

**THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
MARCH 2022 EXAMINATIONS (PART 1)**

**BASIC ACCOUNTING PROCESSES AND SYSTEMS**

**PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF 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, mathematical set, 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, 29 MARCH 2022**

**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**  
**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA**  
**PART I EXAMINATIONS – MARCH 2022**  
**BASIC ACCOUNTING PROCESSES & SYSTEMS**

**Time Allowed: 3 hours**

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

**ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1. Which of the following is **NOT** the process involved in bookkeeping?
  - A. Classification of business transactions using source documents
  - B. Recording of transactions in appropriate subsidiary books
  - C. Reviewing the source document
  - D. Posting of entries from subsidiary books to the ledger
  - E. Extraction of the Trial Balance
  
2. Bank as an entity can be classified as a user of accounting information categorised under which of the following
  - A. Equity investor
  - B. Loan creditor
  - C. Customer
  - D. Analyst
  - E. Business contact
  
3. An entity that restricts the transfer of its shares can be best described as a
  - A. Public company limited by share
  - B. Partnership
  - C. Public company limited by guarantee
  - D. Private company
  - E. Business enterprise
  
4. The object clause of a registered company is usually contained in its
  - A. Article of association
  - B. Memorandum of association
  - C. Register of members
  - D. Register of directors' shares and debenture
  - E. Minutes of extra ordinary general meeting

5. The concept of accounting that aligned with the postulation of Luca Pacioli in 1494 when originating the principle of accounting is called
- A. Matching concept
  - B. Accrual concept
  - C. Money measurement concept
  - D. Consistency concept
  - E. Duality concept
6. The accounting concept that advocates similar presentation of information from one year to another is called
- A. Matching concept
  - B. Accrual concept
  - C. Money measurement concept
  - D. Consistency concept
  - E. Duality concept
7. Which of the following can be regarded as a fictitious asset
- A. Furniture and fittings
  - B. Fixtures and fittings
  - C. Franchise and copyright
  - D. Plant and machinery
  - E. Computer equipment
8. The residual interest in an entity after the value of all its liabilities have been deducted from the value of all its assets is
- A. Reserves
  - B. Net profit
  - C. Current liabilities
  - D. Current assets
  - E. Equity
9. Assume inventories are bought for ₦15,000 and loss on sale is ₦3,000, the revenue is
- A. ₦10,000
  - B. ₦12,000
  - C. ₦15,000
  - D. ₦17,000
  - E. ₦20,000

10. Assume goods are sold for Le23,000 and profit on sale is Le6,000. How much is total expenses?
- A. Le10,000
  - B. Le12,000
  - C. Le15,000
  - D. Le17,000
  - E. Le29,000
11. The following source documents do not contain full information to make recording possible in the book of original entries, **EXCEPT**
- A. Purchase order
  - B. Delivery note
  - C. Credit note
  - D. Good received note
  - E. Bin cards
12. The source document issued by employer to the employee showing details of his gross emoluments and deductions is known as
- A. Payslip
  - B. Payroll
  - C. Pay docket
  - D. Pay envelope
  - E. Pay ticket
13. A ledger containing details of capital account, drawing accounts, loan account and investment account could be classified as a
- A. Bought ledger
  - B. Sales ledger
  - C. Equity ledger
  - D. Private ledger
  - E. General ledger
14. State the correct entry to the transaction: Paid cash into bank account ₦50,000
- A. Dr Cash ₦50,000(Bank column); Cr Bank ₦50,000 (cash column)
  - B. Dr Bank ₦50,000(Cash column); Cr Cash ₦50,000 (bank column)
  - C. Dr Cash ₦50,000(Cash column); Cr Bank ₦50,000 (bank column)
  - D. Dr Bank ₦50,000 (Bank column); Cr Cash ₦50,000 (cash column)
  - E. Dr Cash ₦50,000 (Bank column); Cr Bank ₦100,000 (cash column)

15. State the correct entry to the transaction: Soji Limited bought equipment on credit from Bosun Limited ₦75,000
- |    |                  |         |                  |         |
|----|------------------|---------|------------------|---------|
| A. | Dr Bosun Ltd     | ₦75,000 | Cr Soji Ltd      | ₦75,000 |
| B. | Dr Soji Ltd      | ₦75,000 | Cr Bosun Ltd     | ₦75,000 |
| C. | Dr Equipment a/c | ₦75,000 | Cr Soji Ltd      | ₦75,000 |
| D. | Dr Soji Ltd      | ₦75,000 | Cr Equipment Ltd | ₦75,000 |
| E. | Dr Equipment a/c | ₦75,000 | Cr Bosun Ltd     | ₦75,000 |
16. Which of the following appear on the debit side of Receivable Ledger Control account?
- Cash received on account
  - Discount allowed
  - Irrecoverable debt written off
  - Dishonored bills
  - Bill receivables
17. Which of the followings appear on the credit side of Payable Ledger Control account?
- Cash refund from suppliers
  - Bills payable
  - Discount received
  - Credit notes
  - Return outwards
18. Which of the following is **NOT** the aim of good internal control on cash?
- Prevention of theft of cash
  - Always maintaining equal level of cash position
  - Maintaining proper banking system for cash transaction
  - Keeping optimal level of cash
  - Ensuring issuance of receipt for all cash and cheque received

**Use the information to answer Questions 19 to 22**

Ashanti Oil operates a bonus scheme. It presents the following information relating to one of its employees (Ayub Kofi) for the month of June 2020:

Standard Time	250 hours
Wage rate per hour	GH¢15
Actual time taken	220 hours

19. What is the amount of bonus payable to Ayub for the month of June 2020 based on Halsey Premium Plan?
- A. GH¢215
  - B. GH¢225
  - C. GH¢330
  - D. GH¢365
  - E. GH¢396
20. What is his total earnings in June based on Halsey plan?
- A. GH¢3,000
  - B. GH¢3,250
  - C. GH¢3,525
  - D. GH¢3,696
  - E. GH¢3,842
21. What is the bonus payable to him using Rowan bonus scheme?
- A. GH¢215
  - B. GH¢225
  - C. GH¢330
  - D. GH¢365
  - E. GH¢396
22. What is his total earnings in June based on Rowan plan?
- A. GH¢3,000
  - B. GH¢3,250
  - C. GH¢3,525
  - D. GH¢3,696
  - E. GH¢3,842
23. Which of the following is **NOT** the reason for dishonouring cheque?
- A. The cheque is not dated
  - B. Insufficient account balance
  - C. The amount in word and figure synchronize
  - D. Irregular signature of signatories
  - E. The cheque has been mutilated

24. When a cheque is payable over the counter only to a specific person whose name is written on it, it is known as
- A. Order cheque
  - B. Bearer cheque
  - C. Open cheque
  - D. Blanked cheque
  - E. Confirmatory cheque

25. Which of the following is **NOT** a function of Auto-Teller Machine (ATM)?
- A. Printing of statements
  - B. Provisions of account balance
  - C. Transfer of funds
  - D. Payment of bills
  - E. Clearing of cheque

26. From the following information, calculate the subscription to be transferred to Income and Expenditure account of Club Arcade, Accra for the year ended 31 December, 2021.

	GH¢
Subscription owing as at 1/1/2021	50,000
Subscription received during the year	480,000
Subscription received during the year includes GH¢120,000 in respect of 2022	

- A. GH¢300,000
  - B. GH¢310,000
  - C. GH¢380,000
  - D. GH¢410,000
  - E. GH¢550,000
27. Which of the following is **NOT** an application package?
- A. Peachtree
  - B. Oracle
  - C. Finacle
  - D. Writable
  - E. Globus

28. Given that:

		L\$
Equity	1/1/2019	50,000
Equity	31/12/2019	80,000
Drawings	31/12/2019	6,250
Profit or loss for the year is		

- A. L\$23,750 (profit)
- B. L\$23,750 (loss)
- C. L\$36,250 (profit)
- D. L\$36,250 (loss)
- E. L\$50,000 (profit)

29 A statement of affairs is similar to a (n)

- A. Cash book
- B. Income and expenditure account
- C. Trial balance
- D. Statement of financial position
- E. Statement of comprehensive income

30. The cost of goods sold, given the sales figure as Le750,000, with a mark-up of 20% is

- A. Le500,000
- B. Le550,000
- C. Le600,000
- D. Le625,000
- E. Le650,000

**SECTION A: PART TWO SHORT-ANSWER QUESTIONS (20 MARKS)**  
**ANSWER ALL QUESTIONS**

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

- 1 What system of book keeping was developed by Luca Pacioli?
2. A fixed amount of money given to the Petty Cashier to start a petty cash book is referred to as .....
3. The incorporation documents that deals with the regulation of internal affairs of shareholders is called .....

4. The branch of Accounting that renders services in planning, monitoring and efficiency towards achieving corporate goals is called
5. The global body responsible for the development of International Accounting Standards is referred to as .....
6. The document that regulates the activities of the partnership business is known as .....
7. Depreciation of non-current asset is an example of ..... concept.
8. A debit balance in Rent Receivable account represents ..... in the statement of financial position.

**Use the following information to answer questions 9 and 10.**

An extract from the books of Jeromi Ani Enterprises showed the account of a customer as follows:

<b>Customer's Account</b>			
	<b>₦</b>		<b>₦</b>
Balance b/d	280,000	Balance b/d	36,000
Cash	48,000		
Bank	32,000	Balance c/d	45,000

9. Determine the cash receipt for the period.
10. What is the classification of this type of ledger?
11. The accounting standard used for accounting for Property, Plant and Equipment (PPE) is called
12. The process of identifying and eliminating errors from an excel program is referred to as .....
13. The fall in the value of Non-current assets as a result of passage of time is known as .....
14. An item of expenditure that the life time spans more than one accounting period is called .....

**Use the following information to answer questions 15 and 16.**

Given the following information about Mr. Nana's pay details for the period.

Standard time allowed	6,000 Hours
Actual hours worked	5,400 Hours
Wage rate per hour	₦400 per hour

15. Calculate the bonus payable to Mr. Nana if he is paid under the Rowan scheme.
16. Determine his gross pay for the period.
17. A trader had Trade Receivables of GMD500,000 at the end of an accounting period and a balance of GMD600,000 at the beginning of the year. Provision for doubtful debts is at the rate of 5% per annum. What is the change in value of the Provision for doubtful debts at the end of current accounting period?
18. In preparing the Statement of profit or loss, interest on Fixed Deposit account is treated as .....
19. A system of information sharing using several inter-connected computers in different locations of the world is referred to as .....
20. The Excess of Expenditure over Income in a statement of income and expenditure of a Not-for-Profit Organisation is called .....

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

**QUESTION 1**

At December 31, 2021 the balance on Kunda's receivable Ledger Control account was L\$703,360 (debit). It did not agree with the total balances extracted from the receivable ledger. The following errors have been found:

- (i) The total of the discount allowed column in the cash book has been overstated by L\$8,400.
- (ii) A receipt of L\$36,000 from B. Dalasi, a customer, has been treated as a refund from P. Dalasi, a supplier.
- (iii) An invoice for L\$48,000 sent to Kolloli, a customer, has been entered in the receivable journal as L\$40,800.
- (iv) The total of the receivable journal for December has been understated by L\$24,000.

- (v) Goods with a selling price of L\$23,120 were sent to Tanji, a customer in December, and she has been invoiced for that amount. It has now been discovered that the goods were sent on sale or return and the customer has not yet indicated whether she will purchase the goods.
- (vi) An invoice for L\$126,400 sent to Bakau, a customer, has been posted correctly in the receivable journal but posted in the customer's account as L\$144,400.

**You are required to:**

- a. Prepare the Receivable Ledger Control Account showing clearly amendments to the original balance. **(4 Marks)**
- b. Calculate the total of the balances extracted from the receivable ledger before the errors listed above had been corrected. **(3 Marks)**
- c. Prepare the journal entries to correct the receivable ledger accounts. Narratives are required. **(5½ Marks)**

**(Total 12½ Marks)**

**QUESTION 2**

Josephine extracted a trial balance from her ledgers on December 31, 2021. The trial balance totals were ₦4,776,800 (debit) and ₦4,971,200 (credit). She placed the difference in a Suspense account so that she could prepare a draft comprehensive income statement account for the year ended December 31, 2021, and a Statement of financial position as that date.

Josephine found the following errors:

- (i) The debit side of the Telephone account had been overstated by ₦40,000.
- (ii) An invoice sent to Kole for ₦48,000, had been completely omitted from the books.
- (iii) A cheque for ₦24,800 received from Jola and co. had been posted to the debit of their account.
- (iv) The purchase of some office equipment for ₦236,000 had been debited to office expenses account.
- (v) Discounts received ₦18,000 had been posted to the purchase ledger but not to the discounts received account.
- (vi) Rent paid for ₦160,000 had been credited to rent receivable account.
- (vii) A refund of an insurance premium ₦12,000 had been recorded in the cash book but no other entry had been made.
- (viii) A purchase of office stationery ₦44,000 had been debited to purchases account in error.
- (ix) A credit balance of ₦6,000 in the purchase ledger had been omitted from the list of balances extracted from the ledger. The total of the list had been included in the trial balance.

- (x) Goods returned to Dele had been credited to Dele's account and debited to purchases returns account. The goods had cost ₦80,000.

**You are required to prepare:**

- a. Journal entries to correct errors (i) to (x), with appropriate narrations.  
(7½ Marks)
- b. Suspense account showing the opening balance and the correcting entries.  
(5 Marks)
- (Total 12½ Marks)**

**QUESTION 3**

- a. List **FIVE** fields in each record of file used in purchases ledger sub-system of computer application packages.  
(2½ Marks)
- b. State and explain **FIVE** factors to consider when deciding on which accounting package to use or buy.  
(5 Marks)
- c. Explain **FIVE** disadvantages of application packages.  
(5 Marks)
- (Total 12½ Marks)**

**QUESTION 4**

- a. Explain **FIVE** advantages of Limited Liability Company.  
(5 Marks)
- b. List **SEVEN** books and documents which every company is required to keep under your Company and Allied Matters Act (CAMA) LFN 2004/Company's Act.  
(3½ Marks)
- c. Explain **FOUR** outputs of purchases ledger sub-system of computer application packages.  
(4 Marks)
- (Total 12½ Marks)**

**QUESTION 5**

A limited liability company may be brought into existence when certain processes are undertaken. Enumerate **FIVE** procedures, which bring about the formation of a limited liability company in your country.  
(Total Marks 12½)

## QUESTION 6

1. The following balances were extracted from the records of Kofi Venture as at 31 May, 2020:

	GH¢
<b>Inventory as at 1 June, 2019:</b>	
Raw Materials	60,000
Work In progress	40,000
Finished Goods	70,000
<b>Indirect Costs</b>	
Variable factory overheads	150,000
Fixed factory overheads	80,000
Purchases of raw materials	400,000
Salaries and Wages	300,000
Rent and Rates	200,000
Heat and lighting	120,000
<b>Other Administrative Expenses:</b>	
Stationery and Postages	30,000
Interest on overdrafts	100,000
Bad debts	220,000
Distribution expenses	180,000
Sales	1,980,000
Plant and Machinery at cost	350,000
Delivery Van at Cost	180,000
<b>Provision for depreciation:</b>	
Plant and Machinery	70,000
Delivery Van at Cost	49,950
Trade Payables	600,000
Drawings	120,000
Trade Receivables	260,000
Delivery van running expenses	50,000
Bank	175,000
Capital	385,050

### Additional Information:

- (i) Inventory as at 31 May 2020: Raw Materials GH¢80,000, Work In progress GH¢70,000, Finished Goods GH¢200,000. Allowances for doubtful debt is 10%

- (ii) The direct proportion of salaries and wages is 25%, indirect 45% and the balance is administration.
- (iii) The proportions of non-manufacturing costs of the following costs are: Rent and Rates 25%, Heat and Lighting  $33\frac{1}{3}\%$  and the balances are the proportion of the administrative expenses.
- (iv) The factory outputs are transferred to the income statements at  $12\frac{1}{2}\%$  margin
- (v) The rate of depreciation: Plant and Machinery 10% on cost and Delivery Van 15% reducing balance

**Required:**

Prepare the Manufacturing account and Income Statements for the year ended 31 May, 2020. **(Total Marks 12½)**

**SECTION A - PART I**

**MULTIPLE-CHOICE QUESTIONS**

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

**WORKING NOTES TO MULTIPLE CHOICE QUESTIONS (MCQ)**

Q9 Computation of Revenue  
 Revenue = Profit + Expenses  
 Revenue = (~~₦~~3,000) + ~~₦~~15,000  
 = ~~₦~~12,000

Q10 Computation of Expenses  
 Expenses = Revenue - Profit  
 Expenses = ~~₦~~23,000 - ~~₦~~6,000  
 = ~~₦~~17,000

Q19. Bonus based on Hasley Premium Scheme  
 Bonus = 50% (Time saving x Time rate)  
 Time saving = Time allowed - Time taken  
 Time saving = 250 - 220 = 30  
 Bonus = 50% (30 x GHe 15)  
 = GHe 225

Q20. Total Earning based on Halsey Premium Scheme  
 Total Earning = (Time taken x Time rate) + Bonus  
 = 220 x GHe 15 + GHe 225  
 = GHe 3525

Q21. Bonus based on Rowan Scheme  
 Bonus =  $\frac{\text{Timesaving}}{\text{Time allowed}} \times \text{Time taken} \times \text{Time rate}$   
 =  $\frac{30}{250} \times 220 \times \text{GHe } 15$   
 = GHe 396

Q22. Total Earnings based on Rowan Scheme  
 Total Earning = (Time taken x Time rate) + Bonus  
 = (220 x GHe15) + GHe396  
 = GHe 3696

Q26 **Subscription account**

	GHe		GHe
Balance b/d	50,000	Receipt and payment	480,000
Inc & Exp	310,000		
Balance c/d	<u>120,000</u>		
	<b><u>₦480,000</u></b>		<b><u>₦480,000</u></b>

Q28. Equity account	Le
Opening equity	50,000
Add profits/loss	<u>36,250</u>
	86,250
Less Drawing	<u>(6,250)</u>
Closing equity	<u>80,000</u>

Q30. Sales Value = Cost of goods + profit

Let cost	= 100%
Profit	= 20%
Sales	= 120%
₦750,000	= 100% + 20%
Cost	= $\frac{₦750,000}{120\%} \times 100\%$
	= ₦625,000

### EXAMINER'S COMMENT

The question tests candidates' knowledge on all the areas of the syllabus. As a compulsory question, all the candidates attempted the question. Candidates' performance was average.

Their major pitfall was their poor preparation for the examination.

Candidates are advised to prepare well for the examination.

## SECTION A - PART II

### SHORT-ANSWER QUESTIONS

1. Double entry accounting system
2. Cash float
3. Article of Association
4. Performance Management/Management Accounting
5. International Accounting Standards Board (IASB)
6. Partnership deed/Partnership agreement
7. Prudence
8. An asset/current assets
9. ₦279,000 (₦280,000 + 48,000 + 32,000 - 36,000 - 45,000)
10. Personal ledger
11. IAS 16
12. Debugging
13. Depreciation
14. Capital expenditure

15. ~~N~~216,000
16. ~~N~~2,376,000
17. Decrease of GMD 5,000
18. Part of operating income/other income/income
19. Internet
20. Deficit

## WORKING NOTES

### SAQ 15:

Bonus payable = Time saved/Time allowed X Time taken X Time rate

Time saved = 6,000 hours – 5,400 hours = 600 hours

Bonus payable = 600/6,000 X 5,400 X N400 = **N216,000**

### SAQ 16:

Gross pay = (Time taken X Time rate) + Bonus

Gross pay = (5,400 X N400) + N216,000 = N2,160,000 + N216,000 = **N2,376,000**

### SAQ 17:

	GMD	GMD
Trade receivable @ beginning of year	<u>600,000</u>	
Allowance for doubtful debts @ 5% Trade receivable @ end of the period	<u>500,000</u>	30,000
Allowance for doubtful debts @ 5%		<u>(25,000)</u>
Decrease in allowance for doubtful debts		<u><u>5,000</u></u>

## EXAMINER'S COMMENT

These sets of questions cut across the syllabus and candidates knowledge in these areas were tested.

It is a compulsory question. Candidates' performance was average.

Their pitfalls were poor understanding of the tested area of the syllabus.

They are advised to prepare adequately for the future examination.



(c)

**KUNDA**

**NECESSARY JOURNAL ENTRIES**

<b>PARTICULARS</b>	<b>DR LS</b>	<b>CR LS</b>
Trade payables – P Dalasi a/c Trade receivables – B. Dalasi a/c Being receipt from a customer, B. Dalasi, wrongly treated as refund from a supplier, P. Dalasi, now corrected	36,000.00	36,000.00
Sales a/c Trade receivables – Tanji a/c Goods on approval a/c Being value of goods on sale or return basis, invoice to Tanji, now corrected	23,120.00	23,120.00
Trade receivables – Tanji a/c Goods on approval a/c Being value of goods on sale or return basis, invoice to Tanji but treated as final sale to him, now corrected	23,120.00	23,120.00
Suspense a/c Trade receivables – Bakau a/c Being invoice of LS126,400 posted to Bakaus’ account as LS 144,400, now corrected	18,000.00	18,000.00

**EXAMINER’S COMMENT**

The question tests candidates’ knowledge on Receivables ledger control accounts in the part (a) of the question, while the (b) part tests candidates’ knowledge on the use of journal entries to correct receivables ledger accounts’ errors.

About 65% of the candidates attempted the question and their performance was below average.

Candidates’ major pitfall was their poor preparation for the examination.

They are advised to prepare well for future examination.

## SOLUTION 2

a) **JOSEPHINE**  
**CORRECTING JOURNAL ENTRIES FOR THE YEAR ENDED DECEMBER 31, 2021**

PARTICULARS	DR N	CR N
Suspense a/c Telephone a/c Being overstatement of the debit side of the telephone account, now <u>Corrected</u>	40,000.00	40,000.00
Trade receivables- Kole a/c Sales a/c Being invoice issued to Kole, completely omitted from the <u>books. now corrected</u>	48,000.00	48,000.00
Suspense a/c Trade receivables- Jola & Co. a/c Being a cheque of N24,800 received from Jola & Co., debited to <u>customers' account in error. now corrected</u>	49,600.00	49,600.00
Office equipment a/c Office expenses a/c Being purchase of some office equipment, debited to office <u>expenses account in error. now reversed</u>	236,000.00	236,000.00
Suspense a/c Discount received a/c <u>Being discount received omitted on discount received account. now recorded</u>	18,000.00	18,000.00
Rent a/c Rent receivable a/c Suspense a/c Being rent payment of N160,000 credited to rent receivable <u>account. now corrected</u>	160,000.00 160,000.00	320,000.00
Suspense a/c Insurance a/c Being refund of insurance premium, omitted on the insurance <u>account. now recorded</u>	12,000.00	12,000.00

Office stationeries a/c Purchases a/c Being purchase of office stationery, debited to purchases account in error, now reversed	44,000.00	44,000.00
Suspense a/c Trade payables control a/c Being a credit balance of N6,000 in the purchases ledger omitted on the list of balances, now corrected	6,000.00	6,000.00
Trade payables- Dele a/c Purchases returns a/c Being cost of goods returned to Dele, costing N80,000, debited to purchases returns account and credited to Dele's account, now corrected	160,000.00	160,000.00

**30 ticks @ ¼ = 7½ Marks**

b)

<b>Suspense a/c</b>			
	N		N
Bal b/f (Wk 1)	194,400	Rent	160,00
Telephone	40,000	Rent receivable	160,00
Trade receivables- Jola & Co.	49,600		
Discount received	18,000		
Insurance	12,000		
Trade payables control	6,000		
	<b>320,000</b>		<b>320,00</b>

**10 ticks @ ½ = 5 Marks**

**JOSEPHINE  
WORKING NOTES**

**Wk 1: Determination of suspense account opening balance**

Total credit balances on the trial balance	4,971,20
Total debit balances on the trial balance	(4,776,80)
	<b>194,400</b>

## **EXAMINER'S COMMENT**

The question tests candidates' knowledge on the use of journal entries to correct errors in part (a) of the question, while it also tests their knowledge on how to write up a suspense account.

About 70% of the candidates attempted the question and their performance was average.

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

They are advised to prepare well for the Institute future examination.

## **SOLUTION 3**

a) *The fields in each record of file used in purchases ledger sub- system of computer application packages include:*

- Account number
- Name
- Address
- Credit details
- Bank details
- Cash discount details
- Details of transactions
- Balance outstanding

b) *The following factors are to be consider when deciding on which accounting package to use or buy:*

- Cost: This includes the cost of software, setting-up and operating the system.
- Flexibility: How easy is it to amend or otherwise update or upgrade.
- Types of processing: What is the input and output medium associated with the package.
- Timing of processing: How fast will the accounting package process data
- Hardware required: This will entails the number of computers required, the network configurations, etc
- Degree of reliability: How reliable are the outputs from the application package, in assisting the information needs of users
- Integration with other systems: How effective will the application package be able to integrate with existing system

- Users processing requirements: Will the application package meets up with users processing needs

c) *The disadvantages of application packages include:*

- Some packages are not brought up-to-date.
- The packages may not be 100% suitable for a particular use, as they may not be fully tailored towards the use
- One may not get experts who will be on ground for immediate assistance in case there are problems
- Inefficiency may be experienced due to inclusion of features that are not particularly relevant in the packages.
- The vendor company that wrote the package may cease to exist. Users will then face the challenge of getting support for and maintaining the software. In some instances the particular packages may have been phased out
- If computer virus or other malicious programs enter the whole data of a system, then packages can be damaged, including the computer system
- The application package may not be compatible with other programs
- Developing application software is highly expensive and may not be within the budget of most organisations.

### **EXAMINER'S COMMENT**

The question tests candidates' knowledge in part (a) of the question on identification of field in each record of file used in purchase ledger sub-system of computer application packages. In addition, part (b) of the question tests candidates' knowledge on factors to be considered when deciding to buy or use accounting packages. Part (c) also tests their knowledge on the demerits of the use of application packages.

About 60% of the candidates attempted the question and their performance was average.

Candidates' major pitfall was their poor knowledge in computer.

Candidates are advised to prepare well for future examination.

## **SOLUTION 4**

- a) *The advantages of Limited Liability Company includes:*
- (i) The liability of the shareholders is limited to the amount they have subscribed to the company's capital if it goes bankrupt.
  - (ii) It can raise substantial amount of capital from the numerous shareholders or from financial institutions.
  - (iii) The chance of survival is high because the company is controlled and managed by highly skilled professional management team appointed by the Board of Directors who are elected by and answerable to the shareholders.
  - (iv) The limited company is a separate legal entity distinct from its members. It can sue and be sued in its name.
  - (v) Unless it is wound up, a limited company has perpetual succession so that it is not affected by the death, bankruptcy, mental disorder or retirement of its members.
  - (vi) Floating charges can be created by a limited company.
  - (vii) Shares in a public company can be transferred without the consent of other members
- b) *Books and documents required of every company under the Company and Allied Matters Act (CAMA) LFN 2004, includes:*
- (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
- c) *The outputs of purchases ledger sub-system of computer application packages include:*
- (i) Lists of transactions posted – produced every time the system is run;
  - (ii) An analysis of expenditure for nominal ledger purposes. This may be produced every time the system is run or at the end of each month;

- (iii) Lists of trade payables balances together with a reconciliation between the total balance brought forward, the transactions for the month and total balance carried forward;
- (iv) Copies of payables accounts.

### **EXAMINER'S COMMENT**

The question tests candidates' knowledge on the merits of a limited liability company, while part (b) of the question tests their knowledge on statutory books and documents to be kept by a limited liability company in accordance with the provisions of CAMA LFN 2004. Part (c) of the question also tests on the outputs of purchases ledger sub-system of computer application packages.

About 60% of the candidates attempted the question and their performances was average.

Their major pitfall was their poor preparation for the examination.

They are advised to prepare well for future examination.

### **SOLUTION 5**

*The formation Procedure of a limited liability company in Nigeria are as follows:*

- a) The name proposed by the promoter of a company has to be 'searched for' and approved by the Corporate Affairs Commission, which must be utilized within 60 days, otherwise the name has to be revalidated. This is to ensure that the entity's proposed name does not bear resemblance of already existing names and does not cause confusion.'
- b) A limited liability company, private or public, may be brought into existence when the documents enumerated below and appropriate fees are paid to the Registrar, Corporate Affairs Commission:
- c) Incorporation Documents
  - (i) A Memorandum of Association signed by at least two subscribers, dated and witnessed by a Chartered Accountant, Chartered Secretary 'or' a Lawyer facilitating the registration of the Company. Each subscriber must agree to subscribe for at least one share.
  - (ii) A minimum of 25% of the authorized share capital must be taken up at incorporation.
  - (iii) Articles of Association will be similarly signed, dated and witnessed by the Professionals involved in the registration of the Company as mentioned above.

- (iv) A statement of nominal capital (unless the company is to have no share capital) must be stated. Stamp duty varying with the amount of authorized share capital is payable.
  - (v) There is no upper limit to the amount of the authorized share capital, although the minimum is currently N10,000 for a private company while that of a public limited liability company is N500,000 (except in cases of special companies such as, banks and insurance companies).
  - (vi) A statutory declaration by a solicitor engaged in the formation of the company or by one of the persons named as directors or secretary that the requirements of the Companies and Allied Matters Act 2004 in respect of registration have been complied with.
  - (vii) A statement (in the prescribed form) of the particulars of the first directors and secretary and the first address of the company's registered office. The persons named as directors and secretary must sign the form to record their consent to act in the relevant capacity and when the company is incorporated; these persons are automatically appointed.
- d) When the Registrar General, Corporate Affairs Commission is satisfied that all the documents are in order and that the objects specified in the memorandum are lawful, he issues a certificate of incorporation.
- e) The purpose of the memorandum and articles of association is to define the constitution of the company. The memorandum sets out basic elements of the constitution while the articles are mainly internal rules, but of interest to outsiders since they define the powers of the directors to enter into contracts on behalf of the company. The memorandum prevails if there is any inconsistency between it and the articles.
- f) A private company may do business and exercise its borrowing powers from the date of its incorporation but a public company (incorporated as such) may not do business or borrow until it has obtained a trading certificate (not a statutory expression) from the Registrar General.
- g) The memorandum of every company limited by shares must include:
- (i) The company's name, which if the company is limited by shares or by guarantee, should end with the word 'limited'. A limited company may in some circumstances omit the word "limited" from its name. An unlimited company does not end its name with the word "Limited".

- (ii) The country (not the address) in which the company's registered office is to be situated. This determines the nationality and the place of domicile of the company which cannot be changed.
- (iii) The objects of the company contained in an "objects clause" which, because of the developments of company law over time, specifying both alternative business activities and express powers to engage in every kind of business which the company might wish to undertake. The objects stated in the opening paragraphs are treated as "main objects" while the others are ancillary to them, unless the contrary is stated.
- (iv) The liability of members: If the company is one limited by guarantee, this is followed by a second clause, which states the maximum amount that each member undertakes to contribute in winding-up to enable the company pays its debts. The authorized share capital (of a company limited by shares) must disclose the amount of the share capital with which the company proposes to be registered and specify shares of stated value into which that amount is divided. For example, the share capital of the company of N100,000 may be divided into 200,000 shares of 50k each. The amount of the authorized share capital may be increased (or reduced) in the manner provided by the articles, usually by passing an ordinary resolution. The authorized share capital is the maximum amount in shares which the company may issue.
- (h) The articles of association deal mainly with the internal conduct of the company's affairs, e.g. the issue and transfer of its shares, alterations of its capital structure, conduct of general meetings, members voting rights, powers of directors and board meetings, dividends, accounts and notices.
- (i) The articles of association usually delegate the power to allot and issue shares to the directors as one of their management functions. The formal procedure is that the subscriber applies for shares (often in response to an invitation by the company) and the directors accept his offer by deciding at a board meeting to allot shares to him. His name is entered in the register of members, a share certificate is issued and within one month of allotment, a return is submitted to the Registrar General.

## EXAMINER'S COMMENT

The question tests candidates' knowledge on processes to be undertaken to form a limited liability company.

About 75% of the candidates attempted the question and their performances was average.

Candidates' major pitfall was their poor knowledge is the tested area.

Candidates are advised to consult text books widely for the examination.

## SOLUTION 6

### KOFI VENTURE

#### STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED MAY 31, 2020

	GHc	GHc
Opening inventory- Raw materials		60,000
Purchases of raw materials		400,000
Cost of raw materials available		460,000
Closing inventory- Raw materials		
Cost of raw materials used		380,000
Direct salaries and wages (Wk 1)		75,000
<b>PRIME COST OF PRODUCTION</b>		<b>455,000</b>
<b><u>FACTORY OVERHEADS:</u></b>		
Indirect salaries and wages (Wk 1)	135,000	
Factory rent and rates (Wk 2)	50,000	
Factory heat and lighting (Wk 3)	40,000	
Depreciation- Plant and machinery (Wk 4)	35,000	
Variable factory overheads	150,000	
Fixed factory overheads	<u>80,000</u>	490,000
<b><u>CHANGE IN WORK IN PROGRESS:</u></b>		
Opening inventory- Work in progress	40,000	
Closing inventory- Work in progress	<u>(70,000)</u>	
<b>COST OF PRODUCTION</b>		<b>915,000</b>
Manufacturing profit (Wk 5)		<u>130,714</u>
<b>MARKET VALUE OF MANUFACTURED</b>		<b>1,045,714</b>
Revenue		1,980,000
<b><u>COST OF SALES:</u></b>		
Opening inventory- Finished goods	70,000	
Market value of manufactured goods	<u>1,045,714</u>	
	1,115,714	
Closing inventory- Finished goods	<u>(200,000)</u>	(915,714)
<b>GROSS PROFIT</b>		<b>1,064,286</b>
Manufacturing profit (Wk 5)		<u>130,714</u>
		1,195,000

**OPERATING EXPENSES:**

Administrative salaries and wages (Wk 1)	90,000
Administrative rent and rates (Wk 2)	150,000
Administrative heat and lighting (Wk 3)	80,000
Depreciation- Delivery van (Wk 6)	19,508
Increase in allowance for doubtful debt (Wk	26,000
Increase in allowance for unrealised profit	25,000
Stationery and postages	30,000
Interest on overdrafts	100,000
Bad debts	220,000
Distribution expenses	180,000
Delivery van running expenses	<u>50,000</u>

**NET PROFIT**

**224,492**

## KOFI VENTURE

### WORKING NOTES

#### Wk 1: Apportionment of salaries and wages expenses

	<b>GHc</b>
Salaries and wages as per a/c	<b>300,000</b>
<b>Apportioned as follows:</b>	
Direct salaries and wages @ 25% (25% X GHc 300,000)	75,000
Indirect salaries and wages @ 45% (45% X GHc 300,000)	135,000
Admin salaries and wages @ 30% (30% X GHc 300,000)	
	<b>300,000</b>

#### Wk 2: Apportionment of rent and rates expenses

	<b>GHc</b>
Rent and rates as per a/c	<b>200,000</b>
<b>Apportioned as follows:</b>	
Factory rent and rates @ 25% (25% X GHc 200,000)	50,000
Admin rent and rates @ 75% (75% X GHc 200,000)	
	<b>200,000</b>

#### Wk 3: Apportionment of heat and lighting expenses

	<b>GHc</b>
Heat and lighting as per a/c	<b>120,000</b>
<b>Apportioned as follows:</b>	
Factory heat and lighting @ 33 1/3% (33 1/3% X GHc 120,000)	
Admin heat and lighting @ 66 2/3% (66 2/3% X GHc 120,000)	

#### Wk 4: Calculation of depreciation on plant and machinery for the year

Plant and machinery @ cost	<b>350,000</b>
Depreciation @ 10% (10% X GHc 350,000)	<b>35,000</b>

#### Wk 5: Computation of manufacturing profit

Manufacturing profit margin	12 1/2 %	
If margin is	$25/2 \times 1/100$	
Mark - up is	$1/(8-1)$ $1/7$	
Cost of production		<b>915,000</b>
Manufacturing profit (1/7 X GHc 915,000)		<b>130,714</b>

#### Wk 6: Computation of depreciation on delivery van

Delivery van @ cost	180,000
Accumulated depreciation on delivery van	
Delivery van @ carrying value	<b>130,050</b>
Depreciation @ 15% (15% X GHc 130,050)	<b>19,508</b>

**Wk 7: Computation of increase in allowance for doubtful debt**

Trade receivables as per a/c	<b><u>260,000</u></b>
Allowance for doubtful debt @ 10%	<b><u>26,000</u></b>

**Wk 8: Computation of increase in allowance for unrealised profit**

Allowance for unrealised profit is

Closing inventory of finished goods X Manufacturing Profit  
Market value of manufactured goods

GHc 200,000	X	GHc 130,714
GHc 1,045,714		

**25,000**

**EXAMINER'S COMMENT**

The question tests candidates' knowledge on how to prepare manufacturing account and income statement for a given period time with adjustments.

About 75% of the candidates attempted the question and their performance was above average.

Candidates' major pitfall was their poor preparation for the Institute's examination.

They are advised to prepare well for the future examination.

**THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
MARCH 2022 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, mathematical set, 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 with you in the 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, 30 MARCH, 2022**

**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
PART I EXAMINATIONS – MARCH 2022**

**ECONOMICS**

**Time Allowed: 3 hours**

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

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

1. The basic economic problem arises because
  - A. Resources are scarce relative to human wants
  - B. Human wants are insatiable
  - C. Money is generally scarce
  - D. Man engages in too many economic activities
  - E. Resources are unlimited while human wants are limited
  
2. Efficiency of resource utilisation is attained when
  - A. Production is carried out only by public enterprises
  - B. A combination of goods can be produced with available resources
  - C. The maximum output is achieved from a given scale of production
  - D. One commodity is sacrificed for the production of another
  - E. Production method is altered
  
3. Which of the following is **NOT** caused by “shift in demand curve”? A change in
  - A. The number of consumers
  - B. The price of a compliment
  - C. The price of the commodity itself
  - D. The price of the substitute
  - E. Consumer taste
  
4. When price elasticity of demand co-efficient is greater than one, demand is said to be
  - A. Fairly elastic
  - B. Inelastic
  - C. Unitary
  - D. Zero
  - E. Fairly inelastic

5. Demand for goods that are substituted can be described as
  - A. Derived demand
  - B. Complimentary demand
  - C. Composite demand
  - D. Competitive demand
  - E. Negative demand
  
6. The satisfaction derived from the consumption of a good is called
  - A. Marginal utility
  - B. Ordinal utility
  - C. Cardinal utility
  - D. Average utility
  - E. Utility
  
7. The demand for labour service in a production outfit can be described as a
  - A. Derived demand
  - B. Deduced demand
  - C. Composite demand
  - D. Competitive demand
  - E. Complementary demand

8. In the table below, determine the marginal cost when output is 2

Output	1	2	3	4	5
Total cost (₦)	20	56	96	144	160

- A. ₦16
  - B. ₦20
  - C. ₦36
  - D. ₦-36
  - E. ₦ 40
- 
9. Quasi rent refers to
    - A. Payment made on acquisition of a firm's premises
    - B. Payment made for the procurement of tools and equipment
    - C. Payment received for factors of production
    - D. Surplus earnings generated by the factor of production except land.
    - E. Returns on investment

10. Extractive production activities are classified as
- A. Manufacturing production
  - B. Tertiary production
  - C. Secondary production
  - D. Primary production
  - E. Processing production
11. Which of the following is **NOT** a target of the privatisation programme?
- A. Encourage granting of subsidies to public enterprises
  - B. Promote competition and improve service delivery of public utilities
  - C. Facilitate commerce and trade within the local economy
  - D. Promote integration of the local economy into the global economy
  - E. Facilitate the emergence of modern and innovative entrepreneurs
12. The monopoly firm faces the market demand curve which is also its
- A. Average revenue curve
  - B. Total revenue curve
  - C. Marginal revenue curve
  - D. Variable cost curve
  - E. Fixed cost curve
13. Kinked demand curve is a feature of
- A. Oligopoly
  - B. Monopsony
  - C. Monopolistic competition
  - D. Monopoly
  - E. Perfect competition
14. Price discrimination can be practised more profitably in an imperfect competitive market than in a perfect competitive market when the demand for a commodity is
- A. Price elastic in both markets
  - B. Unitary price elastic in both markets
  - C. Price elastic in one market and price inelastic in the other market
  - D. Price inelastic in both markets
  - E. Perfectly price elastic in both markets
15. Which of the following is **NOT** a problem associated with measurement of national income of a country?
- A. Determination of depreciation of fixed assets
  - B. Availability of reliable statistical data
  - C. To avoid double counting
  - D. To accommodate fluctuation of prices
  - E. To recognise and exempt illegal activities

16. The amount by which aggregate demand is less than the aggregate output at the full employment income level is called
- A. Inflationary gap
  - B. Deflationary gap
  - C. Devaluation of currency
  - D. Revaluation of currency
  - E. Consumer surplus
17. Given that  $Y = C + I$ , where  $C = L\$130m + 0.80Y$  and  $I = L\$70m$ , the value of the equilibrium level of national income is
- A. L\$1,050 billion
  - B. L\$1,500 billion
  - C. L\$1,000 billion
  - D. L\$2,500 billion
  - E. L\$2,000 billion
18. The combination of measures designed to influence international trade relations is known as
- A. Commercial policy
  - B. Fiscal policy
  - C. Price and income policy
  - D. Monetary policy
  - E. Stabilisation policy
19. Which of the following is **NOT** an instrument for raising funds in the capital market?
- A. Treasury bills
  - B. Equities
  - C. Debentures
  - D. Development bonds
  - E. Development stocks
20. Which of the following is **NOT** the main function of money deposit banks?
- A. Accepting deposits of money
  - B. Issuing of currency notes and coins
  - C. Providing foreign exchange services
  - D. Granting loans and advances
  - E. Safe keeping of valuable items
21. Expansionary fiscal policy entails
- A. Increasing government expenditure and taxes
  - B. Reducing government expenditure and taxes
  - C. Increasing government expenditure and reducing taxes
  - D. Reducing government expenditure and increasing taxes
  - E. Increasing cash reserve ratio and liquidity ratio

22. Which of the following is **NOT** an instrument of fiscal policy?
- A. Taxation
  - B. Government expenditure
  - C. Public debts
  - D. Moral suasion
  - E. Domestic borrowings
23. If Mallam Musa earns ₦30,000 per month and pays ₦3,000 as tax and Mr. Udoh earns ₦40,000 per month and pays ₦4,000 as tax, the tax system can be described as
- A. Progressive tax
  - B. Proportional tax
  - C. Regressive tax
  - D. Direct tax
  - E. Indirect tax
24. Unemployment caused by changes in the structure of demand for goods and services or technological changes in an economy is
- A. Cyclical unemployment
  - B. Structural unemployment
  - C. Seasonal unemployment
  - D. Residual unemployment
  - E. Frictional unemployment
25. Which of the following is **NOT** a cause of inflation?
- A. Increase in money supply
  - B. Increase in government spending
  - C. Appreciation
  - D. Excessive growth in wages
  - E. A fall in aggregate output
26. The component of balance of payments that deals with long and short-term capital movement is
- A. Current account
  - B. Capital account
  - C. Official reserve account
  - D. Merchandise Account
  - E. Unilateral transfers
27. Which of the following is **NOT** an argument for trade restriction?
- A. To promote dumping
  - B. To enhance national security
  - C. To protect infant industries
  - D. To correct balance of payments deficits
  - E. To expand domestic employment opportunities

28. The price of one country's currency expressed in terms of another currency is called
- Price ratio
  - Exchange rate
  - Devaluation
  - Revaluation
  - Price legislation
29. The following countries are members of ECOWAS, **EXCEPT**
- Burkina Faso
  - Cote D'ivore
  - Gabon
  - Togo
  - Nigeria
30. A process of eliminating restrictions on international trade, payments and factor mobility is called
- Economic development
  - Economic integration
  - Economic policy
  - Political integration
  - Trade protection

**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**

- An economic unit that makes decisions regarding the production and sale of goods and services is known as .....
- The demand for goods that are close substitute is called .....
- If the quantity supplied of a commodity increases from 20 to 30 units when there is an increase in price from GH¢4.00 to GH¢5.00, the coefficient of price elasticity of supply is
- When the budget line is just tangent to the indifference curve, ..... is illustrated.
- The production period that involves a constraint by any of the inputs employed which limits the decision maker's choices is known as.....

6. The surplus received by any factor of production above its opportunity cost is referred to as .....
7. The processing of flour into bread, hides and skin into shoe are examples of ..... type of production.
8. The feature of a perfectly competitive market that makes it impossible to earn economic profits in the long run is the assumption of .....
9. Product differentiation is an essential feature of a market structure called .....
10. If disposable income increases from Le,200 to Le1,800, and Marginal Propensity to Consume is 0.3, the change in consumption is .....
11. When Gross Domestic Product (GDP) is added to Net Factor Incomes from abroad, the result is .....
12. Issuing of legal tenders in an economy is the primary function of the .....
13. The function of money which eliminates the problem of 'double coincidence of wants' associated with the barter system is .....
14. The proportion of the tax base which is paid as tax is called .....
15. The principle of taxation that requires every taxpayer to pay tax in proportion to his income is known as .....
16. The concept that describes a situation where people who are willing and able to work at prevailing wage rate and do not find jobs is called .....
17. A deliberate policy of the government to reduce the external value of a domestic currency is called .....
18. An established arrangement by which currencies are bought and sold is known as .....
19. The ratio of the real GNP to population of a country is referred to as .....
20. A development plan that has an average duration of between 2 years and 5 years is known as .....

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

**PART I: MICROECONOMICS**

**ATTEMPT ANY TWO QUESTIONS**

**QUESTION 1**

- a. Briefly explain the basic economic concepts of scarcity and choice. (4 Marks)
- b. i. Describe production possibilities curve (PPC). (2½ Marks)
- ii. Draw production possibilities curves to illustrate the concepts of full employment, underemployment and economic growth. (6 Marks)
- (Total 12½ Marks)

**QUESTION 2**

- a. Explain the concepts of total utility (TU) and marginal utility (MU). (4 Marks)
- b. Assume the following table presents the total utility (TU) schedule for commodity X

Quantity (Q <sub>x</sub> )	Total Utility (TU <sub>x</sub> )	Marginal Utility (MU <sub>x</sub> )
0	0	
1	10	
2	16	
3	20	
4	22	
5	23	
6	23	
7	21	

**Required:**

- i. Copy and complete the table for the marginal utility trend. (1½ Marks)
- ii. Plot the data to obtain the Total Utility and Marginal Utility curves. (1½ Marks)
- iii. Explain the relationship between the total utility and marginal utility curves. (2½ Marks)
- c. State the law of diminishing marginal utility and identify its implication for the law of demand. (3 Marks)
- (Total 12½ Marks)

### QUESTION 3

- a. “Where to locate a firm is an important decision to be taken because the success or failure of the firm may depend on the site chosen” Given this viewpoint, identify and explain **FIVE** main factors influencing location of a business firm. (10 Marks)
- b. What is the difference between ‘a firm’ and ‘an industry’? (2½ Marks)  
(Total 12½ Marks)

### PART II:

### MACROECONOMICS

#### ATTEMPT ANY TWO QUESTIONS

### QUESTION 4

- a. Explain **FOUR** main functions of deposit money banks (DMBs) in a modern economy. (6 Marks)
- b. i. Given an initial deposit of L\$45 million in the banking system and the cash reserve ratio of 20%, determine the total amount of money that would be created in the system, all other things being equal. (3½ Marks)
- ii. List **THREE** factors that limit the ability of the deposit money banking system to create money. (3 Marks)  
(Total 12½ Marks)

### QUESTION 5

- a. State the principle of comparative cost advantage. (2½ Marks)
- b. Assume the table below shows a hypothetical data on the production of groundnut (‘000 tons) and cocoa (‘000 tons) by Gambia and Nigeria in a given year.

Country	Output of groundnut (per labour per month)	Output of cocoa (per labour per month)
Gambia	1875	1250
Nigeria	575	450

Using the information in the table:

- i. Calculate the opportunity cost of a ton of groundnut in terms of a ton of cocoa in each country. (3 Marks)
- ii. Calculate the opportunity cost of a ton of cocoa in terms of a ton of groundnut in each country. (3 Marks)
- iii. From your results in (i) and (ii) above, determine the commodity in which each of the countries has comparative cost advantage. (4 Marks)  
(Total 12½ Marks)

**QUESTION 6**

- a. What is Development planning? (2<sup>1</sup>/<sub>2</sub> Marks)
- b. Explain clearly **FOUR** main objectives of development planning in a typical developing country. (10 Marks)
- (Total 12<sup>1</sup>/<sub>2</sub> Marks)**

## **ECONOMICS: SOLUTIONS**

### **SECTION A: PART 1 MULTIPLE CHOICE QUESTIONS (MCQ)**

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

### **EXAMINER'S COMMENT**

The questions 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 53% of them scored pass marks. Effective coverage of the entire syllabus is required for candidates to score well in this part.

### **SECTION A: PART II SHORT ANSWER QUESTION (SAQ)**

1. Firm
2. Competitive demand
3. 2
4. Consumer equilibrium
5. Short run period
6. Economic rent
7. Secondary
8. Free entry and free exit
9. Monopolistic competition
10. Le 480
11. Gross National Product (GNP)
12. Central Bank
13. Medium of exchange
14. Tax rate
15. Principle of equity/Ability-to-pay principle
16. Unemployment
17. Currency devaluation
18. Foreign exchange market
19. Per capita real GNP
20. Medium term development plan

### **EXAMINER'S COMMENT**

This part of the paper is equally compulsory. The questions were fairly selected from both 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 part, a candidate also needs a good understanding of all topics in the syllabus.

## SECTION B: PART I MICROECONOMICS

### SOLUTION 1

a. **Scarcity:** The concept of scarcity means that people do not have as much as they desire. The problem of scarcity arises as a result of the fact that, at any point in time, the productive resources available in any society are limited, whereas human wants are unlimited. It follows that the amount of goods and services that can be produced are limited and inadequate to meet human wants. Therefore, the concept of scarcity guides every society to resolve three fundamental economic questions of what to produce, how to produce, and for whom to produce.

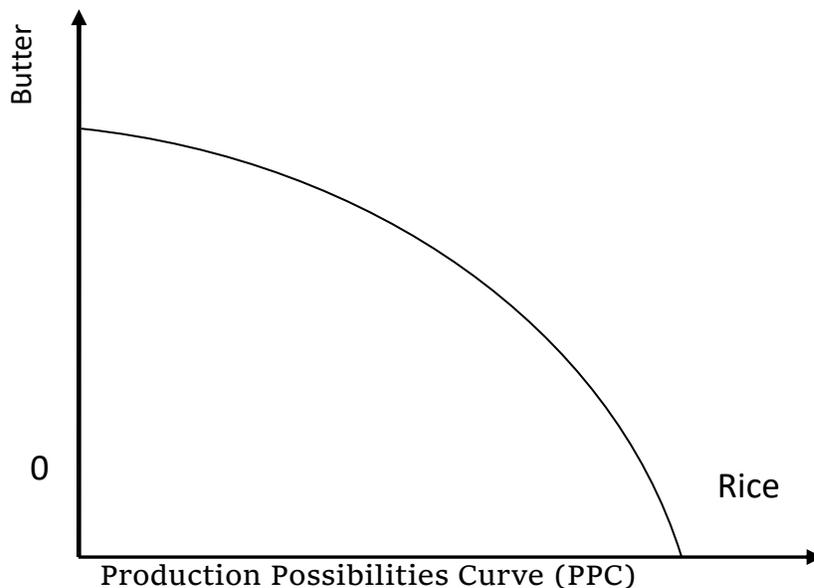
**Choice:** A choice becomes necessary as a result of scarcity. Making a choice implies giving up something in order to get something else. The concept of choice relates to all the three main economic agents in the economy.

- An individual consumer must choose among types of goods and services, between present and future consumption because of his limited money income.
- The firm must choose what to produce and how to produce given the constraints imposed by its limited resources.
- The government must decide what public goods and services to provide for the people given its limited revenue as projected in the budget.

b. (i) A **production possibilities curve (PPC)** shows the various combinations of two goods that can be produced in a country when all available resources are fully and efficiently utilized.

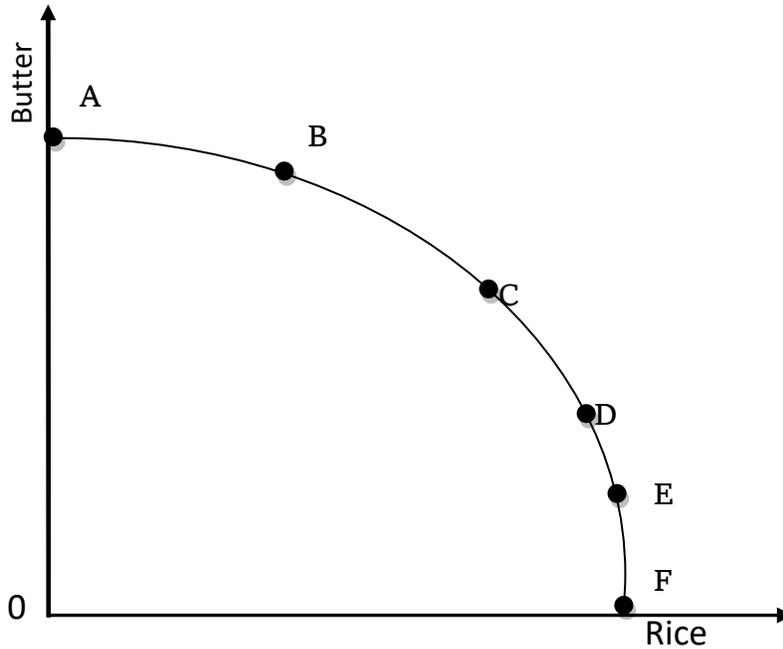
It is drawn under the assumption that the society is using all its resources to produce only two goods – rice and butter.

A production possibilities curve can be hypothetically illustrated as in the diagram below:



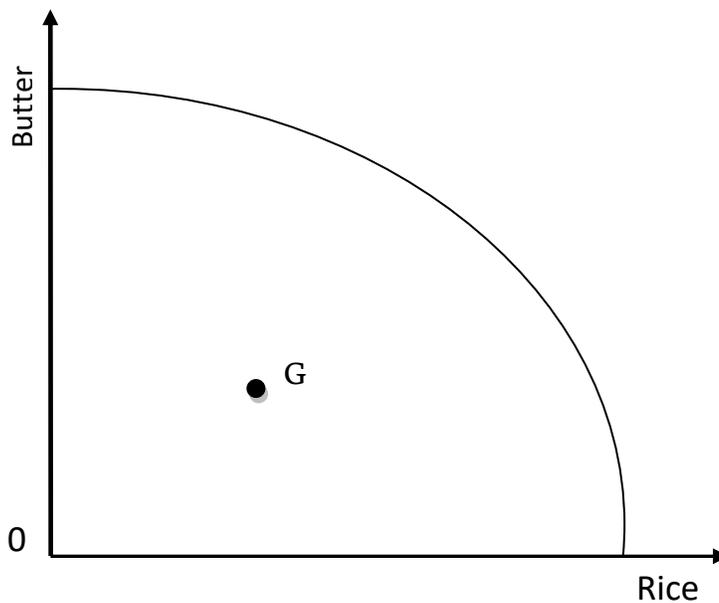
**b (ii)**

- **Full - employment:** Any point on the PPC (such as A to F) shows the combinations of the two goods that the economy can produce given that all available resources are fully and efficiently utilized.



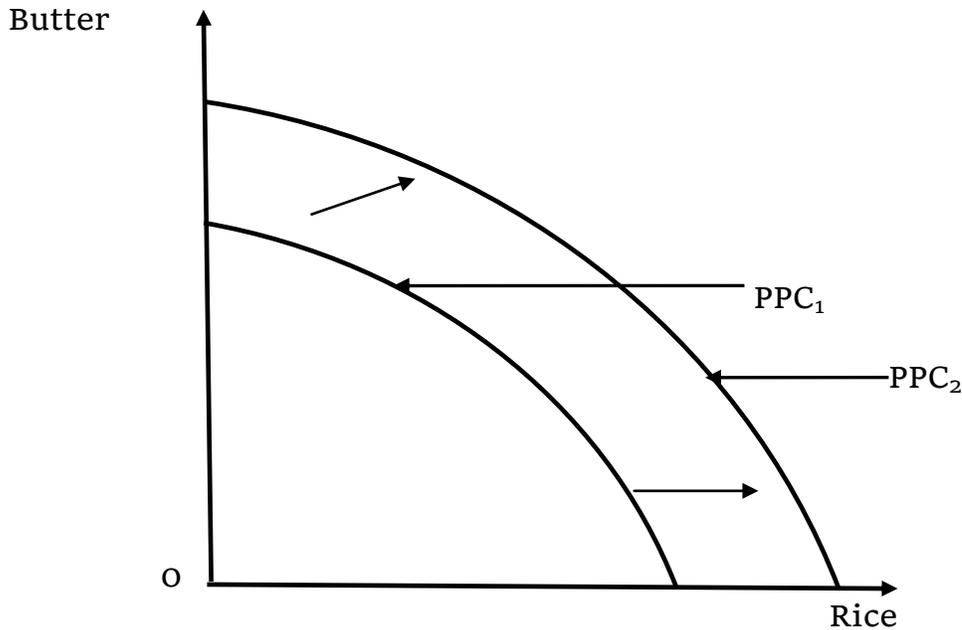
Full - employment

- **Underemployment:** Any point inside the PPC, such as G, shows that some resources are either left completely idle (unemployed) or are not efficiently utilized (underemployed).



Under employment

**Economic growth:** It can be defined as a sustained increase in the production capacity of an economy which leads to a greater output of goods and services. This is represented by an outward shift in the production possibilities curve from  $PPC_1$  to  $PPC_2$  as in the diagram below



*The PPC'S Illustration of Economic Growth*

**EXAMINER'S COMMENT**

This question tested candidates' knowledge of the basic microeconomics concepts of scarcity, choice and Production Possibility Curve (PPC). Almost 100% of the candidates attempted this question with not less than 85% of them scoring pass marks.

**SOLUTION 2**

- a. **Total Utility** refers to the total satisfaction obtained by a consumer from the consumption of some quantity of a good or service. For example, the total utility from Apple ( $TU_a$ ) is dependent on the quantity of Apple ( $Q_a$ ) consumed. This can be written in a functional relationship as  $TU_a=f(Q_a)$

**Marginal Utility** is the additional satisfaction a consumer derives from one more unit of the good or service consumed. It is obtained as the ratio of change in total utility ( $\Delta TU$ ) to change in the quantity ( $\Delta Q$ ) consumed of a good or service. It can be expressed as

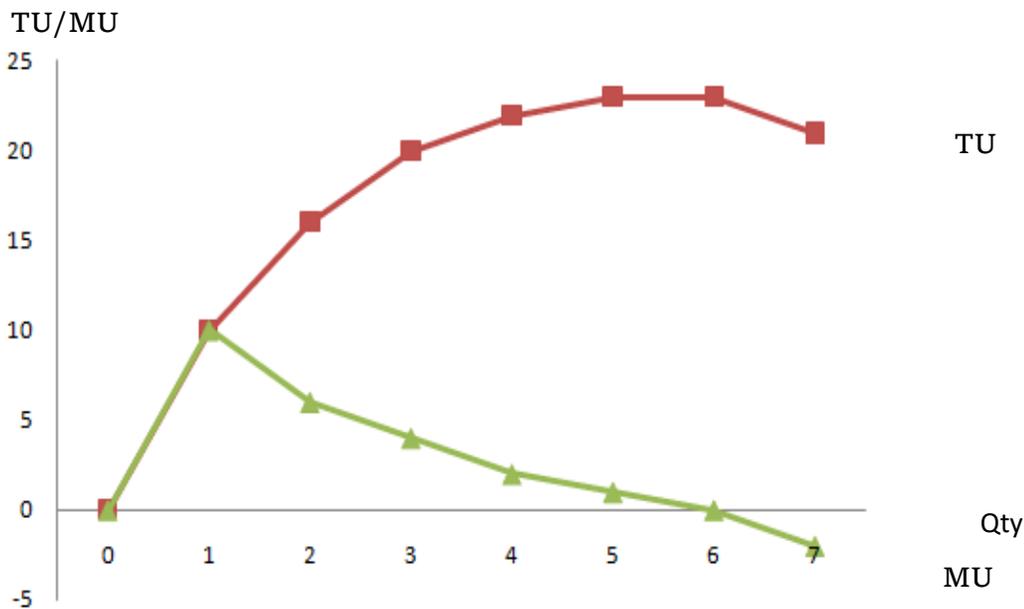
$$MU_2 = TU_2 - TU_1 \text{ or } MU_X = \frac{\Delta TU_X}{\Delta Q_X}$$

b. (i)

Quantity (Q <sub>x</sub> )	Total Utility (TU <sub>x</sub> )	Marginal Utility (MU <sub>x</sub> )
0	0	-
1	10	10
2	16	6
3	20	4
4	22	2
5	23	1
6	23	0
7	21	-2

The marginal utility trend above is obtained with the formula  $MU_x = \frac{\Delta TU_x}{\Delta Q_x}$

(ii) The total utility and marginal utility curves are presented in the following graph



(iii) From the graph above, it could be observed that as output increases, total utility increases and marginal utility decreases. When total utility is at the maximum, marginal utility is at point zero. But when total utility starts decreasing, marginal utility is negative.

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

**The implication:** The law of diminishing marginal utility is used to explain the derivation of the downward sloping demand curve.

### **EXAMINER'S COMMENT**

The question on marginal utility theory of consumer behavior is very straight forward. About 86% of the candidates attempted this question, while the success rate stands at about 70%. Inability of some of the candidates to explain the relationship between total utility and marginal utility, as well as to connect the law of diminishing returns to the law of demand explains while they scored poorly in this question.

### **SOLUTION 3**

#### **a. Factors determining location of a business firm**

- i. **Nearness to the source of raw materials:** If the required raw materials for production are heavy and bulky, the firm will be sited near the source of raw materials in order to reduce the transport expenses. For example, cement industry is located at Ewekoro and Sokoto because of limestone deposits in these towns.
- ii. **Natural factors:** Some factories are located in certain areas due to natural presence of non-transferable basic raw materials.
- ii. **Nearness to markets:** Some goods are perishable, heavy and fragile in nature which makes it necessary for market to be very close to the area where they are produced. If markets are located near the firm, it will reduce transportation cost.
- iii. **Availability of infrastructural facilities:** The existence of a good communication system, pipe-borne water, transportation network, electricity supply, schools and hospitals are essential for location of firm to reduce production cost.
- iv. **Nearness to source of finance:** Most firms are located in an area where there is the existence of banks and other financial institutions from which the firms can obtain loans for expansion and where they can keep their accounts.
- v. **Nearness to other firms:** Firms that are located near each other may derive cost-saving advantages from each other where the output of one firm becomes the input of another firm. Economists refer to such cost-saving advantages as external economies.

- vi. **Social and political factors:** Government may discourage the excessive concentration of industries in an area in order to avoid problems of overcrowding, traffic congestion, shortages of social facilities-hospitals, schools and so on. Furthermore the establishment of petroleum refinery in Kaduna is more of political than economic reason because crude oil which is the raw material is not found in Kaduna or anywhere around it.
- viii. **Even development consideration:** Government at times encourages location of industry in a rural area in order to promote even development. A typical example is the rural banking scheme introduced by the Federal Government of Nigeria. If industries are sited in the rural areas, it will hasten the provision of infrastructural facilities which will further enhance the standard of living of the rural dwellers.

**b. The difference between ‘a firm and an industry’**

A firm is a business unit that is engaged in the production of a good or provision of a service, For example, International Brewery, Ilesha in Osun State while an industry is a collection of firms that produce similar goods or services such as Brewing industry that consists of Guinness Nigeria Plc, Nigerian brewing Plc.

**EXAMINER’S COMMENT**

This question on production theory tested candidates’ knowledge of the difference between a firm and industry, as well as factors in the location of a business firm. About 76% of the candidates attempted the question, while about 55% of them scored at least 50% of the marks allocated to the question.

**SOLUTION 4**

- (a) The main functions of Deposit money banks (DMBs) in an economy are:
  - (i) **Accepting deposits of money:** Deposit money banks, accept deposits in form of demand deposit, saving deposit and time deposit from individuals, firms and government.
  - (ii) **Granting loans and advances:** The Deposit money banks give loans and advances to worthy customers. Interest rates are charged on these facilities, thus making it as one of their profitable functions. The loans and advances could take the forms of short – term credit facilities such as overdraft; medium – term facilities and loan syndication to finance large project.

- (iii) **Acting as agents of payment:** Deposit money banks' customers keep current accounts from which they can draw for settlement of debts 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) **Providing international trade services:** Deposit money 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.
- (v) **Providing brokerage services:** Deposit money banks undertake to buy and sell stocks and shares on behalf of their customers.
- (vi) **Foreign exchange services:** Deposit money banks act as intermediaries between the Central Bank or authorized foreign exchange dealers and their corporate customers to process foreign exchange allocations. They also provide traveller's cheque to their customers who are travelling out of the country.
- (vii) **Safekeeping of valuable items:** Deposit money banks undertake to keep for their customers valuable items such as government stock, share certificates, academic certificates, certificate of occupancy, jewellery, insurance policies, etc.
- (viii) **Equipment leasing:** The banks finance purchases of fixed assets by their customers (mostly business enterprises) and allowing repayment over an agreed period of time. The bank is the lessor while the beneficiary is the lessee.

**(bi)** Given an initial deposit of L\$45 million in the banking system and the cash reserve ratio (CRR) of 20%, the total amount of money ( $M_{ed}$ ) that would be created is

$$M_{ed} = \frac{\text{Initial deposit}}{\text{CRR}}$$

$$M_{ed} = \frac{45}{0.20}$$

$$M_{ed} = \mathbf{L\$225 \text{ million}}$$

- (bii)** The factors that limit the ability of the Deposit money banks to create money include:
- (i) Cash reserve ratio and special deposit issued by the Central bank
  - (ii) Cash leakage out of the banking system
  - (iii) Willingness of the banks to lend to the public
  - (iv) Willingness of customers to borrow from the banking system

**EXAMINER’S COMMENT**

This is a straight forward question on money and banking. About 48% of the candidates attempted the question with a success rate of about 30%. About 80% of those who attempted the question exhibited poor understanding of part b (i) and (ii) thereby losing vital marks.

**QUESTION 5**

- (a)** The principle of comparative cost advantage states that a country should produce and export goods in which it has a comparative advantage, and import those goods in which it has a comparative disadvantage.
- (b)** (i) The opportunity cost of a ton of groundnut in terms of a ton of cocoa (OC<sub>gc</sub>) in each country is expressed as

$$OC_{gc} = \frac{\text{Output of Cocoa}}{\text{Output of Groundnut}}$$

**For Gambia**

$$\begin{aligned}
 OC_{gc} &= \frac{\text{Output of Cocoa}}{\text{Output of Groundnut}} \\
 &= \frac{1250}{1875} \\
 &= \mathbf{0.67}
 \end{aligned}$$

**For Nigeria**

$$\begin{aligned}
 OC_{gc} &= \frac{\text{Output of Cocoa}}{\text{Output of Groundnut}} \\
 &= \frac{450}{575} \\
 OC_{gc} &= \mathbf{0.78}
 \end{aligned}$$

- (ii) The opportunity cost of a ton of cocoa in terms of a ton of groundnut (OCcg) in **each** country is expressed as:

$$\text{OCcg} = \frac{\text{Output of groundnut}}{\text{Output of Cocoa}}$$

**For Gambia**

$$\begin{aligned}\text{OCcg} &= \frac{\text{Output of groundnut}}{\text{Output of Cocoa}} \\ &= \frac{1875}{1250}\end{aligned}$$

$$\text{OCcg} = \mathbf{1.5}$$

**For Nigeria**

$$\begin{aligned}\text{OCcg} &= \frac{\text{Output of groundnut}}{\text{Output of Cocoa}} \\ &= \frac{575}{450}\end{aligned}$$

$$\text{OCcg} = \mathbf{1.28}$$

- (iii) From the results in (i) and (ii) above, Gambia has comparative cost advantage in production of groundnut, and Nigeria has the comparative cost advantage in production of cocoa. This is because each of the countries has lower opportunity cost in their respective production of commodity.

**EXAMINER'S COMMENT**

This question is on the trade theory propounded by David Ricardo. Less than 10% of the candidates attempted the question. Almost 90% of those who attempted the question could only answer part (a) which attracts only 2<sup>1</sup>/<sub>2</sub> marks out of the total marks allocated to the question. The implication is that about 90% of the candidates were not at home with the quantitative part (b), which is about the calculation of opportunity cost of production in order to determine the good in which each country has comparative cost advantage.

## SOLUTION 6

- (a) Development planning is a process that involves a conscious allocation of resources by the government to the various sectors of the economy for purpose of promoting rapid economic growth in an economy. Thus development planning entails three dimensions like resource accumulation, resource allocation and resource management. For development planning to achieve its purpose the various sectors of the economy should be involved, while the Ministries, Departments and Agencies (MDAs) should be well coordinated.
- (b) The main objectives of development planning in a typical developing country are:
- (i) **To maximize the utilization of economic resources:** The resources of any nation are not always enough for her use. Therefore, resources must be allocated in such a way to achieve maximum output and accelerate economic development.
  - (ii) **To correct the imperfection of the market system:** The market system in reality is not perfect and therefore allocation of resources which occur under perfect competition model does not happen. Therefore, there is the need for government's intervention to ensure efficient allocation of resources
  - (iii) **To bridge the gap between private cost and social cost, and private benefit and social benefit:** For example, under perfect markets, there may be a divergence between benefits provided or cost incurred by the third party in the production or consumption of a good or service(Existence of externalities).
  - (iv) **To ensure balanced growth:** Planning may be used to ensure balanced growth for all sectors of the economy. By this there will be uniform growth and provision of complementary services and intra sectoral linkages.
  - (v) **To attract foreign investment:** Development plans are used as a means of attracting foreign investment or foreign aids. Foreign government and international organizations providing grants and loans need to be satisfied that the funds they intend to provide will be put to good use.

- (vi) **To match the available resources with the desired goals:** The complementary nature of some investment decisions requires planning because the viability of one project may be conditioned upon another project. For example, the development of the agricultural sector may require setting up of irrigation projects and a special transport facility for conveying agricultural produce between the farms and the market places.

**EXAMINER'S COMMENT**

The question on development planning is also straightforward. However, less than 30% of the candidates attempted the question. Only about 32% of the candidates who attempted the question scored pass marks revealing ineffective coverage of the syllabus.

**THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
MARCH 2022 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, mathematical set, 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 with you in the 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, 29 MARCH, 2022**

**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA**

**PART I EXAMINATIONS – MARCH 2022  
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.     Laws made by the National Assembly are called
  - A.     Acts
  - B.     Decrees
  - C.     Edits
  - D.     Bye-Laws
  - E.     Regulations
  
2.     Which of the following is **NOT** a characteristic of a partnership?
  - A.     Sharing loses
  - B.     Sharing profits
  - C.     Business
  - D.     Liability to pay income tax on its profits
  - E.     The pooling of resources together
  
3.     Which of the following is a Superior Court in Nigeria?
  - A.     Magistrate Court
  - B.     Customary Court
  - C.     Area Court
  - D.     District Court
  - E.     Federal High Court
  
4.     A bill of exchange
  - A.     Is an unconditional payment order in writing
  - B.     Must be made by an employer
  - C.     Has no stale date
  - D.     Is made by the National Assembly
  - E.     Is a condition

5. A banker has the duty to
- A. Negotiate payments with customers
  - B. Cash customer's cheque
  - C. Visit customers in their places of business
  - D. Collect its customer's cheques and other payable instruments
  - E. Give customers Ramadan gift
6. What is the minimum number of directors that a public company must have?
- A. 1
  - B. 2
  - C. 3
  - D. 4
  - E. 5
7. Who among the following **COULD** be a secretary of a public company?
- A. A Broker
  - B. A Chartered Banker
  - C. A Chartered Accountant
  - D. Executive Director
  - E. A Money Manager
8. Which type of interest must a person have in a property to be insured?
- A. Indemnity interest
  - B. Affordable interest
  - C. Insurable interest
  - D. Redeemable interest
  - E. Protective interest
9. Which of the following is an element of a valid contract?
- A. Consideration
  - B. Novation
  - C. Chose
  - D. Incapacity
  - E. Invitation to treat

10. Which of the following is **NOT** a fundamental human right under the Constitution of the Federal Republic of Nigeria?
- A. Right to freedom of movement
  - B. Right to enjoyment
  - C. Right to fair hearing
  - D. Right to the dignity of the human person
  - E. Right to privacy
11. The court that has original jurisdiction over matters pertaining to arms and ammunitions in Nigeria is the
- A. Court of Appeal
  - B. Commercial Court
  - C. Magistrate Court
  - D. Federal High Court
  - E. National Industrial Court
12. Which of the following **CANNOT** vitiate a contract?
- A. Undue influence
  - B. Mistake
  - C. Duress
  - D. Familiarity
  - E. Misrepresentation
13. Caveat emptor means
- A. Damages will be awarded
  - B. Let the buyer beware
  - C. Mind your business
  - D. Know your customer
  - E. Negotiate the price
14. An employee has the right to
- A. Work in a safe and satisfactory environment
  - B. Choose the work to be done
  - C. Have a voice in the place he will work
  - D. Discipline co-employees
  - E. Receive salaries in cash

15. Which of the following is **NOT** a negotiable instrument?
- A. Share
  - B. Cheque
  - C. Dividend warrants
  - D. Promissory note
  - E. Bill of lading
16. Who of the following is **NOT** disqualified from being a director of a company?
- A. A person under the age of 18
  - B. An insolvent person
  - C. A person certified to be insane
  - D. A 30-year old unemployed person
  - E. A corporation other than its accredited representative
17. Which of the following is contained in the Memorandum of Association of a company?
- A. Appointment of Directors
  - B. Share transfer procedures
  - C. Appointment and remuneration of auditors
  - D. Procedures at meetings
  - E. Business clause
18. Which of the following is **NOT** a special court?
- A. State High Court
  - B. Tribunals
  - C. Coroners court
  - D. Juvenile Court
  - E. Court Martial
19. Which of the following is **NOT** a source of Nigerian law?
- A. Nigerian Constitution
  - B. Nigerian Legislation
  - C. English law
  - D. Customary law
  - E. Hansard

20. Which of the following is a classification of goods?

- Expensive goods
- Perishable goods
- Existing goods
- Limited goods
- Forensic goods

21. Which of the following is an investment?

- A. Special trust
- B. Express trust
- C. Unit trust
- D. Constructive trust
- E. Statutory trust

22. A written Constitution is

- A. Flexible
- B. Rigid
- C. Changeable
- D. Amenable
- E. Discretionary

23. Nigeria operates a ..... system of government

- A. Confederate
- B. Monarchy
- C. Federal
- D. Congressional
- E. Congregational

24. Partnership is the relationship which subsists between persons carrying on business in common with a view to

- A. Assisting other partners
- B. Making and sharing profit
- C. Ensuring accuracy
- D. Establishing good business
- E. Deceiving the public

25. A person who is appointed by a shareholder to represent his/her interest at a company meeting is called a/an
- A. Member
  - B. Promoter
  - C. Proxy
  - D. Accountant
  - a. Lawyer
26. The duties of parties in tort are fixed by
- A. Law
  - B. The parties
  - C. Contract
  - D. Executive
  - E. Governor
27. The party who has the option to purchase goods in a Hire Purchase agreement is the
- A. Hirer
  - B. Hiree
  - C. Owner
  - B. Insurance Company
  - C. Bailee
28. Trustees are incorporated under the
- A. Judge
  - B. Magistrate
  - C. Executive
  - D. Companies and Allied Matters Act
  - E. Personal Representative
29. Which of the following courts is **NOT** of coordinate jurisdiction with others?
- A. National Industrial Court
  - B. Sharia Court of Appeal
  - C. Court of Appeal
  - D. Federal High Court
  - E. Customary Court of Appeal

30. Which of the following must **NOT** be in the Memorandum of Association of a company?
- A. The name of the Company
  - B. That the company is a private or public company
  - C. The name of the secretary and auditors
  - D. That the registered office of the company shall be situated in Nigeria
  - F. That the liability of members is limited by shares, or guarantee, or unlimited

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

**ATTEMPT ALL QUESTIONS**

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

1. A meeting which a public company must hold within six months of incorporation is .....
2. He who comes to equity must come .....
3. The Received English Law, are the Common Law of England, Doctrines of Equity, and .....
4. The court with the jurisdiction over matters pertaining to the federal government revenue is .....
5. Consideration must move from the .....
6. The repugnancy test for validity of customary law requires that it must not be repugnant to natural justice, equity, and .....
7. .... is the next in hierarchy to the Supreme Court
8. The body that recommends persons for appointment as Judges of the Federal High Court in Nigeria is .....
9. An offer to negotiate or an offer to receive is known as .....
10. The relationship arising out of the authority of one person to another to perform certain tasks on his behalf is called .....



## QUESTION 2

- a. The sources of Nigerian law are foundational to the Nigerian legal system

**Required:**

State **FIVE** sources of Nigerian law (2<sup>1</sup>/<sub>2</sub> Marks)

- b. Bills of exchange are used for financial transactions

**Required:**

Explain briefly **TWO** types of bill of exchange (5 Marks)

- c. There are implied conditions in all contracts of sales of goods

**Required:**

Enumerate **FIVE** implied conditions in a contract of sale of goods (5 Marks)

**(Total 12<sup>1</sup>/<sub>2</sub> Marks)**

## QUESTION 3

- a. A cheque is a financial instrument drawn on a bank and made payable upon demand subject to six month validity period.

**Required:**

State **FIVE** types of cheques. (2<sup>1</sup>/<sub>2</sub> Marks)

- b. The body regulating the affairs of companies in Nigeria is the Corporate Affairs Commission.

**Required:**

State **FIVE** functions of the Corporate Affairs Commission. (5 Marks)

- c. Mrs Sola Badoo is planning to create a collective investment scheme.

**Required:**

Explain the operation of unit trust, stating its key benefits (5 Marks)

**(Total 12<sup>1</sup>/<sub>2</sub> Marks)**

#### QUESTION 4

- a. Explain the concept of a counter offer. (2<sup>1</sup>/<sub>2</sub> Marks)
- b. A contract of insurance has elements of offer and acceptance.

**Required:**

Explain briefly the making of insurance contract. (5 Marks)

- c. State **FIVE** distinctions between criminal law and civil law. (5 Marks)  
(Total 12<sup>1</sup>/<sub>2</sub> Marks)

#### QUESTION 5

- a. Nigeria and Ghana have “Constitution”.

**Required:**

Define ‘Constitution’ and differentiate between a rigid and a flexible constitution. (5 Marks)

- b. Intention to create legal relations is an element of a valid contract.

**Required:**

State briefly the presumptions which are applied by the court in ascertaining whether an intention to create legal relations exists or not in an agreement between:

- i. Esse, who promised to take her friend Tolu for a dinner;
- ii. A husband who refused to give his wife weekly allowance;
- iii. A grandma who promised to give her granddaughter jewelries.

(5 Marks)

- c. Under the part of the Companies and Allied Matters Act that regulates registration of business names, certain names are restricted.

**Required:**

Explain briefly the power of the Registrar-General over restricted names.

(2<sup>1</sup>/<sub>2</sub> Marks)

(Total 12<sup>1</sup>/<sub>2</sub> Marks)

## QUESTION 6

- a. Explain the term 'Judicial precedent' and state **THREE** of its advantages. (3<sup>1</sup>/<sub>2</sub> Marks)
- b. State ways by which a bill of exchange may be discharged. (5 Marks)
- c. Enumerate **FOUR** duties of customer to his banker. (4 Marks)
- (Total 12<sup>1</sup>/<sub>2</sub> Marks)**

## SECTION A - MULTIPLE CHOICE SOLUTIONS

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

## EXAMINER'S REPORT

The questions achieved a good spread over the syllabus. All candidates attempted the questions and over 90% of them scored pass marks.

## **SHORT ANSWER QUESTIONS**

1. Statutory meeting
2. With clean hands.
3. Statutes of General Application in force in England on January 1, 1900
4. The Federal High Court
5. Promisee
6. Good conscience
7. Court of Appeal
8. National Judicial Council
9. Invitation to treat
10. Agency
11. Unascertained goods
12. Dismissed
13. Premium
14. Subrogation
15. Private company
16. Internal relations
17. 6 months
18. 21 days
19. Ordinary and special resolution
20. Crossing.
21. The Federal High Court
22. Promisee
23. Good conscience
24. Court of Appeal
25. National Judicial Council
26. Invitation to treat
27. Agency
28. Unascertained goods
29. Dismissed
30. Premium
31. Subrogation
32. Private company
33. Internal relations
34. 6 months
35. 21 days
36. Ordinary and special resolution
37. Crossing

## **EXAMINER'S REPORT**

The questions covered the syllabus adequately. All the candidates attempted the questions and over 90% of them passed.

## OPEN-ENDED QUESTIONS SOLUTIONS

### SOLUTION 1

- a. The doctrine of privity of contract explains that only a party to a contract could sue and be sued for the enforceability of a contract. Essentially, this means that only parties to a contract could enforce or institute an action for the performance of a contract. A person who is not a party to a contract cannot enjoy the benefit or suffer the burdens of the contract, because it is a relationship that exists between parties to the contract.
- b. The duties of an agent include the following:
- i. An agent is bound to follow the principal's instructions;
  - ii. An agent must not delegate his authority unless he is expressly authorized by his principal;
  - iii. An agent must act in good faith and avoid conflict of interests;
  - iv. An agent must exercise due care and skill professed by him;
  - v. An agent must not make secret profit;
  - vi. An agent must not disclose confidential information; and
  - vii. An agent must render an account to the principal as at when due.
- c. The maxims of equity are as follows:
- i. Equity will not suffer a wrong without a remedy;
  - ii. He who comes to equity must come with clean hands;
  - iii. He who seeks equity must do equity;
  - iv. Where the equities are equal, the first in time prevails;
  - v. Equity follows the law;
  - vi. Delay defeats equity;
  - vii. Equity aids the vigilant and not the indolent;
  - viii. Equity looks at the intent (substance), not the form;
  - ix. Equity looks on that as done which ought to be done;
  - x. Equity inputs an intention to fulfil an obligation;
  - xi. Where the equities are equal, the law prevails;
  - xii. Equity acts *in personam*.

## **EXAMINER'S REPORT**

The question test candidates' knowledge of privity of contract, duties of an agent and maxims of equity. 80% of them scored pass marks. Candidates' pitfall was lack of understanding of aspects of the questions. Candidates are advised to study ATSWA study pack in future preparations.

## **SOLUTION 2**

- a. The sources of Nigerian law are as follows:
  - i. Nigerian Constitution;
  - ii. Nigerian Legislation;
  - iii. The Received English law comprising the common law, the doctrines of equity and statutes of general application that were in force in England on January 1, 1900 as well as English laws made before October 1, 1960 and extended to Nigeria;
  - iv. Customary law;
  - v. Judicial precedent;
  - vi. Law reports.
  - vii. International law.
  
- b. There are 4 types of bill of exchange as follows:
  - i. Inland Bill - is a local bill either drawn or payable in the country, or drawn on a person resident in the country;
  - ii. Foreign Bill - is any other bill than an inland bill. A foreign bill must be noted and protested if it is dishonoured either by non-acceptance or non-payment, otherwise the bill becomes discharged and the drawer as well as the endorsers will be free from liability;
  - iii. Inchoate or Incomplete Bill - is a bill that is defective or lacking in some material particular. The defect must be rectified within a reasonable time to make it valid;
  - iv. Accommodation Bill - A bill signed by a person who has not received value for the bill, but merely signs it for the purpose of fixing his name on the bill, is referred to as an accommodation bill. That person who signed the bill is called an accommodation party.

- c. Implied conditions on a contract of sale of goods:
  - i. Implied condition as to title;
  - ii. Implied condition as to description of the goods;
  - iii. Implied condition as to sale by sample;
  - iv. Implied condition as to fitness and quality of the goods;
  - v. Existence of title of the Seller;
  - vi. Implied condition as to fitness for purpose; and
  - vii. Implied condition as to merchantable quality.

### **EXAMINER'S REPORT**

The question tests candidates' understanding of the sources of Nigerian law, types of bill of exchange and implied conditions in sale of goods contract.

About 75% of the candidates attempted the question and pass rate was about 80%. Candidates' major pitfall was inadequate preparation. For future preparation, they are advised to study ATSWA study pack carefully.

### **SOLUTION 3**

- a. Types of cheques are:
  - i. Bearer Cheque;
  - ii. Order Cheque;
  - iii. Crossed Cheques;
  - iv. Banker's Draft;
  - v. Traveller's cheque.
  
- b. The functions of the Corporate Affairs Commission as provided in Section 7 of the Companies and Allied Matters Act are to:
  - i. Administer the Act, including the regulation and supervision of the formation, incorporation, registration, management and winding-up of companies under or pursuant to the Act;
  
  - ii. Establish and maintain a companies' registry, and offices in all the states of the Federation, suitably and adequately equipped to discharge its functions under the Act or any other law in respect of which it is charged with responsibility;

- iii. Arrange or conduct an investigation into the affairs of any company where the interest of the shareholders and the public so demand;
  - iv. Perform such other functions as may be specified by any Act or enactment; and
  - v. Undertake such other activities as are necessary or expedient for giving full effect to the provision of the Act.
- c. Unit Trust pools funds from diverse investors (unit holders) and invest them in securities managed by a fund manager so that the income of the investments accrues to the unit holders.

A significant benefit is that it allows small investors to participate in the economy under a scheme protected by law.

#### **EXAMINER'S REPORT**

The question tests candidates' understanding of types of cheque, functions of the Corporate Affairs Commission as well as unit trusts and its benefits.

About 70% of the candidates attempted the questions and pass rate was about 65%. Candidates' major pitfall was their lack of understanding of unit trust.

Candidates are advised to study unit trusts more diligently in future.

#### **SOLUTION 4**

- a. Counter offer is an offer made in response to a previous offer by the other party during negotiations for a final contract. The making of a counter offer automatically rejects the prior offer. A counter offer is a fresh offer. It means the original offer was rejected and replaced with another one. The counter offer gives the original offerer three options to accept the counteroffer, reject it, or make another offer.
- b. In an insurance contract, the insurer makes an invitation to treat to the applicant or proposer when she gives him the proposal form to fill. The applicant makes an offer when he submits the form he has completed. The insurer indicates her

acceptance by accepting the filled proposal form and the premium paid by the proposer is the consideration.

- c. The distinctions between criminal law and civil law are as follows:
- i. The aim of criminal law is to punish offenders by way of imprisonment, fine or both. Conversely, civil law aims at compensating an injured or aggrieved person;
  - ii. The standard of proof in criminal law is proof beyond reasonable doubt, but the standard of proof in civil law is preponderance of evidence or balance of probabilities;
  - iii. In criminal cases, there is no limitation of time to prosecute the offender, but in civil cases, the limitation time to institute an action ranges from six to twelve years before the action is barred;
  - iv. Prosecution in criminal matters is by the State or government, whereas in a civil matter, the aggrieved person decides to sue or not to sue the wrongdoer;
  - v. The parties to a criminal case are the State and the Accused/Defendant, but the parties to a civil case are the Plaintiff and the Defendant;
  - vi. In criminal law, once the case against the accused person is proved, the court pronounces him guilty and convicts him. Conversely, in civil cases, once a plaintiff proves his case against the defendant, the court pronounces the defendant liable and makes him to pay damages/compensation to the plaintiff or subjects him to equitable orders such as injunction or specific performance.

### **EXAMINER'S REPORT**

The question tests candidates' understanding of counter offer, elements of contract and insurance contract as well as the distinctions between criminal law and civil law.

About 65% of the candidates attempted the question, and pass rate was about 65%.

Candidates' major pitfall was lack of knowledge of making insurance contract.

Candidates are advised to focus more on insurance in their future preparation.

## SOLUTION 5

- a. A Constitution is a document containing the rules and regulations including the norms and ethics concerning the ways and manner in which a country is to be administered. The difference between a rigid and a flexible constitution is based on the terms of the procedure for their amendments. A rigid constitution cannot be changed or amended easily because it requires a special process which is not only difficult but is also complicated and the special process is actually laid down in the Constitutions themselves. An example of a rigid constitution is that of the Federal Republic of Nigeria. It should be noted that a rigid constitution is necessarily written, but we should also note that not all written constitutions are rigid, that is, a constitution may be written and still remain flexible. On the other hand, a flexible constitution is one that can be easily amended as the procedure for its amendment is not cumbersome. Example of a flexible constitution is that of Ghana.
- b. (i) Esse has only made a promise and does not intend to create any legal relations, and Tolu has not given any consideration. The court will hold that no legal relations had been contemplated and that tolu will fail in any court action.
- (ii) In the case of domestic arrangement the presumption is against the intention to create legal relations, a husband who refused to give his wife weekly allowance as he used to do did not intend any legal relations so the court will hold that no legal relations had been contemplated and that wife's action must fail (*Balfour v Balfour*).
- (iii) Grandma who promised to give her granddaughter jewellery did not intend to create legal relations and the granddaughter's action must fail.
- c. The power of the Registrar-General over restricted names is as follows:  
The Registrar-General of the Corporate Affairs Commission (who is also the Registrar of Business Names) has power to refuse to register the use of certain restricted business names (or cancel the registration, where such names have been registered mistakenly). This she could do where she is of the opinion that registration of such business name would mislead the public, unless the consent of the Commission (CAC has been obtained first).

## **EXAMINER'S REPORT**

The question tests candidates' knowledge of the constitution and its types, intention to create legal relations as well as the powers of the Registrar-General's over restricted corporate names.

Candidates showed a poor understanding of restricted corporate names. Candidates are advised to study the ATSWA Study Text deeply.

## **SOLUTION 6**

- a. Judicial precedent or case refers to a decision of a court that establishes a principle of law. It is an application of the principle of stare decisis which, loosely translated, means 'stand by what has been decided and do not unsettle the established'.

The advantages of judicial precedent include the following: (i) It makes law certain as it enables people to know the law on a particular subject matter and how it may affect them; (ii) It makes law consistent and fair since similar cases are decided similarly; and (iii) It saves the time of the court.

- b. A bill may be discharged in any of the following ways:

- i. By payment in due course;
- ii. By an acceptor becoming the holder of the bill;
- iii. By waiver;
- iv. By alteration; and
- v. By renunciation.

- c. The duties of a customer to his banker are as follows:

- i. Duty to draw his cheque with care and diligence with a view to protecting his account from fraudulent dealings;
- ii. To repay over-drawing;
- iii. Duty to notify the bank promptly of any knowledge of suspicious dealings on his account as he becomes aware of it; and
- iv. Duty to pay appropriate bank charges and interest.

## **EXAMINER'S REPORT**

The question tests candidates' knowledge of judicial precedent and its advantages, discharge of bills of exchange, and customer's duties to a banker.

About 65% of the candidates attempted the question of which about 65% passed.

Candidates' major pitfall was inadequate understanding of bills of exchange.

Candidates are advised to study bills of exchange more diligently.

**THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
MARCH 2022 EXAMINATIONS (PART I)**

**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, mathematical set, 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, 30 MARCH, 2022**

**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**

**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA**

**PART I EXAMINATIONS – MARCH 2022**

**COMMUNICATION SKILLS**

**Time allowed: 3 hours**

**SECTION A: Part 1      MULTIPLE-CHOICE QUESTIONS      (20 Marks)**

**ATTEMPT ALL QUESTIONS**

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

1. Which of the following terms does **NOT** describe a listening type?
  - A. Informative
  - B. Empathic
  - C. Skimming
  - D. Attentive
  - E. Critical
  
2. Which of the following is **NOT** a bad reading habit?
  - A. Polysyllabic fixation
  - B. Sub-vocalisation
  - C. Regression
  - D. Reading for reading sake
  - E. Study-type
  
3. Which of the following does **NOT** constitute a barrier to effective communication?
  - A. Unclear aim
  - B. Wrong diction
  - C. Inappropriate medium
  - D. Prejudice
  - E. Appropriate timing
  
4. Which of the following does **NOT** include grammatical properties of verbs?
  - A. Person and number
  - B. Mood
  - C. Contrast
  - D. Voice
  - E. Tenses

5. Under which type of communication do posters fall?
- A. Written
  - B. Oral
  - C. Basic
  - D. Spoken
  - E. Visual
6. When “Dear Sir” is the salutation of a formal letter, the appropriate complementary close is
- A. Yours affectionately
  - B. Yours sincerely
  - C. Yours faithfully
  - D. Yours lovingly
  - E. Yours truly
7. Which of the following is **NOT** important to the communication process?
- A. Encoding
  - B. Decoding
  - C. Reading
  - D. Channel
  - E. Feedback
8. A statement that is self-contradictory in nature is a(n)
- A. Paradox
  - B. Hyperbole
  - C. Pun
  - D. Idiom
  - E. Parallelism
9. After waiting for four hours without success to receive the visitors at the airport, we decided to
- A. Call it a day
  - B. Makes bricks without straw
  - C. Buy a pig in a poke
  - D. Burn the midnight oil
  - E. Build our castles in the air

10. Face-to-face communication is a(n)
- A. Oral communication
  - B. Visual communication
  - C. Direct communication
  - D. Written communication
  - E. Audio-visual communication
11. I advised him not to change jobs quite frequently as a rolling stone
- A. Gathers no moss
  - B. Is a dog in the manger
  - C. Is the golden rule
  - D. Is a pinch of salt
  - E. Roles into the gutter
12. In managing a conflict, scheduling a meeting has an advantage of
- A. Predictable policies
  - B. Non-verbal cues
  - C. Verbal cues
  - D. Social change
  - E. Personal interest
13. Which of the following two sub-sections can be merged in a report?
- A. Findings and Discussions
  - B. References and Discussions
  - C. Abstract and Findings
  - D. Introduction and Content
  - E. Discussions and Methodology
14. The conflict between individual managers happens along
- A. Diagonal axis
  - B. Pentagon axis
  - C. Vertical axis
  - D. Horizontal axis
  - E. Circular axis

15. The Chairman's speech was
- A. Superior in humour
  - B. Abound in humour
  - C. Replete with humour
  - D. Sick of humour
  - E. Contagious to humour
16. A conjunction joins the following together, **EXCEPT**
- A. Words
  - B. Sentences
  - C. Phrases
  - D. Paragraphs
  - E. Chapters
17. Which of the following may **NOT** be marred by effective reading?
- A. The receiver's perception
  - B. The receiver's emotion
  - C. The technical terms beyond the receiver's comprehension
  - D. The sender's inability to recognize codes that can cause distortion
  - E. Clarity of expression
18. Which of the following is **NOT** associated with speech?
- A. Articulation
  - B. Syntax
  - C. Pronunciation
  - D. Enunciation
  - E. Accent
19. Which of the following is **NOT** a technical report?
- A. Law report
  - B. Feedback report
  - C. Sales report
  - D. Committee report
  - E. Research report

20. Choose the option to correct the underlined error in this sentence:  
None of us are perfect
- A. Is
  - B. Were
  - C. Was
  - D. Am
  - E. Will

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

**ATTEMPT ALL QUESTIONS**

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

1. A discourse in which reasons are advanced for and against a proposition is said to be a(n) .....
2. The introduction of an essay is intended to ..... the interest of the reader.
3. Effective listening can improve quality, boost productivity and save ..... for an organisation.
4. A statutory meeting which is mandatory yearly by an organisation is referred to as .....
5. The last paragraph of an essay is it's .....
6. A report that hides the identity of the writer is a(n) .....
7. Taller, sweeter, happier are examples ..... adjectives.
8. A supporter in conflict resolution is a ..... of those involved in a dispute.
9. A word that combines with a noun or pronoun to show relationship between two entities is a(n) .....
10. Someone who usually takes notes and writes minutes of meetings for distribution to members is called .....
11. A model of communication which portrays communication as a one-way activity that goes along a straight line from the sender to the receiver is known as .....
12. The name, sponsor, programme and date are contained in the ..... of a report
13. A noun phrase has a ..... as its head word.
14. When communication takes place between communicators from different ethnic or racial backgrounds, such communication is referred to as.....
15. I must apologise ..... disturbing you.

16. When superiors give directives to their subordinates regarding what to do, the type of communication involved is .....
17. When curriculum vitae is submitted in response to an advertisement, it is usually accompanied with a(n) .....
18. A metrical unit with two consecutive unstressed syllables followed by a stressed one is called .....
19. An expression from which its meaning cannot be inferred from the meanings of the words that make it up is a(n) .....
20. The officer charged with the responsibility of receiving money at meetings is known as .....

**SECTION B:**

**COMPULSORY**

**(30 Marks)**

**QUESTION 1**

**SUMMARY**

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

Writing is the most complex and most advanced of the four language skills, the others being listening, speaking and reading. Mastery of the writing skills requires that one passes through some tutelage to learn the techniques and mechanics of the skill. Effective writing poses more challenges in the sense that the writer is denied the non-verbal communication cues usually provided by the listener (audience's facial expressions and other extra-linguistic cues) through which the speaker, in face to face situation, gets feedback so as to know whether to carry on with his/her speech or to modify his/her mode of speaking. The writer has to assume and predict possible reactions of his reader and compensate for them in his/her writing. Effective writing requires an organised arrangement and development of ideas and information or messages; a high degree of accuracy so as to avoid ambiguous meaning; use of appropriate grammar for focus and emphasis; and appropriate sentence structures to create a style that is suitable for the subject of the discourse.

It is crystal clear, from the foregoing, that writing as a language skill is demanding. This is more so in technical writing: long essays, letters and memoranda. Each of these technical writing has its own style, form, format and orthographical conventions peculiar to it. For instance, long essays are product of academic investigations carried out with the aim of coming up with the solutions or suggestion that can benefit the

society and add value to human existence by extending frontiers of knowledge in a particular area. It is therefore a report or an outcome of a research and it has its unique format and logical sequence of presentation.

Letters too, whether informal or formal have their peculiar features, layouts and conventions. They have uniform standard that must be complied with, and any deviations from this is unacceptable. Memorandum on the other hand, is a technical writing that could be employed within an organisation or a section of an organisation to pass across and receive messages. (Informal memorandum)

From the beginning, we can see that the style of writing is determined by a number of factors, which include the topic, tone and the audience. It is important at this point to determine the level of formality of language. This is particularly essential in the age of digital writing when the line of distinction between writing and speech is getting less distinctive.

Writing for an audience will involve either a formal or an informal style of writing. You need to consider who the target audience is and what type of publication you are writing for in order to determine the writing style that is appropriate.

The difference between formal and informal English is not a difference between correct and incorrect, but a difference of what is known as register. A register is a variety of language related to a particular subject matter or area of activity, a set of words and expressions as well as syntactical feature that may be said to characterise that specific area of language. There are many registers: technical, academic, mathematical, scientific, etc. Very broadly speaking, we can also speak of a “formal” and “informal” register in English.

Formal writing is less personal and more objective than informal writing. Formal writing is almost always targeted at an audience that has existing knowledge on a topic. Whether it is an academic paper or a business report, the key is to know how much existing knowledge those who are to read the publication possess.

Although business and academic writing – two main styles of formal writing – may seem similar, there are distinct differences. Perhaps one of the major divergences between these two writing styles is that often academic writing takes place to convey findings, results, and conclusions to other academics. Most often, an academic writing is an

invitation to other academics to critically analyse or debate the findings. It is to invite deliberation and advance the field. In business, however, writing is often straight to the point: here are the facts and this is what we need to do. It makes for a more “to the point” style of writing.

Business writing needs to be attractive and enticing. It has to be in a “format” where information can be conveyed quickly. There is often much white space; headings and subheading; bullet point; graphs; and pictures. Academic writing, on the other hand, more often than not steers clear of most of this.

**(Adapted from *Handbook on General Studies for Higher Institutions in Nigeria* edited by Moji Olateju pp 47-48; 78 – 79)**

- a. Give the passage a suitable title. **(1 Mark)**
  - b. In **ONE** short sentence, state what the mastery of writing skill requires. **(2 Marks)**
  - c. In **ONE** short sentence, state the way writing is different from other language skills. **(2 Marks)**
  - d. In **FOUR** short sentences, one for each, state what effective writing requires. **(6 Marks)**
  - e. In **ONE** short sentence, state what long essays are out to achieve. **(2 Marks)**
  - f. In **ONE** short sentence, state the way in which technical writing is different from other forms of writing. **(2 Marks)**
  - g. In **THREE** short sentences, one for each, state the **THREE** factors that determine the style of writing. **(3 Marks)**
  - h. In **ONE** short sentence, state what a register is. **(2 Marks)**
  - i. In **THREE** short sentences, one for each, state the **THREE** characteristics of formal writing. **(6 Marks)**
  - j. In **TWO** short sentences, state the **TWO** characteristics of business writing. **(4 Marks)**
- (Total 30 Marks)**

**SECTION C                      ANSWER ANY TWO QUESTIONS                      (30 Marks)**

### **QUESTION 1**

In business, poor and inefficient communication can damage, to a large extent, organisation’s reputation and cause the loss of customers/clients. Poor communication too can be costly to individuals as well. Therefore, for communication to be effective certain principles are necessary.

**Required:**

- a. List any **FIVE** principles that are required to make communication effective. **(5 Marks)**
- b. Explain briefly each of the principles listed in (a) above. **(10 Marks)**  
**(Total 15 Marks)**

**QUESTION 2**

Every form of communication has its own strengths and weaknesses.

**Required:**

- a. List the **THREE** forms of communication. **(3 Marks)**
- b. State **TWO** advantages of each of the forms of communication listed in (a) above. **(12 Marks)**  
**(Total 15 Marks)**

**QUESTION 3**

- a. What is a Memo? **(5 Marks)**
- b. There have been, in recent times, reports of frequent late coming to work by the employees where you are the Chief Accountant. Many of these employees are in your department. Write a memo to staff members under your watch seeking explanation for their action. **(10 Marks)**  
**(Total 15 Marks)**

**QUESTION 4**

A fight ensued between two junior officers in the company where you work as an Accounting Officer. The two officers were invited by the Staff Disciplinary Committee for enquiry. The investigation had been conducted. As the Secretary to the Staff Disciplinary Committee, you have written your report but the Management requested you to give them a brief. Write the abstract to the report.

**(Total 15 Marks)**

## MULTIPLE-CHOICE QUESTIONS

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

### EXAMINER'S COMMENT

This is a compulsory section for all candidates. Questions were drawn from all parts of the syllabus. Candidates' performance here was good as more than 70% of them scored 50% and above of the allocated marks.

Candidates can still do better in future examination if they make use of ICAN Study text, past questions and solutions well.

## **SHORT ANSWER QUESTIONS**

1. Debate
2. Arouse/Stimulate
3. Cost
4. Annual General Meeting /AGM
5. Conclusion
6. Anonymous report
7. Comparative
8. Facilitator
9. Preposition
10. Secretary
11. Linear
12. Title page
13. Noun
14. Intercultural
15. For
16. Downward
17. Application/Covering letter
18. Anapest
19. Idiom
20. Financial Secretary

## **EXAMINER'S COMMENT**

This is a compulsory section for all candidates. The questions covered all parts of the syllabus. Candidates' performance was just average as about only 40% of them scored 50% and above of the allocated marks.

Candidates' inability to master the concepts and terms in the various sections of the syllabus contributed to this poor performance.

Candidates should familiarize themselves with the concepts and terms associated with the different parts of the syllabus, make use of ICAN study text, past questions and solution for improved performance in future examinations.

## SECTION B SUMMARY

- a. Writing skill  
OR  
The art of writing
- b. Mastery of writing skill requires some training.
- c. Writing is different from the other language skills because the writer has no access to non-verbal communication cues.
- d. (i) Effective writing requires systematised arrangement and development of ideas, information or messages.  
(ii) Effective writing requires high degree of accuracy.  
(iii) Effective writing requires the use of appropriate grammar.  
(iv) Effective writing requires appropriate sentence structures.
- e. (i) Long essays provide solutions/suggestions that can benefit the society and add value to human existence.
- f. Technical writing is different from other forms of writing because it has its own format and style.
- g. (i) One factor that determines the style of writing is the topic.  
(ii) Another factor that determines the style of writing is the tone .  
(iii) One other factor that determines the style of writing is the audience.
- h. A register is a language variety related to a subject or area of activity.
- i. (i) Formal writing is less personal.  
(ii) Formal writing is more objective.  
(iii) Formal writing is always targeted at a particular audience.
- j. (i) The characteristic of business writing is that it has to be attractive.  
(ii) The characteristic of business writing is that it has to be enticing.

## EXAMINER'S COMMENT

This section is compulsory for all candidates. The question is to test candidates' knowledge of reading for main ideas and sentence construction. Candidates' performance was good as about 60% of them scored 50% of the allotted marks.

Candidates' shortcomings included:

- i. Inability to read for main points;
- ii. Lack of understanding of the demand of the questions;
- iii. Lack of knowledge of techniques for answering summary questions;
- iv. Mindless lifting of answers from the passage.

Candidates can enhance their performance in future examination if they:

- i. Read wide to learn how to read for meaning and main ideas;
- ii. Learn the techniques of how to answer summary questions;
- iii. Make use of ICAN study text where summary writing is treated extensively, ICAN past questions and solutions.

## SECTION C      ESSAY

### SOLUTION 1

a. (i) Choice of words

(ii) Clarity

(iii) Choice of channel

(iv) Timing

(v) Conciseness

(vi) Completeness

(vii) Consideration

(viii) Concreteness

(ix) Courtesy

(x) Correctness

b. (i) **Choice words:** The crucial purpose of communication is understanding and the chosen word crowns effectiveness or lack of it. The sender must use words familiar with the receiver. When unfamiliar words are used, the sender must explain first time such words are used. The sender must choose his words to match the experience of the receiver's background.

- (ii) **Clarity** : The principle of clarity entails comprehensibility of clear expression.  
The sender must be clear, concise and without ambiguity. The message cannot fail where the sender adheres to the principle of clarity when sending his message.
- (iii) **Choice of channel**: The message must pass through an appropriate channel.  
The sender has the responsibility of making this choice. A message intended for a small audience in a community where electricity is a rarity, a radio would be a better choice than the television.
- (iv) **Timing**: Timing is of the essence in communication. This may be by the clock or by opportunity. A phone call at 4.00 am for example, will not be welcome except by a previous agreement. A meeting called toward the closing time at a workplace will not receive the desired attention and concentration. A report presented to the boss when he is busy with other things is ill-timed.
- (v) **Conciseness**: Conciseness deals with conveying the message in the least possible number of words without leaving any facts out. Concise message saves time as well as cost; it highlights the main message as it avoids using excessive and needless words. In other words, concise message is limited in words, and it is more appealing and comprehensible to the receiver of the message.
- (vi) **Completeness**: Complete communication must convey all facts required to the audience. The sender of the message must take into consideration the receiver's mind set and convey the message accordingly. A complete communication develops and enhances the reputation of an organisation by ensuring that no crucial information is missing that will require resending any other message that is missing in the first instance if the message is incomplete. Completeness leaves no question in the mind of the receiver and it assists greatly in decision-making by the receiver or reader of the message as all that is required is given.

- (vii) **Consideration:** Consideration implies “stepping into the shoes of other.” Communication should take into consideration the receiver’s viewpoint, mind set, education level, emotion and so on. Consideration emphasises on the “you” approach, empathises with the receiver; it emphasises what is possible as against what is impossible; lays stress on positive words that will endear the communicator to the receiver of his message.
- (viii) **Concreteness:** Concreteness implies being particular and clear rather than being a general statement. Communication that is concrete is supported with facts and figures; uses words that build reputation and the message that is concrete can never be misinterpreted.
- (ix) **Courtesy:** Courtesy implies that the message that is being sent expresses the sender’s respect for the receiver. The sender should be polite, reflective and enthusiastic. Courteous communication is positive and focuses on the receiver and it is not biased.
- (x) **Correctness:** Correctness implies the communication has no error of any kind, be it grammatical, semantic or phonological. Correct communication is exact and well-timed. It boosts the confidence level of the communicator and has greater impact on the receiver. It makes use of precision, accurate facts and figures and appropriate and correct language.

#### EXAMINER’S COMMENT

The question is to test candidates’ knowledge of the principles of effective communication. About 70% of the candidates attempted the question. The performance was good as about 65% of them scored 50% of the allocated marks.

Majority of the candidates listed the correct principles of effective communication but their explanations were marred by poor use of language.

Candidates should ensure that they pay serious attention to this section of the syllabus if they want to have improved performance in subsequent examinations. In addition, they should make use of ICAN study text, past questions and solutions.

## **SOLUTION 2**

a. The three forms of communication are written, verbal/oral and non-verbal.

b. Advantages of written communication are:

- i. It creates permanent record of evidence;
- ii. It gives the receiver sufficient time to think, act and react;
- iii. It is suitable for sending statistical data, charts, and diagrams;
- iv. It enables uniformity in work procedure;
- v. It can be used as a legal document;
- vi. It can be sent to many people at the same time without fear of distortion; and
- vii. Suitable for long distance communication and repetitive standing order.

Advantages of verbal communication are:

- i. It gives room for immediate feedback;
- ii. It saves time because it gives room to apply every element of the communication process at a given time;
- iii. It may quicken decision making since feedback is immediate;
- iv. It gives room for greater clarity as the speaker can immediately clarify grey areas;
- v. It provides opportunity for the communicator to modify his or her message; and
- vi. It is usually planned and well structured.

Advantages of Non-Verbal Communication:

- i. It helps the communicator to overcome language barriers;
- ii. It makes it possible for information to be conveyed to many audiences;
- iii. It can be more reliable, at times, than verbal or oral communication because it is mostly transmitted unconsciously;
- iv. It is always present because this form of communication is associated with oral or written communication.

### **EXAMINER'S COMMENT**

The question is to test candidates' knowledge of the different forms of communication. The attempt rate was about 75%. Candidates' performance was good as about 60% of them scored 50% of the marks allocated to the question.

Candidates answered the (a) part of the question very well, but they did not display a good knowledge of the advantages of each form of communication.

For a better performance in subsequent examinations, candidates should study this aspect of communication and make good use of ICAN study text, past questions and solutions.

### **SOLUTION 3**

- a. A memo is a shorter form of memorandum. It is a method of correspondence. It is a conventional means of corresponding quickly and efficiently within an organization. A memo has a specific format: heading which will carry the Date, To, From, Subject; introduction which explains the context of the memo; body which states the purpose of the memo; and conclusion indicating the action required.

**OLOWOGBOGBORO INVESTMENT COMPANY, LAGOS**

**22 -26, Olowo-ira Avenue, Jaramose, Lagos**

**MEMORANDUM**

**From:** - Chief Accountant  
Department  
**Ref. No:** CA/O1/AC/110

**To:**-All Staff, Accounts

**Date:** - 12 June, 2021

**Lateness to Work**

Recent reports of employees' in the Department coming late to work almost on a daily basis have reached my desk. The organisation's laid down rule about late coming to work is therefore being violated with impunity, and the management is aware of this happening.

This violation must be checked in order to bring some dose of control to this frequent late coming to work by some members. Consequently, you are hereby directed to explain the reasons for your frequent late coming to work, and why disciplinary actions should not be taken against you for this anomaly.

You have just forty-eight (48) hours to tender your explanation to me.

**EXAMINER'S COMMENT**

This question is to test candidates' understanding and use of types of correspondence and in this case, memorandum. Many candidates avoided the question, so about 30% of them attempted it. Candidates' performance was just average as about 40% of them scored 50% and above of the marks for the question.

Candidates' shortcomings included inability to :

- i. Give the correct explanation of what a memorandum is;
- ii. Know the format of a memorandum;
- iii. Write a proper memorandum.

In order to improve their performance in future examinations, candidates should study all forms/types of correspondence; make use of ICAN study text, past questions and solutions.

## **SOLUTION 4**

### Report of the Staff Disciplinary Committee on a fight between two officers on 7th February, 2022

#### **ABSTRACT**

The Staff Disciplinary Committee was asked to investigate a fight between Mr. Clement Asuquo and Mr. Godwin Abagana, both junior officers in the Pay Roll section of the Accounts department. The Committee met three times: to interrogate the two officers, interrogate some other officers who were mentioned by the two officers and to give recommendations. Apart from the two concerned officers, six other officers were invited by the Committee. The Committee found out that the crux of the matter was the two officers dating the same girl, Miss Olukemi Dickson, a new member of staff in the Stores Department. The two officers were found guilty of fighting within the organisation's premises. The Committee, therefore, recommended that the two officers involved be placed on a month's suspension without pay as stated in the Staff Handbook. The two officers should be seriously warned in writing, as a repeat of such action will attract dismissal from the company. As a new staff on probation, Miss Olukemi Dickson should be warned against her involvement in the fued between the fighting men.

#### **EXAMINER'S COMMENT**

This question is designed to test candidates' knowledge of report writing. This question was the least attempted among the questions in this section. The attempt rate was less than 10%. Candidates performance was poor as about 25% of them scored 50% and above of the allocated marks.

Candidates' answers showed that they have little or no knowledge of report writing. Their answers were also marred by poor use of language and sentence structure.

Candidates should study all that is involved in report writing; make use of ICAN study text, past questions and solutions for better performance in future.