses	24,500	
		<u>54,000</u>
		<u>43,400</u>

Working

Unrealized profit on Manufacturing Goods

Profit margin on manufactured goods is 20% = $\frac{20}{100} = \frac{1}{5}$

Mark-up thereon is = $\frac{1}{(5-1)} = \frac{1}{4}$ (or 25%)

Ls'000

Calculated cost of goods manufactured 151,550

Manufacturing profit @ 25% = 37,887.5

Examiner's comment

The question tests candidates' knowledge on the preparation of simple manufacturing account and statement of profit or loss.

About 90% of the candidates attempted the question and their performance was above average.

Candidates' major pitfall was their poor in-depth knowledge in the area the question was tested.

Candidates are advised to prepare adequately before writing future examination.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2023 EXAMINATIONS (PART 1)
ECONOMICS**

PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER

EXAMINATION INSTRUCTIONS

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

WEDNESDAY, 27 SEPTEMBER, 2023

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2023**

ECONOMICS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS

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

1. Which of the following is a fundamental problem of every society?
 - A. Opportunity cost
 - B. Scale of preference
 - C. Scarcity of resources
 - D. Economies of scale
 - E. Diseconomies of scale

2. The amount which the quantity supplied of a good exceeds the quantity demanded at current price is called
 - A. Shortage
 - B. Excess demand
 - C. Surplus
 - D. Deficit
 - E. Equilibrium quantity

3. The upward movement along a stable supply curve illustrates
 - A. Increase in supply
 - B. Decrease in supply
 - C. Increase in quantity supplied
 - D. Decrease in quantity supplied
 - E. Change in supply

4. The type of price elasticity of demand in which the consumers remain completely indifferent to changes in price is referred to as
 - A. Elastic demand
 - B. Inelastic demand
 - C. Unit elastic demand
 - D. Perfectly elastic demand
 - E. Perfectly inelastic demand

5. Marginal utility equals to zero where
- A. Total utility equals zero
 - B. Average utility is at its maximum
 - C. Total utility is at the lowest point
 - D. Total utility is at its maximum
 - E. Average utility and marginal utility intersect
6. If the marginal utilities of consuming goods X and Y are 12 utils and 4 utils respectively and the price of good Y is 2 GMD, what will be the price of good X if the consumer has to be at equilibrium?
- A. GMD3
 - B. GMD4
 - C. GMD5
 - D. GMD6
 - E. GMD9
7. At a given level of output, the marginal cost is the
- A. Total cost less total fixed cost
 - B. Ratio of change in total variable cost to change in output
 - C. Total cost divided by output level
 - D. Ratio of change in average variable cost to change in output
 - E. Total cost plus output level
8. Which of the following is an example of implicit cost?
- A. Cost of raw materials
 - B. Interest paid on loans
 - C. Value of own building used as an office
 - D. Cost of vehicle maintenance
 - E. Advertisement cost
9. Which of the following is a source of finance to Partnership form of business?
- A. Shares
 - B. Personal savings
 - C. Equity contribution
 - D. Debenture
 - E. Distributed profit

10. At any given level of output, the average revenue of a monopoly firm is
- A. Equal to the marginal revenue
 - B. The market price
 - C. Less than the marginal revenue
 - D. Total revenue less total cost
 - E. Greater than the demand
11. The demand curve of perfect competitive firm is
- A. Price elastic
 - B. Price inelastic
 - C. Perfectly price elastic
 - D. Perfectly price inelastic
 - E. Unitary
12. A perfectly competitive firm faces a price of ₦40 per unit. If the short run total cost function is $STC = 40 + 2q^2$, the profit maximising output is
- A. 10
 - B. 30
 - C. 40
 - D. 60
 - E. 80
13. The firm which produces and sells as much as it can at any given market price is a
- A. Monopoly firm
 - B. Oligopolistic firm
 - C. Free market producer
 - D. Duopoly firm
 - E. Perfectly competitive firm
14. Given that $Y = C + I$, where $C = \text{L\$}100\text{m} + 0.25Y$ and $I = \text{L\$}50\text{m}$, the equilibrium level of national income is
- A. L\$50m
 - B. L\$100m
 - C. L\$200m
 - D. L\$400m
 - E. L\$500m

15. The theory of national income determination can be traced to
- A. C. Pigou
 - B. Adam Smith
 - C. Alfred Marshall
 - D. Thomas Malthus
 - E. Lord John Maynard Keynes
16. A change in national income brought about by a given change in investment is known as
- A. Multiplier
 - B. Investment income
 - C. Investment multiplier
 - D. Average propensity to consume (APC)
 - E. Marginal propensity to consume (MPC)
17. Which of the following best describes the savings function?
- A. $S = \frac{\Delta C}{\Delta Y}$
 - B. $S = \frac{\Delta S}{\Delta Y}$
 - C. $S = \frac{1}{MPS}$
 - D. $S = a + bY$
 - E. $S = -a + (1 - b)Y$
18. Which of the following is an asset of a deposit money bank?
- A. Reserve funds
 - B. Loans
 - C. Deposits
 - D. Borrowings
 - E. Cheques
19. The desirable feature of money which makes it easy and convenient to carry around is
- A. Flexibility
 - B. Durability
 - C. Portability
 - D. Acceptability
 - E. Scarcity

20. The instruments traded in the money market include
- A. Company bonds
 - B. Treasury bills
 - C. Debentures
 - D. Stocks
 - E. Shares
21. The following are external sources of public debt, **EXCEPT**
- A. Multilateral creditors
 - B. London club of creditors
 - C. Purchase of government securities by Merchant banks
 - D. Bilateral creditors
 - E. Paris club of creditors
22. Which of the following is **NOT** an economic justification for public debt?
- A. Stabilisation of the economy
 - B. Provision of infrastructures
 - C. Capital formation to enhance the growth of the economy
 - D. To mainly finance consumption
 - E. To finance developmental projects
23. The best period for the government to adopt Surplus budget is during
- A. Unemployment crisis
 - B. Economic depression
 - C. Insecurity
 - D. Economic suppression
 - E. Inflationary period
24. Which of the following expresses unemployment induced by physical and mental disabilities?
- A. Dynamic unemployment
 - B. Neutral unemployment
 - C. Classical unemployment
 - D. Residual unemployment
 - E. Cyclical unemployment
25. The oldest International Trade theory is
- A. Country Similarity Theory
 - B. Theory of Absolute Cost advantage
 - C. Product Life Cycle Theory
 - D. Mercantilism Theory
 - E. Optimum Currency Area

26. A situation where imports are more than exports is known as trade
- A. Barrier
 - B. Deficit
 - C. Surplus
 - D. Contract
 - E. Waiver
27. Which of the following is **NOT** an advantage of international trade?
- A. Encouragement of dumping
 - B. Availability of variety of goods
 - C. Increase in world output
 - D. Efficiency in the use of world resources
 - E. Economies of scale
28. Which of the following is **NOT** a measure to finance balance of payments deficit?
- A. Borrowing from foreign governments
 - B. Using the country's foreign reserves
 - C. Taking IMF loan
 - D. Increasing the assets of foreigners
 - E. Buying investment abroad
29. The loans from the World Bank to developing countries are mainly to support
- A. Political restructuring
 - B. Exchange rate management
 - C. Their low level of consumption
 - D. Human rights initiatives
 - E. Infrastructure development
30. Which of the following is **NOT** a problem of economic planning in most West African countries?
- A. Availability of resources
 - B. Poor coordination among the ministries, departments and agencies
 - C. Political instability
 - D. Dependence on foreign aids and loans
 - E. Insufficient and unreliable data

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. Another name for opportunity cost is.....
2. The upward movement of demand curve from left to the right illustrates
3. The ratio of the percentage change in quantity supplied to the percentage change in its price is
4. The consumer is said to be in equilibrium at the point where the indifference curve isto the budget line.
5. The short-run cost that is constant at any level of output is
6. When a firm is experiencing economies of scale as output increases, its average total cost is
7. Suppose the total cost of producing 12 units of a given product is L\$2040 and the total variable cost is L\$1560, the average fixed cost is
8. When average cost curve is higher than price, a competitive firm incurs.....
9. A monopolist maximises profit when.....
10. The period in the business cycle when consumption and demand fall, prices and profits fall and new investment is reduced to a very low level is called
11. If the national income model of a closed economy is given as $Y = C + I + G$, where $C = 56 + 0.6Y_d$, $T = -40 + 0.2Y$, $Y_d = Y - T$, $I = 300$ and $G = 400$. The equilibrium national income is
12. The market for the sale and purchase of short-term loans is called
13. The ratio of total deposits that commercial banks keeps with the Central Bank to control the supply of money in circulation is known as
14. The form of tax which, at any level of income, tax payers pay the same percentage of their income as tax is

QUESTION 3

- a. Differentiate between Positive and Normative Economics. (2 Marks)
 - b. Explain the concept of Scarcity and Choice. (4 Marks)
 - c. List and explain **FOUR** fundamental questions that must be resolved in every society due to the problem of economic scarcity. (6¹/₂ Marks)
- (Total 12¹/₂ Marks)**

PART II:

MACRO - ECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

Unemployment remains one of the macroeconomic challenges faced by developing economies.

- a. What do you understand by the term “unemployment”? (2¹/₂ Marks)
 - b. List and explain **FOUR** types of unemployment. (6 Marks)
 - c. Explain **TWO** ways of curbing unemployment in developing economies. (4 Marks)
- (Total 12¹/₂ Marks)**

QUESTION 5

- a. Define the term deposit multiplier. (2¹/₂ Marks)
 - b. State **FIVE** assumptions underlying the process of deposit creation in an economy? (5 Marks)
 - c. List and explain **FIVE** functions of commercial banks. (5 Marks)
- (Total 12¹/₂ Marks)**

QUESTION 6

- a. What is economic integration? (1¹/₂ Marks)
 - b. List and explain **FOUR** types of economic integration. (6 Marks)
 - c. State **FIVE** reasons why countries engage in economic integration. (5 Marks)
- (Total 12¹/₂ Marks)**

SECTION A: PART I

MULTIPLE-CHOICE SOLUTIONS

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

Examiner's comment

The question in this part were selected from all topics in the syllabus. It is compulsory for the candidates. All the candidates attempted the questions and about 40% of them scored pass marks. 70% scored below average in the microeconomics part of the MCQ while they performed better in the macroeconomics part. Effective coverage of the entire syllabus is required for candidates to score well in this part.

SECTION A: PART II

SHORT-ANSWER SOLUTIONS

1. Real cost
2. Abnormal demand curve
3. Price elasticity of supply
4. Tangential
5. Total fixed cost
6. Decreasing / Falling
7. L\$40.00
8. Loss
9. Marginal cost equals marginal revenue (MC=MR)
10. Recession
11. 1,500
12. Money market
13. Cash reserve ratio
14. Proportional tax
15. Economy
16. Inverse/Indirect/Negative
17. Exchange rate
18. Flexible exchange rate / Floating exchange rate
19. Customs union
20. Economic growth

Workings

$$Q7. \quad AFC = ATC - AVC$$

$$ATC = \frac{2,040}{12} = 170$$

$$AVC = \frac{1,560}{12} = 130$$

$$\therefore \text{Average Fixed Cost} = 170 - 130 \\ = \underline{\underline{L\$40}}$$

Q11. $Y = C + I + G$
 $Y = 56 + 0.6Yd + 300 + 400$
 $Y = 56 + 0.6(Y - T) + 300 + 400$
 $Y = 56 + 0.6(Y - (40 + 0.2Y)) + 700$
 $Y = 56 + 0.6(Y + 40 - 0.2Y) + 700$
 $Y = 56 + 0.6Y + 24 - 0.12Y + 700$
 $Y = 780 + 0.48Y$
 $Y - 0.48Y = 780$
 $\therefore 0.52Y = 780$
 $Y = \frac{780}{0.52}$
 $Y = \underline{1,500}$

Examiner's comment

This part of the paper is equally compulsory. The questions were fairly selected from the two branches of economics – microeconomics and macroeconomics. The candidates posted dismal performance in this part of the paper. To be able to score a pass mark in this section, a candidate also needs a good understanding of all the topics in the syllabus.

SECTION B

SOLUTION 1

(a)

i. **Total Revenue (TR)**

Total revenue is the total receipts from the sale of a given quantity of a firm's output. It is obtained by multiplying price (P) by the corresponding quantity (Q) sold by the firm.

That is, $TR = PQ$.

ii. **Average Revenue (AR)**

Average revenue is the revenue per unit of output sold. It is found by dividing total revenue (TR) by quantity sold (Q). That is

$$AR = \frac{TR}{Q}$$

And since $TR = PQ$, therefore $AR = \frac{PQ}{Q} = P$ (Price). The Average revenue is same as the price.

iii. **Marginal Revenue (MR)**

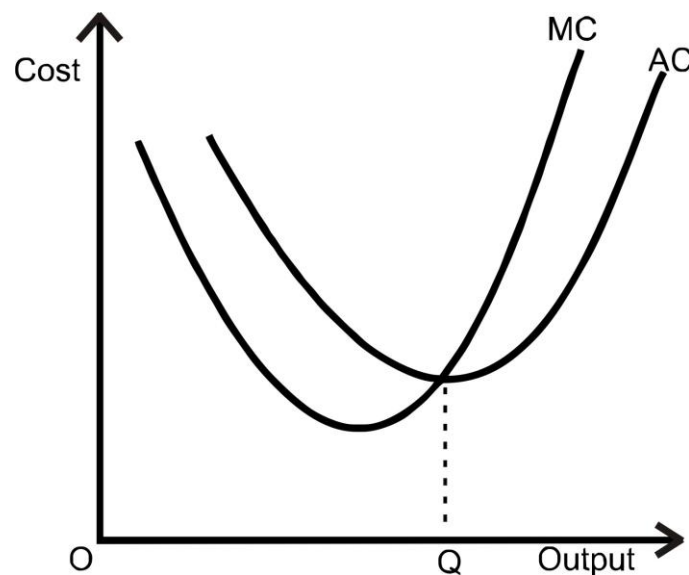
Marginal revenue is the change in total revenue with respect to a change in quantity sold. That is, it is the change in total revenue that results from the sale of one extra unit of the commodity. It is found by dividing the change in total revenue (ΔTR) by the change in quantity sold (ΔQ).

$$MR = \frac{\Delta TR}{\Delta Q}$$

- (b) **Marginal Cost (MC)** is change in total cost (TC) as a result of a unit change in output.
In the short run, the MC decreases with increase in the output level produced, and thereafter it (MC) increases as the output level increases; thus making the MC curve a U-shape.

Average Total Cost (ATC) simply known as average cost (AC) is the total cost per unit of output produced. The AC curve like the MC curve is in U-shape. The U-shape is due to the law of diminishing returns or law of variable proportion.

- (c) The graphical relationship between the short run MC and AC is demonstrated below



From the above graph, at the lower levels of output produced both the AC and MC are falling but the MC falls faster than the AC (and MC curve lies below the AC curve). As the level of output increases further, both the AC and MC start rising but the MC rises faster than the AC (and MC curve lies above the AC curve). But at the minimum point of the AC, the MC is equal to the AC (and MC curve cuts the AC curve from below).

Examiner's comment

This question on the theory of production tested candidates' knowledge of the basic concepts of revenue – total, average and marginal, as well as the cost concepts. The depiction of the cost curves with the aid of graphs was also tested.

About 15% of the candidates attempted the question, while just about 60% of them scored at least 50% of the marks allocated to the question.

SOLUTION 2

- a. Market is an Organizational framework that links buyers and sellers of goods and services. Market may be physical or online. Physical market entails designated location where buyers and sellers converge to trade goods and services e.g Oyingbo market, Oshodi market etc. Conversely, online market involves the use of internet to link potential buyers and sellers of goods and services. Common online market platform includes jiji, jumia, konga etc.

On the other hand, market structure involves various arrangement of buyers and sellers in a market. These include one seller and many buyers (monopoly), two sellers and many buyers (duopoly), few sellers and many buyers (oligopoly) and many buyers and many sellers (perfect competitive market).

- b. Condition under which a perfect competitive firm will shut down:
A perfect competitive firm will shut down when average variable cost is greater than price. Average cost comprises average fixed cost and average variable cost. Therefore, a firm can still operate even if average cost is above price as long as component of average variable cost constitutes the lower proportion of average total cost. This is so as average variable cost represents direct cost of producing a unit of commodity.
- c. Sources of monopoly power are:
1. **Economies of Scale:** A large firm may retain a monopoly power through cost advantages gained from the use of cost-saving technology which enables it to sell profitably at a lower price than could any small competitor.
 2. **Franchises and Patents:** If a firm invents a machine or production process after huge costs have been incurred on research and development (R and D) efforts, the government may grant the firm monopoly privilege in the form of exclusive license or patent i.e. legal protection that makes it illegal for new firms to produce exactly the same type of machine. This is to encourage creativity in the economy.
 3. **Control Of the Entire Supply Of A Basic Input:** If the entire supply of the basic raw materials required in the production of a commodity is controlled by single firm, such a firm will monopolize the supply of the product.
 4. **Location Factor:** Due to the size of an area, there might not be incentive for investors to establish firms in the areas until one investor takes the risk and remains the sole firm in the community enjoying the monopoly power. This is the case for rural banking scheme in most developing economies.
 5. **State Monopoly:** The government may assume a monopoly power in the production of some commodities or in the provision of some services; either to prevent people from being exploited or to ensure adequate supply of essential facilities which cannot be provided by private entrepreneurs because of huge capital and high risk involved. This is the case for public utilities, such as electricity, water, railway transport service, etc.

6. **Merger and Acquisition:** Large firms may merge to control the entire market supply, or a large firm may acquire (buy) smaller firms that can no longer operate profitably to gain total control of the market supply.

Examiner's comment

This question on market structure is quite straightforward. It tested the knowledge of the candidates on conditions of operations of the perfect competitive firm and sources of monopoly power as a market structure.

About 65% of the candidates attempted this question, while the success rate stands at about 80%. Inability of some candidates to explain the sources of monopoly power as well as the differences in market and market structure explains their limited performance in this question.

SOLUTION 3

- a. Positive Economics is concerned with the development and testing of positive statements about the world that are objective and verifiable, for example, "what is".

Normative Economics is concerned with subjective statements derived from an opinion or a point of view. Thus the word, 'should', 'ought to', etc. are frequently used to describe normative statements. Normative economics is heavily concerned with value judgements.

- b. **Scarcity:** The concept of scarcity refers to the situation whereby resources are limited relative to unlimited human wants. This implies that human desires for goods and services are not greater than the available productive resources in every society but are even naturally insatiable.

Choice: The concept of choice refers to selection among a number of items or wants that are simultaneously desired. The necessity of making economic choices with respect to production, consumption and distribution is created by scarcity. And to make a satisfactory choice requires making a rational decision to recognise what we desire most at any point in time. Every human society faces the problems of scarcity and choice.

- c. The fundamental questions of the problem of society are:
- i. **What to produce?** Every society must determine in some manner what goods and services and how much of each to produce during any given period of time.
 - ii. **How to produce?** Each firm must decide how to utilise the inputs to achieve optimal resources allocation i.e. the manner of combination of factors of production in order to produce maximum output quantum of goods and services possible.

- iii. **For whom to produce?** That is, for which category of consumers are the goods being produced? Is it for the young, the old or for both categories?
- iv. **How to facilitate future growth?** The resources must be utilized at a rate that would enhance future production possibilities.

In conclusion, Scarcity is the most fundamental economic problem facing every society. If resources are not scarce, goods and services would not be scarce and there would be no need to economise. Consequently, there would be no need to study economics.

Examiner's comment

This question on the nature and scope of economics and the economy tests candidates' knowledge on basic economic concepts and problems of society. The concepts of positive and normative economics, scarcity and choice, and fundamental questions of the problems of society were examined.

About 80% of the candidates attempted the question. Over 70% of the candidates passed in this question. The major pitfall being the inability of the candidates to identify the basic questions of the problems of the society.

SOLUTION 4

- a. Unemployment refers to a situation where people who are willing and able to work do not find jobs at the existing wage rate. For a person to be referred to as unemployed, he or she must be qualified for a job, willing to work at the current wage rate and unable to find a job.
- b. Types of unemployment are:
 - i. **Frictional Unemployment:** This refers to unemployment caused by changes in individual labour markets. This is the type of unemployment resulting from people who have left jobs willingly and are searching for new employment or people who are either entering or re-entering the labour force to search for a job.
 - ii. **Structural Unemployment:** This is unemployment resulting from changes in the pattern of demand for goods and services or changes in technology. These changes may in turn alter the structure of the total demand for labour rendering some particular skill less in demand or may become obsolete. The demand for other skills however may expand. Unemployment in this case is the result of the composition of the labour force which does not respond quickly to new structures of job opportunities.
 - iii. **Cyclical Unemployment:** This is the type of unemployment resulting from decline in real aggregate output in the economy. It can also be defined as unemployment caused by deficiency of aggregate or total spending. This is sometimes referred to as deficient-demand unemployment.

- iv. **Seasonal Unemployment:** This occurs as a result of seasonal fluctuations in employment. For example, in the cocoa season – there will be demand for more farm hands. These farm hands are laid off after the cocoa season.
 - v. **Residual Unemployment:** This is the type of unemployment that occurs in the period of full employment as a result of those mentally, physically, or emotionally unfit to work.
- c. Government can curb unemployment through the use of:
- i. **Monetary Policy:** By embarking on expansionary monetary policies like high credit ceiling, buying of financial instruments like treasury bills, bonds etc, the central monetary authority will increase supply of money, which is critical for investment, hence high labour requirement.
 - ii. **Fiscal Policy:** Embarking on deficit budget by increasing government expenditure over revenue, hence increased capital expenditure would stimulate employment. Also, tax cut would reduce operation cost of firms in return, there would be enough additional revenue for expansion which will ultimately require engagement of additional labour force.
 - iii. **Restructuring the educational system:** The educational system should be restructured to favour vocational training and acquisition of skills that generate self-employment and entrepreneurship.
 - iv. **Emphasis on Labour-intensive techniques:** Government should encourage industries that adopt labour-intensive techniques of production to generate sufficient employment opportunities. These industries could be given easy access to credit facilities, tax relief etc.

Examiner's comment

This question on macroeconomic problems tested candidates' knowledge of the term 'unemployment' as a macroeconomic challenge, its types and ways of curbing this problem in developing economies.

About 50% of the candidates attempted the question, while about 70% of them scored above average, that is, above 50% of the marks allocated to the question.

SOLUTION 5

- a. Deposit multiplier is the maximum amount of money that a bank can create for each unit of money it holds as reserves. It involves the percentage of the amount on deposit at the bank that can be loaned. The percentage is determined by the reserve requirements set by the central bank. The deposit multiplier is the reciprocal of the cash reserve ratio maintained by the banking system. The higher the cash ratio, the lower the deposit multiplier and the lower the demand deposit expansion and vice versa. Therefore, if the required cash reserve ratio is 10%, the deposit multiplier would be $K_{dep} = \frac{1}{r}$ where r = cash reserve ratio.

Which implies $\frac{1}{0.1} = 10$. This means that for every ₦1 deposit in the banking system, the banks can potentially create ₦10 in new money through lending.

- b. The assumptions underlying the process of deposit money creation are:
- i. The banking system is comprised of many banks.
 - ii. There is no cash leakage in the system.
 - iii. The statutory cash reserve ratio is given.
 - iv. All banks in the system are willing and able to make loans to the limit set by cash reserve requirements.
 - v. The initial deposit of a customer in his current account is given.
- c. Functions of Commercial Banks are:
- i. **Accepting deposits of money:** Commercial banks, as savings institutions, provide facilities for the mobilization of savings by accepting deposits from households, firms and government.
 - ii. **Granting loans and advances:** The most profitable function of commercial banks is extending credits to worthy borrowers while charging interest rate higher than the rate they pay on deposits.
 - iii. **Acting as agents of payment:** Commercial banks' customers keep current accounts from which they can draw for settlement of debt and for payments for goods and services. They also transfer funds on behalf of their customers through collection of standing orders and direct debiting.
 - iv. **Creating demand – deposit money:** By lending out the money – i.e. deposit that they collected from some customers, commercial banks create additional purchasing power in the economy.
 - v. **Providing international trade service:** Commercial banks are involved in the financial aspects of international trade, especially by discounting bills of exchange for their customers who are exporters and opening letters of credit in favour of their customers who are importers.
 - vi. **Providing brokerage services:** Commercial banks undertake to buy and sell stocks and shares on behalf of their customers.
 - vii. **Foreign exchange services:** Commercial banks act as intermediaries between the Central Bank or authorized foreign exchange dealers and their corporate customers to process foreign exchange allocation.
 - viii. **Safekeeping of valuable items:** Commercial banks undertake to keep, for their customers, valuable items such as government stock, share certificates, academic certificates, certificate of occupancy, jewellery, insurance policies.

- ix. **Equipment leasing:** This is the activity of banks in financing purchases of fixed assets by their customers (mostly business enterprises) and allowing repayment over an agreed period of time.

Examiner's comment

This question is on money and banking part of the macroeconomics section of the syllabus. It examines the concept of deposit multiplier and the students' knowledge of deposit creation by commercial banks in an economy. It equally examined the functions of the commercial banks. This question was straightforward, as more than 50% of the candidates attempted the question. Candidates' performance was fairly above average as the major challenge- was being able to highlight the assumptions underlying the process of deposit money creation (5b).

SOLUTION 6

- a. Economic integration is the removal of discrimination between the economic agents of the member countries and the creation and implementation of common policies. Integration is a process of merger of economies of separate states into larger entities. Integration is the process of the progressive removal of discrimination that exists along national borders. Integration is also the process of gradual elimination of economic frontiers.
- b. Types of Economic Integration are:
- i. **Free Trade Area:** When two or more states eliminate internal barriers to trade while keeping their own external tariffs against non-member states.
 - ii. **Customs Union:** This is an arrangement where two or more states eliminate internal barriers to trade while agreeing to a common external tariff as a union.
 - iii. **Common Market:** This is an arrangement of a customs union as well as the countries agreeing to remove the barriers to the movement of factors of production (capital and labour).
 - iv. **Economic Union:** This occurs when countries graduate beyond a common market, by agreeing to coordinate their economic policies such as interest rates, common policies on inflation and ultimately a single currency.
- c. Countries engage in international integration as a result of the following:
- i. Increasing members' welfare.
 - ii. Obtaining efficiency in resource use.
 - iii. Eliminating discrimination.
 - iv. Freedom of movement of goods and Factors of production.
 - v. Achieving economic policy objectives in partnership than in autarky-unilateral isolation.
 - vi. Consultation between different economies.

Examiner's comment

This question is on the international finance aspect of the macroeconomic part of the syllabus. It tested candidates' knowledge of what economic integration entails, by assessing their understanding of the various forms of economic integration as well as the reasons why countries engage in it.

About 30% of candidates attempted the question. Most candidates had difficulty in explaining the forms of economic integration and advancing good reasons for integration was also a pitfall for many of the candidates.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2023 EXAMINATIONS (PART 1)**

BUSINESS LAW

PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER

EXAMINATION INSTRUCTIONS

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

TUESDAY, 26 SEPTEMBER, 2023

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2023**

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. Which of the following received English Law is limited by application date in Nigeria?
 - A. Common law
 - B. Doctrines of equity
 - C. By-Law
 - D. Codes
 - E. Statutes of general application

2. An international agreement of States is called a/an
 - A. Contract
 - B. Treaty
 - C. Concord
 - D. Accord
 - E. Sovereignty

3. Which of the following courts is a superior court?
 - A. Customary Court
 - B. Customary Court of Appeal
 - C. Sharia court
 - D. Area court
 - E. Magistrate court

4. A set of moral rules that guide professionals in the discharge of their duties to a third party is called
 - A. Ethics
 - B. Customs
 - C. Bill
 - D. Order
 - E. Enactment

5. Duties of parties in tort are fixed by
 - A. Customs
 - B. Practise
 - C. Law
 - D. Procedure
 - E. Agreement

6. In a contractual agreement, a definite, clear and final proposition made by one person to another is a/an
 - A. Invitation to treat
 - B. Tender
 - C. Consideration
 - D. Offer
 - E. Auction

7. The mandatory qualification of a private company secretary is
 - A. Membership of a body of Chartered Accountants
 - B. Membership of the Nigerian Bar
 - C. Membership of ICSAN
 - D. Membership of Institute of Chartered Arbitrators
 - E. Requisite knowledge and experience

8. An exception to the principle of law which states that a person who is not a party to an agreement cannot enjoy the benefits nor suffer the burden of that agreement is a/an
 - A. Hire purchase
 - B. Sales of goods contract
 - C. Insurance contract
 - D. Insolvency agreement
 - E. Credit sale

9. A contract that is impossible to be performed because of the occurrence of an event not within the contemplation of the contracting parties is discharged by
 - A. Breach
 - B. Frustration
 - C. Termination
 - D. Cancellation
 - E. Subrogation

10. Which of the following **CANNOT** validly appoint a company administrator?
- A. An ordinary shareholder
 - B. An administrative order of court
 - C. The directors
 - D. A holder of a floating charge
 - E. The company
11. The remedy for a breach of contract that compels the offending party to carry out his own side of the agreement is
- A. Restitution
 - B. Damages
 - C. Indemnity
 - D. Specific performance
 - E. Injunction
12. A party that fails to perform his own side of an agreement is liable for
- A. Trespass of contract
 - B. Breach of contract
 - C. Breach of consideration
 - D. Negligence of contract
 - E. Non-performance
13. An agency relationship created by words of mouth or in writing is an
- A. Implied agency
 - B. Agency of necessity
 - C. Agency of estoppel
 - D. Express agency
 - E. Agency by ratification
14. Terms that are not specifically stated in a sale of goods transaction but which the law would assume to be part of the contract are
- A. Estoppel terms
 - B. Conduct terms
 - C. Law terms
 - D. Court terms
 - E. Implied terms

15. An operating lease is treated as a/an
- A. Capital lease
 - B. Expense that remains off balance sheet
 - C. Asset on the balance sheet
 - D. Interim ownership
 - E. Derivative
16. The right of the owner of goods against a hirer who determines the hire purchase contract through a court action is
- A. Destruction of the goods
 - B. Repossession of goods
 - C. Detinue
 - D. Breach
 - E. Fífa
17. Redundancy may be caused by
- A. Death of the employee
 - B. Demise of the employer
 - C. Close down of an organisation
 - D. Retirement of the employee
 - E. Incapacity of the employee
18. The consideration for a contract of insurance is
- A. Subrogation
 - B. Indemnity
 - C. Premium
 - D. Acceptance
 - E. Offer
19. An example of E-contract is
- A. Click through
 - B. Computerisation
 - C. Digital signature
 - D. Browser
 - E. Chrome

20. The effect of the death of a limited partner on the existence of the firm is
- A. Dissolution of the firm
 - B. No consequence
 - C. Court action
 - D. Succession problem
 - E. Conflict
21. A change in the rights of liabilities of members of a company without their unanimous agreement is a/an
- A. Compromise
 - B. Reconstruction
 - C. Accord
 - D. Concordance
 - E. Arrangement
22. The body that is responsible for the registration of a person eligible to audit a public company is the
- A. Corporate Affairs Commission
 - B. Institute of Chartered Accountants of Nigeria
 - C. Securities and Exchange Commission
 - D. Federal Inland Revenue Service
 - E. Institute of Directors
23. Which of the following may hold a virtual meeting by virtue of the Companies and Allied Matters Act, 2020?
- A. Public company
 - B. Public unlimited company
 - C. Medium company
 - D. Foreign company
 - E. Private company
24. A merger may be achieved through a
- A. Partnership
 - B. Joint venture
 - C. Compromise
 - D. Synthesis
 - E. Finance lease

25. The duty of the bank to pay a customer's cheque can be stopped by the customer through
- A. Countermand order
 - B. Managers order
 - C. Court order
 - D. Directors order
 - E. EFCC order
26. The parties to a promissory note transaction are
- A. Drawer, Payee, Payer
 - B. Drawer, Bearer, Payer
 - C. Drawer, Drawee
 - D. Drawer, Payee
 - E. Bearer, Payee, Payer
27. The relationship which arises when a person holds property for the benefit of another person is
- A. Contract
 - B. Hire purchase
 - C. Trust
 - D. Insurance
 - E. Bailment
28. Which of the following is a method of settling disputes without going to court?
- A. Litigation
 - B. Arbitration
 - C. Administration
 - D. Restitution
 - E. Resolution
29. A trust for advancement of education is a
- A. Private trust
 - B. Public trust
 - C. Precatory trust
 - D. Proactive trust
 - E. Productive trust

30. A holder of a bill in due course is also a/an
- A. Registered holder
 - B. Agent holder
 - C. Temporary holder
 - D. Contingent holder
 - E. Holder for value

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 maxim that requires anyone seeking the assistance of equity to act in time is
2. In the law of contract, auction is an example of
3. To establish the tort of negligence, the relevant duty is.....
4. The highest court in Nigeria is
5. The effect of mistake in a contract is
6. The acceptance of an offer communicated by post takes effect when the letter is
7. Consideration need not be adequate but
8. Money paid under a void contract is
9. The remedy for a breach of sales of goods contract that seeks to compensate the injured party as far as money can do is
10. In the law of agency, ratification is equal to
11. A contract of bailment under which a person obtains possession of the goods while ownership remains in another person is called

12. The remedy of the insured to be restored to the financial position he would have been before the occurrence of the loss he suffered under a contract of insurance is
13. The liability of a limited partner in the event of the dissolution of the firm is
14. The minimum number of independent directors of a public company is
15. The minimum membership of a limited liability partnership is
16. The duty of the bank not to disclose the account information of the customer to a third party is
17. The instruction to pay a party to a promissory note transaction is an promise in writing
18. The objects of a private trust are called
19. The compensation of an arbitration is
20. court has jurisdiction over company winding up

SECTION B:

ATTEMPT ANY FOUR QUESTIONS

(50 Marks)

QUESTION 1

- a. Abimbola has just bought a new car. He completed the proposal form to insure the car with XYZ insurance company but failed to pay the premium despite repeated demands by the company.

Required

- i. Define premium in insurance contract. (1 Mark)
- ii. State and explain **TWO** consequences of non-payment of premium by Abimbola. (4 Marks)

- b. Sale of goods contracts have terms that are binding on the parties.

Required:

Explain the implied terms of:

- i. Title of the seller (2½ Marks)
- ii. Sale by description (2½ Marks)
- c. Equity is a part of the Received English Law.

Required:

Explain equity and state the main reason for the development of equity.

(2½ Marks)

(Total 12 ½ Marks)

QUESTION 2

- a. ABC Limited sells clothes and shoes. Ade is a cashier in ABC company and a friend to Segun and Tunde. Segun sent a text message to Ade instructing him to buy two shirts for him. Ade thought Tunde would also need some shoes and bought two pairs of shoes for Tunde. Tunde praised Ade for his decision to buy two pairs of shoes without prior consultation with him and paid for same.

Required:

- i. Explain agency (2 Marks)
- ii. State the types of agency created by the actions of:
- Ade and Segun (1½ Marks)
 - Ade and Tunde (1½ Marks)
- b. Judicial precedent is a source of Nigerian law.
- Required:**
Briefly explain judicial precedent (2½ Marks)
- c. Adelabu Chukwuemeka intends to establish a business under the name and style "Adechuks ventures".
- i. What does the law require of him? (2½ Marks)
- ii. Assuming he intends to establish the business under the name "Adelabu Chukwuemeka," what obligation has he? (2½ Marks)

(Total 12½ Marks)

QUESTION 3

- a. Teekay Plc is desirous of auditing its financial statements for the year. The directors and other officers of the company connived to appoint a person who is not registered under the law so as to reduce the cost of the exercise.

Required:

State the penalties stipulated by law for:

- i. The person appointed by Teekay Plc for the examination (2 Marks)
 - ii. The officers of Teekay Plc who connived to violate the provisions of the law on appointment of auditors. (1½ Marks)
 - iii. Apart from the above, state **TWO** persons that are not eligible for appointment as auditors to investigate Teekay Plc. (2 Marks)
- b. One of the duties of a bank is to honour a customer's cheque.

Required:

State **TWO** conditions that must exist for the performance of this duty (2 Marks)

- c. Directors owe certain duties to their companies.

Required:

State **FIVE** duties of directors.

(5 Marks)

(Total 12½ Marks)

QUESTION 4

- a. A contract can be discharged by frustration.

Required:

State **FIVE** situations that frustrate a contract.

(2½ Marks)

- b. Ade put a message on the notice board of his society promising to pay the sum of ten thousand Naira to anyone who found his lost book, titled Learning the Rudiments of Accounts. Florence found the book and returned it to Ade, but Ade has refused to pay Florence the ten thousand Naira, arguing that no offer was made specifically to Florence.

Required:

Advise the parties.

(5 Marks)

- c. A promissory note is an example of a negotiable instruments.

Required:

Define promissory note and state two examples of negotiable instruments.

(5 Marks)

(Total 12½ Marks)

QUESTION 5

- a. The principle of privity of contract has exceptions.

Required:

- i. Explain privity of contract. (2 Marks)
- ii. Ronke entered into a contract with John. One of the terms of the contract was that John should pay ten thousand naira to James. John has refused to pay James and Ronke declines to sue John.

Advise James on the legality of suing John for the money. (3 Marks)

- b. Negligence has essential elements.

Required:

State the **THREE** elements of the tort of negligence. (4½ Marks)

- c. A partnership may be dissolved by the court.

Required:

State **TWO** reasons for which the court would dissolve a partnership. (3 Marks)

(Total 12½ Marks)

QUESTION 6

- a. The services of an employee may not be required in an organisation for many reasons.

Required:

- i. Explain Redundancy. (2 Marks)
- ii. Outline **THREE** steps which an employer must take under the law before an employee can be rendered redundant. (3 Marks)

- b. Arbitration is an Alternative Dispute Resolution mechanism.

Required:

State **FOUR** advantages of arbitration over litigation. (4 Marks)

- c. There are different types of trust.

Required:

Explain public trust and state **TWO** of its characteristics. (3½ Marks)

(Total 12½ Marks)

SECTION A: PART 1

MULTIPLE-CHOICE SOLUTIONS

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

Examiner's comment

The questions had a good spread over the entire syllabus. Attempt rate was 100%, and about 80% of the candidates scored average marks and above.

The major pitfall was inadequate preparation by some of the candidates.

Candidates are advised to cover the entire syllabus in the ICAN Study Text in their future preparation.

SECTION A: PART II

SHORT-ANSWER SOLUTIONS

1. Delay defeats equity
2. Invitation of treat
3. The duty of care
4. The Supreme Court
5. Vitiating effect or factor
6. Posted/dropped in the post box
7. Sufficient
8. Not recoverable
9. Damages
10. Antecedent authority/Adoption
11. Hire purchase contract
12. Indemnity
13. Limited to the sum money he contributed to the business/Capital Contribution
14. Three (3)
15. Two (2)
16. Duty of secrecy/Confidentiality
17. Unconditional
18. Beneficiaries
19. Arbitral award
20. The Federal High Court

Examiner's comment

The questions had a good spread over the entire syllabus. Attempt rate was 100%, and about 70% of the candidates scored average marks and above.

The major pitfall was inadequate preparation by some of the candidates.

Candidates are advised to cover the entire syllabus in the ICAN Study Text in their future preparation.

SECTION B

SOLUTION 1

(a)

- i. Payment of premium is the consideration for a contract of insurance between the insurer and the insured.
- ii. In the contract between Abimbola and XYZ insurance company, failure to pay the premium by Abimbola means that Abimbola has not furnished consideration for the agreement between the parties.

Secondly it means that he has not accepted the offer of XYZ Company to insure his car. Therefore, there is no agreement between the parties.

- (b)
- i. The implied term on the title of the seller is that the seller has a right to sell the goods in case of an outright sale, and in the case of an agreement to sell, the seller will have a right to pass title to the buyer at the time the interest is to pass.
 - ii. The implied term on sale by description is that the goods supplied by the seller must correspond with the description.
- (c) Equity means fairness and just interpretation of the law. It also means the branch of the law administered by the Court of Chancery before the passing of the Judicature Act of 1873 - 1875.

Equity developed because of the rigidity of the common law system.

Examiner's comment

The question tests candidates' understanding of the law on premium payment in insurance, implied terms in sale of goods, and the meaning of equity as a source of Nigerian law.

About 85% of the candidates attempted the question, and about 85% had average and above scores.

The main pitfall of the candidates was inadequate understanding of the law of insurance and equity.

Candidates are advised to study these areas more diligently in the ICAN Study Text in their future preparations.

SOLUTION 2

- (a) Agency is the relationship that is established between two persons when one, known as the agent, is regarded in law to represent the other, called the principal, so as to affect the latter's relationship with third parties.

Ade and Segun

Agency relationship may be created expressly, or in writing or by conduct. In the case of Ade and Segun, Segun gave an instruction to Ade to purchase clothes in writing, that is, by sending a text message. Therefore, the agency relationship created by Ade with Segun is an express agency.

In the situation of Ade and Tunde, there was no verbal or written instruction. Ade acted of his own volition by purchasing the items for Tunde. The approval by Tunde of the action of Ade gave rise to an implied agency.

- (b) Judicial precedent is a principle of law which states that the judgement of a superior court shall be binding on a lower court when faced with similar facts. This is also known as *stare decisis*.
- (c) The business name “Adechuks Ventures” will require registration under the Business Names Registration Part of the Companies and Allied Matter Act 2020. This is because it is an assumed name.

The business name “Adelabu Chukwuemeka” will not need registration because it is the true forename and surname of Adelabu Chukwuemeka.

Examiner’s comment

The question tests candidates’ understanding of the law on creation and types of agency, judicial precedent, and business name registration.

About 75% of the candidates attempted the question, and about 65% had average and above scores.

The main pitfall of the candidates was inadequate preparation, reflected especially in their inadequate knowledge of the law on registration of business names.

Candidates are advised to study the ICAN Study Text more diligently in their future preparations.

SOLUTION 3

- a)
 - i. The penalty stipulated by law for the person appointed by Teekay Company to audit the account of the Company is a fine of ₦100,000.00 as well as a further penalty of ₦ 5,000 for every day of violation.
 - ii. The officers of Teekay Plc who connived to appoint the auditor will equally be liable to the sum of ₦ 100,000.000.

Two persons who are disqualified from appointment as auditors of Teekay Plc for the audit exercise are:

- A debtor to the company or a connected company for over five hundred thousand naira.
- Officers or servants of the company
- An employee or consultant of the company who has maintained or prepared the financial records of the company for more than 1 year

- A partner or employee of the company.
 - A shareholder or spouse of a shareholder of a company whose employee is an officer of the company.
 - A disqualified auditor of a subsidiary of Teekay Plc.
- b) The conditions that must exist for the performance of the duty that a bank must honour a customer's cheque are:
- i. The customer's account is in fund
 - ii. Credit arrangement with the bank has been agreed
 - iii. The customer's mandate, e.g. cheque, is regularly drawn
 - iv. There is no legal impediment against payment
- c) The duties of a director are as follows:
- i. Duty to observe utmost good faith towards the company in any transact with it or on its behalf.
 - ii. Duty to act in the best interest of the company.
 - iii. Duty not to fetter his discretion to vote in a particular way.
 - iv. Duty not to abdicate his power when delegating it.
 - v. Duty to avoid conflict of his interest with duty.
 - vi. Duty to exercise his powers for proper purpose.
 - vii. Duty not to make secret profit or accept bribe, commission or, gift from outsiders.
 - viii. Duty of care, skill, and attention.

Examiner's comment

The question tests candidates' understanding of persons that are qualified as company auditors, honouring of customer's cheque by a bank, and duties of directors.

About 75% of the candidates attempted the question, and about 65% had average and above scores.

The main pitfall of the candidates was inadequate preparation, reflected especially in their inadequate knowledge of company law, especially the law on auditors.

Candidates are advised to study the ICAN Study Text more diligently in their future preparations.

SOLUTION 4

- (a) The following events may frustrate a contract:
- i. A change in the law.
 - ii. Accidental destruction of a specific thing upon which the contract depends.
 - iii. Non- occurrence of a specific event on which the contract is based.
 - iv. The death of either party to a contract of personal nature.
 - v. Supervening circumstances or vital change of circumstance.
 - vi. Act of God

- (b) The applicable law is that an offer could be made to a person, group, or the world at large.

Ade made an offer to the whole world, which was capable of being accepted by anyone who found his lost book.

In this case, Florence performed the terms of the offer by finding the book and returning it to Ade.

Therefore, Ade is bound to pay Florence the sum of ten thousand Naira that he promised.

- (c) A promissory note is an unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money to, or to the order of, a specified person or to bearer.

Examples of negotiable instrument are:

- Bill of lading
- Bill of exchange
- Share certificate
- Treasury bills
- Cheques
- Banker's draft
- Dividend warrant
- Bearer debenture

Examiner's comment

The question tests candidates' understanding of frustration of contract, offer and acceptance, and negotiable instruments.

About 90% of the candidates attempted the question, and about 70% had average and above scores.

The main pitfall of the candidates was inadequate preparation, reflected especially in their inadequate knowledge of negotiable instruments and elements of a contract.

Candidates are advised to study the ICAN Study Text more diligently in their future preparations.

SOLUTION 5

(a)

- i. Privity is the relationship that exists between parties to a contract. This rule states that unless expressly stated, a person who is not a party to a contract would neither enjoy the benefits nor suffer the burdens of that contract. A stranger to a contract cannot sue or be sued on it.
- ii. The issue in the question is privity of contract. The principle of privity of contract states that a person who is not a party to an agreement cannot claim any right or suffer any loss under the agreement.

The contract in the question is between Ronke and John. James is a stranger to the contract even though one of the terms of the agreement stipulates a payment of ₦10,000.00 to him.

James cannot claim any right under the contract due to the principle of privity of contract.

(b) The THREE elements of the tort of negligence are:

- i. There must be a duty of care.
- ii. The defendant must have breached that duty.
- iii. The plaintiff must have suffered an injury because of the breach.

(c) A partnership could be dissolved by court for the following reasons:

- i. Insanity of one of the partners.
- ii. Permanent incapacity of one the partners other than the partner suing.
- iii. When the partner, other than partner suing, has been guilty of conduct calculated to prejudicially affect the carrying on of business.
- iv. When a partner, other than the partner suing, willfully or persistently commits a breach of the partnership agreement or otherwise conducts himself in a manner that makes it impracticable for the other partners to carry on the business in partnership with him.
- v. When the partnership business can only be carried on at a loss.
- vi. Whenever the court thinks it just and equitable to dissolve the partnership.

Examiner's comment

The question tests candidates' understanding of privity of contract, elements of negligence, and dissolution of partnership.

About 70% of the candidates attempted the question, and about 60% had average and above scores.

The main pitfall of the candidates was inadequate preparation.

Candidates are advised to study the ICAN Study Text more diligently in their future preparations.

SOLUTION 6

(a)

- i. Redundancy is a change in the legal relationship of an employee and his employer due to close down or lack of business, which makes the employee unemployed or causes diminution in the terms and conditions of his employment.
- ii. The steps which an employer must take before an employee could be rendered redundant are as follows:

The employer must write a letter to chief labour officer and the trade union concerned stating:

- The number and categories of workers likely to be affected
- The period within which the termination is carried out
- The measure to be taken to avert or minimize the termination
- Measures to mitigate the adverse effects of any termination on the workers concerned.

(b) The advantages of Alternative Dispute Resolution over litigation are as follows:

- i. It is useful when the subject matter of the dispute is highly technical so as to require arbitrators with an appropriate degree of expertise.
- ii. Arbitration is often faster than litigation.
- iii. Arbitration could be cheaper and more flexible for business purposes.
- iv. Arbitration proceedings and an arbitral award are generally non-public, but could be made confidential.
- v. In most legal systems, there are very limited avenues for appeal of an arbitral award, which allows the matter to be disposed of quickly.

(c) A Public trust is created to benefit the public generally or a significant part of it. It is also called charitable trust.

The characteristics of a public trust are as follows:

- i. It must be of be for the benefit of the public.
- ii. It must be wholly or exclusively charitable
- iii. It must be charitable in the legal sense

Examiner's comment

The question tests candidates' understanding of redundancy of employees, arbitration, and the characteristics of public trust.

About 60% of the candidates attempted the question, and about 55% had average and above scores.

The main pitfall of the candidates was inadequate preparation.

Candidates are advised to study the ICAN Study Text more diligently in their future preparations.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2023 EXAMINATIONS (PART 1)****COMMUNICATION SKILLS**

PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER

EXAMINATION INSTRUCTIONS

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

WEDNESDAY, 27 SEPTEMBER, 2023

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2023**

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 Communication that does not involve the use of words is called
 - A. Object Communication
 - B. Written Communication
 - C. Oral Communication
 - D. Non-verbal Communication
 - E. Vocal Communication

- 2 The person who transmits the message in a communication process is called
 - A. Channel
 - B. Sender
 - C. Receiver
 - D. Response
 - E. Feedback

- 3 An interference that may hinder a communication process is called
 - A. Sender
 - B. Receiver
 - C. Barrier
 - D. Channel
 - E. Feeder

- 4 All forms of human communication that are not verbal may be described as
 - A. Prosody
 - B. Vocalics
 - C. Optics
 - D. Paralanguage
 - E. Phonetics

- 5 A channel connects the sender to the
 - A. Receiver
 - B. Noise
 - C. Communication
 - D. Feedback
 - E. Voice

- 6** Communication that takes place between the members of an organisation and those outside it is called
- A. External
 - B. Formal
 - C. Informal
 - D. Internal
 - E. Lateral
- 7** An exchange of facts, ideas, opinions, or emotions by two or more persons is called
- A. Gift
 - B. Combination
 - C. Correlation
 - D. Connection
 - E. Communication
- 8** Another name for 'Period' in British English is called
- A. Comma
 - B. Exclamation
 - C. Semicolon
 - D. Colon
 - E. Full stop
- 9** Upward communication flows from
- A. Superior to a superior
 - B. Subordinate to a superior
 - C. Subordinate to a subordinate
 - D. Superior to a subordinate
 - E. Superior to a superordinate
- 10** An example of oral communication is
- A. Telephone
 - B. Letter
 - C. E-Mail
 - D. Fax
 - E. Text message
- 11** The most important part of a formal letter is the
- A. Body
 - B. Heading
 - C. Date
 - D. Post Script
 - E. Salutation

- 12 The flow of communication from a subordinate to the superior takes the form of communication
- A. Face-to-Face
 - B. Downward
 - C. Visual
 - D. Oral
 - E. Upward
- 13 Pictures, slides, films and charts fall under
- A. Visual Communication
 - B. Audio-Visual Communication
 - C. Audio Communication
 - D. Body Languages
 - E. Verbal Communication
- 14 In an informal letter writing, salutation comes
- A. Above the sender's address
 - B. At the left hand margin below the date
 - C. At the end of the letter
 - D. In The body of the letter
 - E. At the right hand below the date
- 15 A memorandum is an example of communication only
- A. Lateral
 - B. Internal
 - C. External
 - D. Visual
 - E. Oral
- 16 Smiling, waving, and clapping are examples of
- A. Speech
 - B. Body Language
 - C. Grammar
 - D. Written Communication
 - E. Verbal Communication
- 17 Written Communication does not necessarily involve the use of the following, **EXCEPT**
- A. Writing
 - B. Audio-visuals
 - C. Visuals
 - D. Body Language
 - E. Paralanguage

- 18 An appropriate salutation for an application letter is
- Dear Sir
 - My Dear Sir
 - Sir
 - Sir/Ma
 - Dear Mr X
- 19 Once a message is encoded in a desired format, it is transmitted through a
- Channel
 - Decoder
 - Way
 - Pipeline
 - Thoroughfare
- 20 In English, 'A' and 'An' are articles
- Definite
 - Indefinite
 - Particular
 - Specific
 - Outstanding

SECTION A: PART II

SHORT-ANSWER QUESTIONS

(20 Marks)

ATTEMPT ALL QUESTIONS

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

- In traditional grammar, every sentence has two essential parts: a subject and a (n)
- The choice and use of words in speech or writing is called
- Information sent to all members of an organisation is called
- A slash is used to separate two words, while a(n) is used to unite them.
- The person who presides and regulates proceeding in a group discussion is called
- The punctuation mark used to indicate possession and contraction in a sentence is called
- The grapevine is an example of communication
- The response a sender gets is called

9. The result of arriving at an agreement through consultation is called
10. The official record of the proceedings of a meeting is known as
11. A deciding vote cast by a Chairman to break a tie is called vote
12. Proceedings at a meeting are usually recorded by the
13. The minimum number of members necessary for a meeting to hold is called
14. A person talking to another person is an example of communication
15. The person who initiates the transmission of the message in a communication process is referred to as the
16. Proper nouns always begin with letters
17. Nouns which cannot be felt or seen are called
18. A message which is transmitted to the receiver has to be interpreted. This process of interpretation is called
19. A word which connects words, phrases, clauses or sentences is known as
20. Indirect speech is also referred to as speech

SECTION B

COMPULSORY

(30 Marks)

SUMMARY

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

It is surprising to what extent human progress owes its origin to active reform. So surprising are the facts of seeing that the main thing which distinguishes man from the animals is his ability to think and consequently to improve on his past. There are in fact people who are surprised at what man has not achieved, considering the ideals which theoretically he could attain, but which unfortunately he has not attained so far. To them it seems barbarous and unprogressive that man should still have crime, poverty, ignorance and wars after thousands of years on earth. They want a world where everyone is happy, good, healthy, a friend and neighbour to every other man.

Of such people are reformers made – the men and women who are intensely dissatisfied with the world of their time or with one particular aspect of it, and who devote their life to the work of putting it right. Strangely enough, most of these reformers have not been poor unfortunate people who suffered from the abuses they fought against, but people in easy circumstances, who could have led contented lives, complacently ignoring the sufferings of their fellow men. William Wilberforce, the leading fighter against slavery and slave trade, was the only son of a very rich merchant, and could, if he liked, have lived his life in idle luxury. Karl Marx, the father of Communism, was a lawyer and the son of a lawyer; Mahatma Gandhi's family was wealthy and influential; both Florence Nightingale and Elizabeth Fry were born into comfortable positions in life. Yet all these men and women sacrificed their comfort to fight for ideals they believed in.

We can classify old reformers into two different categories. For instance, many famous reformers have been practical workers, investigators, organisers, politicians. Others have simply been writers. These include not only philosophers like Plato, but also novelists like Charles Dickens who make a deliberate effort in their stories to expose the social evils of their day, in the hope of persuading somebody to take action. It is not possible to compare the achievements of practical reformers and the writers of books. But certainly, many practical reformers would never have been successful had not writers prepared the ground for them by awakening the conscience of the people and bringing the evils around them to their notice. And of course, long after a practical reformer's death, the books written about reform still go on inspiring other reformers not only in his native country but all over the world.

The practice on reform in modern day world focuses on social work. Modern day social workers are advocates, community developers, and human rights activists. The social work profession is committed to social justice. Social workers fight for oppressed communities and marginalised individuals, often forgotten about by society. Of the most influential social workers, all advocate for those affected by social disadvantage, such as poverty, abuse, illness, disability, or social injustice.

(Adapted from P. A. Ogundipe and P. S. Tregidgo: Practical English, New Edition, 1977. Longman)

- a. Give this passage an appropriate short title. (2 Marks)
- b. In **ONE** short sentence, state what the passage says that differentiates man from animals. (2 Marks)
- c. In **TWO** short sentences, one for each, state the **TWO** strange facts about man. (4 Marks)

- d. In **ONE** short sentence, state the surprising thing about the reformers. (2 Marks)
- e. In **ONE** short sentence, state the type of world people want. (3 Marks)
- f. In **ONE** short sentence, state the main focus of reformers in modern day world. (2 Marks)
- g. In **ONE** short sentence, state the main focus of modern social workers. (2 Marks)
- h. In **TWO** short sentences, one for each, state the **TWO** categories of old famous reformers in the passage. (4 Marks)
- i. In **TWO** short sentences, one for each, state what the **category** of philosophers and writers do with their writings. (6 Marks)
- j. In **ONE** short sentence, state who the passage says the modern day reformers are. (3 Marks)
- (Total 30 Marks)**

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

- a. The following sentences do not obey the rules of grammar:
- i. An inventory of all the farm building, stock, implements and stores were made before sale.
 - ii. He is one of those men who is always in trouble.
 - iii. The eldest of the two girls took the lion share.
 - iv. You and me will decide when to go.
 - v. The man said he will do as he had been instructed.

Required:

Identify and correct the error in each of the sentences. (10 Marks)

- b. Choose the correct word from the brackets to complete each of the following sentences:
- i. John finally made up his mind to lead Kate to the (ALTER, ALTAR)
 - ii. Glasses are noted to easily (BRAKE, BREAK)
 - iii. A new has been appointed for the Polytechnic (REGISTER, REGISTRAR)
 - iv. She is a lady (QUITE, QUIET)
 - v. He his father's death upon the murderer (REVENGED, AVENGED)

(5 Marks)
(Total 15 Marks)

QUESTION 2

You gave instructions to a Sales Supervisor under you to oversee the loading and supply of goods meant for delivery to important customers. Unfortunately, the Sales Supervisor failed to carry out your instructions.

Required:

As a Sales Manager in that Marketing Organisation, write a query to the Sales Supervisor to demand the reason(s) for this act. **(Total 15 Marks)**

QUESTION 3

In each of the following sentences, an expression is underlined. The expression is a clause

- i. I will come when your parents are not at home.
- ii. This is the car which he bought.
- iii. How the prisoners escaped is a mystery.
- iv. Bayo walked as though he was on ice.
- v. He does not know what to say.

Required:

- a. Identify the type of clause in each sentence. (5 Marks)
 - b. State the function of each clause identified in (a) above. (10 Marks)
- (Total 15 Marks)**

QUESTION 4

Explain briefly each of the following forms of written communication.

- i. Letter
- ii. Memorandum
- iii. Circular
- iv. Press Release
- v. Bulletin

(Total 15 Marks)

SECTION A: PART I

MULTIPLE-CHOICE SOLUTIONS

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

Examiner's comment

This part is compulsory for all candidates. The questions in this part cover the whole syllabus. The questions are designed to test candidates' knowledge of basic concepts and principles involved in Communication Skills. The candidates' performance here was very good as about 75% of them scored very high marks. Candidates need to familiarize themselves with the concepts and principles in the subject to make their performance better in subsequent examinations.

SECTION A: PART II

SHORT-ANSWER SOLUTIONS

1. Predicate
2. Diction
3. Circular
4. Hyphen
5. Moderator
6. Apostrophe
7. Informal
8. Feedback
9. Consensus
10. Minutes

11. Casting
12. Secretary
13. Quorum
14. Interpersonal
15. Sender/Encoder
16. Capital
17. Abstract
18. Decoding
19. Conjunction
20. Reported

Examiner's comment

This part is also compulsory for all candidates. The questions, as in Part I, cover the whole syllabus. They are to test candidates' knowledge of key ideas in Communication Skills. Candidates' performance was just average as about only 50% scored more than 50% of the allocated marks.

Candidates should endeavour to familiarise themselves with key ideas, concepts and principles in all the areas of the syllabus to be able to score appreciable marks in this part.

SECTION B

SUMMARY SOLUTION

- a. Reforms and Reformers/Reforming and Reformers.
- b. Man can think in order to improve on his past.
- c.
 - i. Man has a lot of potentials to achieve but he has not been able to.
 - ii. Man still commits crimes, lives in poverty and ignorance, and engages in wars.
- d. Most of the reformers are not poor.
OR
Most of the reformers are comfortable/ well-to-do.
- e. People want a world where everybody is happy, healthy, and friendly with his neighbours.
- f. Modern day reformers focus on social work.
- g. Modern day reformers are committed to social justice.
- h.
 - i. One category has practical workers, investigators, organisers, and politicians as members.
 - ii. Another category has philosophers and writers as members.

- i. i. One method used is to expose the social ills of their day.
 - ii. Another method is to arouse the conscience of the people on the evils around them.
- OR**
- Another method is to persuade people to take action against the evils.
- j. Modern day reformers are advocates, community developers, and human rights activists.

Examiner's comment

This section, like section A, is compulsory for all candidates. The question is to test candidates' ability to read and understand as well as for main points. Candidates' performance was average as about 45% scored 50% and above of the allocated marks. Candidates still need to develop the habit of

- i. reading wide;
 - ii. reading for key or important information contained in a given passage;
 - iii. knowing the technique of answering summary questions
- if they want to perform better in subsequent examinations.

SECTION C

SOLUTION 1

a. **Errors:**

- i. were
- ii. is
- iii. eldest
- iv. me
- v. will

Correct forms

- i. was
- ii. are
- iii. elder
- iv. I
- v. would

b. **Correct word form**

- i. ALTAR
- ii. BREAK
- iii. REGISTRAR
- iv. QUIET
- v. AVENGED

Examiner's comment

The question is designed to test candidates' knowledge of common errors in English Language. They are required to identify the grammatical error in each of the sentences given and give the correct form of the error identified in the (a) part of the question. The (b) part of the question tests their knowledge of minimal pairs. About 75% of the candidates attempted the question. Candidates' performance was average as about 45% scored 50% and above of the marks for the question.

For the candidates to do well in subsequent examinations, they should:

- i. study the section of the syllabus that deals with common errors;
- ii. make use of a good dictionary for the knowledge of spellings;
- iii. engage in rigorous and continuous practice.

SOLUTION 2

OLOLADE MARKETERS NIGERIA LIMITED
10, ADEOLU STREET, IFEPADE ROAD, LAGOS
E-MAIL: olamakt@gmail.com

Ref: OMNL/AD/040

30 June, 2021

Mr. Phillips Okoye,
Sales Department,
OMNL,
Lagos.

Dear Mr Okoye,

LETTER OF QUERY

You would recall that on 16 June, 2021, you were instructed by me to oversee the distribution of some goods to some of our important customers. For reasons best known to you, you failed to carry out the instructions.

If you are facing any kind of difficulty which you would like to talk about or discuss, then you are completely welcomed to do so in writing and also explain why you should not be disciplined for this flagrant display of insubordination.

Your reply should be directed to the Director of Marketing, within twenty-four hours of receipt of this query.

Yours faithfully.

(Signature)
P. O. Agbaje
Sales Manager

Examiner's comment

This question is to test candidates' understanding of one type of official letters: Letter of query. Candidates are required to write a query to the Sales Supervisor who is found negligent in his duties demanding for reason(s) for his action. About 6% of the candidates attempted the question while their performance was very poor as only 20% scored 50% and above of the marks allocated.

Candidates' shortcomings in this question were:

- i. lack of knowledge of query letter format;
- ii. inability to know what letter of query involves;
- iii. poor use of language.

They should familiarize themselves with the Correspondence section of the syllabus by knowing the various types of letters, their formats and demands for better performance in future.

SOLUTION 3

- a.
 - i. Adverbial Clause (of time)
 - ii. Adjectival Clause/Relative Clause
 - iii. Noun Clause
 - iv. Adverbial Clause (of manner)
 - v. Noun Clause
- b.
 - i. It modifies the verb phrase 'will come'
 - ii. It qualifies the noun 'car'
 - iii. It is the subject of the verb 'is'
 - iv. It modifies the verb 'walked'
 - v. It is the object of the verb phrase 'does not know'

Examiner's comment

This question is designed to test candidates' knowledge of the elements of the sentence in English Language, particularly identifying the clause in each of the given sentences and stating its function. About 60% of the candidates attempted the question. Their performance was average as about 45% scored 50% and above of the allocated marks.

Candidates' shortcoming included:

- i. lumping the two answers required together;
- ii. inability to identify clauses in sentences;
- iii. inability to state functions of clauses.

Candidates should endeavour to study well the section that deals with the elements of grammar of the English Language in the syllabus to be able to perform better in subsequent examinations.

SOLUTION 4

i. Letter

Letter is a form of written communication. It is a piece of writing directed at an individual as if there were face-to-face contact. Letters come in different shapes and sizes. They may be long or short. Letters have well-defined structures. Depending on the type of letter to be written, some of the following features must be present: address, date, salutation, heading, body, closing, sign off. There are two main kinds of letters: formal and informal. The formal letter is also called official or business letter. The informal letter is also called personal letter.

Examples of formal letters are: request letter, application for a job, query, sales letter, complaints letter, etc. Examples of informal letters are letter to family members, friends, wife, husband, uncle, etc.

ii. Memorandum

The short form of memorandum is Memo. A memo is a form of written communication for internal circulation within an organisation. It is written to carry out various internal transactions ranging from reports from an officer to a superior officer to giving instructions by the superior officer to subordinates within an organisation. The memo has for long been the conventional means of corresponding quickly and efficiently in an organisation, primarily because of the simplicity of its ready-made format. A memo is written on a specially designed paper which bears the name of the organisation, section or department from where it is sent.

iii. Circular

Circular is a letter whose contents are intended for several recipients. Necessary information as they affect individual recipients are included in the message. For example, a circular for a meeting may include the date, time, venue, agenda and purpose of the meeting. The Secretary is usually the sender of such circular.

iv. Press Release

A press release is an official (written or recorded) statement that an organisation makes available to the news media, and beyond.

A press release helps an organisation to clarify its position or stand on a specific issue. Without a press release, an organisation would have to rely on its own network of contacts to get its story into the media.

Concisely written and targeted, Press releases draw media attention to newsworthy events. Mainly used by Public Relations specialists, Press releases are written to gain free publicity and contain enough information required to write a compelling news story.

v. **Bulletin**

This is a brief public notice issued, usually from an authoritative source specifically. It is a brief news item intended for immediate publication or broadcast. A bulletin serves as the organ of an organisation.

Examples of bulletins are a news announcement on the television, a church's weekly newsletter, a brief update or summary of current news, as on television or radio or in a newspaper. Bulletin announcements inform readers of an upcoming event or important issue. The announcement motivates people to sign up for something, attend a meeting or event or voice their support for a cause.

Examiner's comment

This question is meant to test candidates' knowledge of different forms of written communication. They are required to explain briefly each of the forms of written communication given. About 55% of the candidates attempted the question. Their performance was average as about 45% of them scored 50% and above of the marks allocated.

Candidates' shortcomings were:

- i. inability to define, state the purpose and give example(s) of each of the forms of written communication;
- ii. wrong approach to answering the question;
- iii. poor use of language.

Candidates should study the section that deals with Written Communication in the syllabus if they intend to perform well in subsequent examinations.

Generally, candidates should make use of:

- i. Good books on Communication Skills in their studies.
- ii. ICAN study packs and past questions and solutions
- iii. Devote more time to reading
- iv. Be careful not to misinterpret questions

to enhance their performance in future examinations.