

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**  
**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA**  
**PART I EXAMINATIONS – SEPTEMBER 2020**  
**BASIC ACCOUNTING PROCESSES & SYSTEMS**

**Time Allowed: 3 hours**

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

**ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1. The process of classifying, summarising data and communicating the results obtained is called
  - A. Auditing
  - B. Accountancy
  - C. Accounting
  - D. Book keeping
  - E. Computing
  
2. Which of the following is shown as an expense in the profit or loss/income statement?
  - A. Carriage outwards
  - B. Carriage inwards
  - C. Discount received
  - D. Return inwards
  - E. Return outwards
  
3. In which of the following is a transaction first recorded?
  - A. Ledgers
  - B. Logbook
  - C. Records
  - D. Journal
  - E. Account
  
4. The following accounting services are performed by members in practice, **EXCEPT**
  - A. Auditing
  - B. Tax services
  - C. Treasury managers
  - D. Insolvency services
  - E. Investigation services

5. Which of the following accounting concepts gives rise to accounting equation?
- Going concern
  - Money measurement
  - Matching/Accrual
  - Prudence
  - Entity
6. A trader withdraws money from his business bank account for personal expenses, which of the following entries is recorded in his books?
- |    | <b>Dr</b> | <b>Cr</b> |
|----|-----------|-----------|
| A. | Drawings  | Cash      |
| B. | Bank      | Drawings  |
| C. | Drawings  | Bank      |
| D. | Drawings  | Capital   |
| E. | Capital   | Bank      |
7. Shola bought goods on credit from Gbade. The goods had a price list of ₦5,000, but Gbade allowed Shola trade discount of 10% and cash discount of 4%, how much is Shola expected to pay after taken advantage of the discounts?
- ₦4,300
  - ₦4,320
  - ₦4,500
  - ₦4,700
  - ₦4,800
8. Which of the following is **NOT** a reason why cash books and ledger accounts need to be balanced?
- To find how much is left in the bank account
  - Determine how much the business owe other people
  - Find out what the business is owed
  - Ascertain how much is stolen from the business
  - Establish how much was received from or spent on various business activities

9. A business has paid rent of ₦12,000. The payment has been entered in the books as follows:

	<b>Dr</b>	<b>Cr</b>
	<b>₦</b>	<b>₦</b>
Bank	12,000	
Rent		12,000

Which type of error is this?

- A. Complete reversal
  - B. Compensating
  - C. Commission
  - D. Principle
  - E. Original entry
10. A further expense paid to employee on goods purchased to put it in a saleable condition is referred to as
- A. Salary
  - B. Remuneration
  - C. Stipend
  - D. Wages
  - E. Allowance
11. The Purchase ledger control account has been reconciled with the Purchase ledger balances as shown below:

Balance per control account	<b>Le</b> 152, 000
Total of purchase journal for one month not posted to general Ledger	8,000
Cash paid to suppliers not posted to Purchase ledger	10,000
Total of balances in purchase ledger	170,000

Which payable amount should be shown in the Statement of Financial Position?

- A. Le 152, 000
- B. Le 160, 000
- C. Le 162, 000
- D. Le 170, 000
- E. Le 180, 000

12. A credit note for ₦46,000 sent to A. Kaso has been debited to A. Kayo account in the sales ledger. What will be the effect of this transaction on the trial balance?

	<b>Dr</b>	<b>Cr</b>
A.	None	None
B.	₦46,000 overstated	₦46,000 understated
C.	None	₦92,000 understated
D.	₦92,000 overstated	none
E.	₦92,000 overstated	₦92,000 understated

**Use the following information to answer questions 13 and 14**

The following information relates to a business entity which operates on the basis of mark-up on cost of 40%.

	L\$
Opening Inventory	62,000
Closing Inventory	80,000
Purchases	842,000

13. What is the figure of profit for the business?

- A. L\$ 329,600
- B. L\$ 412,000
- C. L\$ 824,000
- D. L\$ 1,153,600
- E. L\$ 1,236,000

14. The sales figure for the business is computed as

- A. L\$ 329,600
- B. L\$ 412,000
- C. L\$ 824,000
- D. L\$ 1,153,600
- E. L\$ 1,236,000

15. Objectivity concept in accounting is useful in the following ways, **EXCEPT**

- A. Auditing is made possible
- B. Accounting data are standardised
- C. It enables accounting reports to favour segment of society
- D. Fraud and falsification of accounts are minimised
- E. Data is available for independent party to cross-check

16. The following are examples of short term financial obligations that are due within a normal business operating cycle, **EXCEPT**
- Accounts payable
  - Loan notes
  - Notes payable
  - Income taxes
  - Dividends
17. A trader bought 200 pairs of shoes for GH¢1,000,000 and sold 140 pairs for GH¢980,000 at the end of a period. What is the cost of goods sold?
- GH¢ 500,000
  - GH¢ 700,000
  - GH¢ 980,000
  - GH¢ 1,000,000
  - GH¢ 1,400,000
18. Which of the following is **NOT** a characteristic of business?
- It exists to make profits
  - It makes profit by supplying goods or services to customers
  - Their operating and financial frameworks are set by legislation
  - Its reward for accepting risk is profit
  - The profit earned by it belongs to its owners
19. Calculate the company's non-current liability from the following data
- |                        | <b>Le</b> |
|------------------------|-----------|
| Total equity           | 400,000   |
| Current assets         | 260,000   |
| Carrying amount of PPE | 500,000   |
| Current liabilities    | 160,000   |
- Le100,000
  - Le200,000
  - Le570,000
  - Le750,000
  - Le1,320,000
20. The following are main source documents that are used for recording in the books of original entry, **EXCEPT**
- Purchase orders
  - Sales invoice
  - Credit notes
  - Debit notes
  - Payment vouchers

21. Which of the following is **NOT** a source of information recorded in control accounts?
- Receivables and payables accounts
  - Cash sales and cash purchases
  - Sales day book and purchases day book
  - Discount received and discount allowed accounts
  - Bills payable and bills receivable accounts
22. In the preparation of adjusted cash book, the following are debit entries in the bank statement **NOT** credited in the original cash book, **EXCEPT**
- Dishonoured cheques
  - Bank charges
  - Standing order
  - VAT on charges
  - Credit transfer
23. The correct accounting entries to reinstate in the books an irrecoverable debts previously written off, that are certain to be recovered are
- | <b>Dr</b>                                | <b>Cr</b>                   |
|--|-----------------------------|
| A. Cash account                          | Trade receivables account   |
| B. Trade receivables account             | Cash account                |
| C. Irrecoverable debts recovered account | Trade receivables account   |
| D. Trade receivables account             | Irrecoverable debts account |
| E. Profit or loss account                | Trade receivables account   |
24. The accounts to record movement of inventories by entities in the books are
- Sales account
  - Returns inwards
  - Purchases account
  - Returns outwards account
  - Profit or loss account
- I and III
  - II and IV
  - I, II, III, and IV
  - I, II, III, and V
  - I, II, III, IV and V

**Use the following information to answer questions 25 and 26.**

	₪
Rent paid in advance as at April 30, 2019	200,000
Rent paid during the year ended April 30, 2020	160,000
Rent paid in advance as at April 30, 2020	32,000

25. The amount of rent taken to the statement of profit or loss for the year ended April 30, 2020 is
- A. ₦32,000
  - B. ₦160,000
  - C. ₦192,000
  - D. ₦328,000
  - E. ₦360,000
26. The amount of rent taken to the statement of financial position as at April 30, 2020 is
- A. ₦32,000
  - B. ₦160,000
  - C. ₦192,000
  - D. ₦328,000
  - E. ₦360,000
27. In a bank reconciliation statement, which of the following items would be added to the balance as per bank statement?
- A. Outstanding lodgements
  - B. Unpresented cheques
  - C. Dishonoured cheques
  - D. Bank charges
  - E. Service charge
28. Which of the following should be entered in a Journal?
- I. Payment for cash purchases
  - II. Plant bought on credit
  - III. Credit sale of goods
  - IV. Sale of Machinery on cash
- A. I and II
  - B. I and III
  - C. I and IV
  - D. II and III
  - E. II and IV

**Use the following information to answer questions 29 and 30.**

Da-sliva and sons bought plant on January 2, 2017 for ₦2,500,000. The plant is estimated to have a NIL residual value after it has been productively used for an estimated period of five years. On January 2020, the current selling price of the same plant purchased by Da-sliva and sons on January 2, 2017 is ₦3,600,000.

29. The historical cost of the plant as at January 2, 2017 is
- A. ₦1,000,000
  - B. ₦1,100,000
  - C. ₦1,500,000
  - D. ₦2,500,000
  - E. ₦3,600,000

30. The historical cost of the plant as at January 2, 2020 is
- A. ₦1,000,000
  - B. ₦1,100,000
  - C. ₦1,500,000
  - D. ₦2,500,000
  - E. ₦3,600,000

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

**ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1. In the process of book keeping, the last phase of it is .....
2. The two types of allowances for doubtful debts are .....and .....
3. The two major classifications of ledger accounts are .....and .....
4. When goods are purchased, an additional charges incurred on the delivery of goods is called ....., while the cost of delivering goods to a customer is referred to as .....
5. A list of the assets and liabilities of a business entity prepared at a particular date is referred to as .....
6. A memorandum account that contains the totals of all postings made to the accounts periodically in a particular ledger is called .....
7. Compute the working capital from the following data:

	₦
Inventory	200,000
Receivables	250,000
Payables	150,000
Electricity bill in arrears	25,000
Rent paid in advance	50,000

8. The accounting concept that financial statements should separately disclose items which are significant enough to affect evaluations or decisions is known as .....
9. A business has two identical vehicle A and B, each with engine problems. Vehicle A engine is repaired while vehicle B engine is replaced. The types of expenditure for Vehicle A engine and vehicle B engine are ..... and .....
10. Financial Accounting is majorly concerned with providing accounting .....to both internal and external users.
11. Cheques, money order, coins and paper money that a bank will accept for immediate deposit from a customers is known as .....
12. The record showing the names of employees, rates of pay, hours worked, bonuses, allowances, gross earnings, statutory deductions and other deductions during a given pay period is referred to as .....
13. The amount for which an asset is exchanged between a knowledgeable willing seller and buyer with each other at arm's length is called.....
14. When preparing statement of profit or loss account, interest received on overdue receivable balance is treated as .....
15. The capital for not-for-profit-entities is referred to as .....
16. The process of locating and eliminating errors from a computer program is known as.....
17. A term used to describe a situation where the two entries in a particular transaction are entered in one ledger account is called .....
18. The regulatory body responsible for developing and publishing of accounting and financial reporting standards, to be observed in the preparation of financial statements of public entities in Nigeria is known as .....

**Use the information below to answer questions 19 and 20.**

	<b>GH¢</b>
Monthly pay	201,615
Rent	52,600
Hazard allowance	2,500
Transport allowance	20,000
Loan advance	23,560
Pension contribution	12,400
PAYE	27,880
Staff cooperatives	12,500
Staff club	500
Trade unions	650

19. The Gross pay is .....

20. The Net pay is .....

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

**QUESTION 1**

a. The following Trial balance was extracted from the books of Kotoko Ventures, as at December 31, 2019

	<b>Dr</b>	<b>Cr</b>
	<b>GH¢'000</b>	<b>GH¢'000</b>
Owner's Capital		17,400
Office machines, at cost	1,120	
Inventory January 1, 2019	4,800	
Purchases of Inventory	22,000	
Returns	120	80
Bank	6,400	
Carriage outwards		160
Carriage inwards	400	
Payables		4,800
Wages	2,560	
Drawings	4,000	
Discount	200	600
Revenue		28,000
Accumulated Depreciation (Office Machines)		320
Rent	3,360	
Insurance	240	
Receivables	6,000	
Allowance for Doubtful debts	<u>160</u>	
	<u>51,360</u>	<u>51,360</u>

**Additional information:**

- (i) Inventory is valued at December 31, 2019 for GH¢ 5,080,000.
- (ii) As at December 31, 2019 receivables totaling GH¢ 1,200,000 are considered to be uncollectible and are to be written off. Thereafter, allowance for doubtful debts is to be increased to 10% of debtors, while provision for discount on receivables is to be 2%.
- (iii) Rent of GH¢ 3,360,000 was paid October 1, 2019 and is to last for 12 months.
- (iv) Depreciation on office machines is on equal installments at 5%.
- (v) Accrued wages as at Dec. 31, 2019 is GH¢ 160,000

**Required:**

- a. Prepare a Statement of Profit or Loss account for the year ended December 31, 2019. (6½ Marks)
- b. Prepare a Statement of Financial Position as at that date. (6 Marks)
- (Total 12½ Marks)**

### QUESTION 2

Rema started business on January 2, 2019. On that day he brought into the business ₦500,000 cash and a building valued at ₦30,000,000 inherited from his father. The following transactions by Rema took place during the month of January:

- (i) Jan. 2. Paid a two-year insurance premium of ₦40,000 on the building
- (ii) Jan. 3. Bought ₦400,000 worth of goods for resale on credit from David
- (iii) Jan. 4. Brought furniture valued at ₦50,000 from his house to the office to be kept there for business use.
- (iv) Jan. 10. Returned damaged goods worth ₦3,000 to David.
- (v) Jan. 15. Purchased goods worth ₦100,000 by cash from Coco. On the same day bought goods worth ₦300,000 on credit from Simi.
- (vi) Jan. 16. Sold goods worth ₦500,000 to Steve, who paid cash of ₦200,000 and promised to pay the balance within 3 months.
- (vii) Jan. 18. Steve returned unsatisfactory goods worth ₦10,000.
- (viii) Jan. 20. Paid ₦50,000 cash to David being part settlement of goods purchased.
- (ix) Jan. 21. Bought two generators on credit with each costing ₦1,500,000 from Clement.
- (x) Jan. 23. Returned one of the generators to Clement, as it was not performing satisfactorily.
- (xi) Jan. 25. Paid cash of ₦30,000 for the pocket money of his child at hostel from his business account.
- (xii) Jan. 31. Paid wages of ₦30,000 for the first month of operation.

#### Required:

- a. Write up the relevant ledger accounts recording the above transactions. (10 Marks)
- b. Extract trial balance after balancing all the ledgers account. (2½ Marks)
- (Total 12½ Marks)**

### QUESTION 3

- a. Margai cash book showed a debit balance of Le358,000 on March 31, 2019. A careful examination of cash book with the bank statement showed the following differences.
- (i) The bank had debited his account with bank charges of Le102, 000.
  - (ii) Internet charges were Le328,000.
  - (iii) Cheques credited in the cash book not yet presented for payment was Le344, 900.
  - (iv) ATM charges to his bank account was Le200,000

- (v) The sum of Le478, 000 has been credited to his account as interest on his deposit account.
- (vi) Mrs. Milton, a customer has been issued with a cheque for the sum of Le302, 400. The cheque has not been paid by Margai's bank.

**Required:**

- i. Prepare the adjusted cash book. (4 Marks)
  - ii. Prepare the bank reconciliation statement (4 Marks)
- b. Cash is the asset most susceptible to loss through theft and other means; therefore there is need for proper internal control over cash to minimise the loss of cash.

**Required:**

- i. Enumerate **FOUR** steps that can be taken in handling cash to have good internal control over it. (2 Marks)
- ii. Itemise **FIVE** objectives that a good internal control over cash will help management to achieve. (2½ Marks)

**(Total 12½ Marks)**

**QUESTION 4**

- a. From a trial balance of Kwesi extracted on 31/12/2019, the equipment cost as at 1/1/19 was L\$1,500,000 and accumulated depreciation as at that date was L\$50,000. Depreciation was being charged at the rate of 10% on cost. Furthermore, on 1/1/2019 the fair value of the equipment was discovered to be L\$2,250,000 and the useful life of the asset is to be reduced by 5 years as at 1/1/2019.

**Required:**

- i. Compute depreciation for December 31, 2019 using revaluation method. (3 Marks)
  - ii. Prepare relevant ledgers to account for the transaction. (6 Marks)
- b. Enumerate other methods of calculating depreciation based on:
- i. Passage of time
  - ii. Level of usage or output. (3½ Marks)

**(Total 12½ Marks)**

**QUESTION 5**

- a. The International Accounting Standards Board (IASB) conceptual framework states that accounting information is useful if it possesses both the fundamental and enhancing qualitative characteristics.

**Required:**

Explain briefly the fundamental and enhancing qualitative characteristics of accounting information. (5 Marks)

- b. i. What is an accounting application packages? (3½ Marks)
- ii. Discuss **FOUR** merits and demerits each of using application packages in a computerised environment. (4 Marks)

**(Total 12½ Marks)**

**QUESTION 6**

The Main City Club's Bank current account for the year ended September 30, 2019 was as follows:

	<b>Le'000</b>		<b>Le'000</b>
Balance at 1/10/2018	16,800	Purchases for shop	7,490
Subscriptions received	12,870	Shop wages	8,000
Donations	1,200	General expenses	3,000
Cash taken at door	7,000	Cost of Annual Dance	2,980
Grant from local council	12,000	Transfer to Deposit account	32,000
Annual Dance receipts	2,800	New equipment	4,000
Shop takings	14,336	Rent	<u>16,000</u>
Balance at 30/09/2019	<u>6,464</u>		
	<u>73,470</u>		<u>73,470</u>

In order to increase funds, the club has a shop which sells energy drinks. In addition to an annual membership subscription, members pay Le1,000 each time they visit the club. This is referred to as 'Cash taken at door'.

The annual membership subscription was Le80,000 until September 30, 2019 when it was raised to Le90,000. There was 150 members at October 1, 2018. At that date 15 of them had not paid their subscriptions for the year ended September 30, 2018, and 12 had already paid their subscriptions for the year ended September 30, 2019. By September 30, 2019, all members had paid their due subscriptions, and some had paid in advance for the year ending September 30, 2020, but the treasurer had not yet calculated how many.

**Other balances were as follows:**

	<b>At October 1, 2018</b>	<b>At September 30, 2019</b>
	<b>Le'000</b>	<b>Le'000</b>
Shop inventory	1,000	1,700
Cash float for shop	100	140
Payables for shop	2,900	2,520
Deposit account	30,000	62,000
Equipment at cost	16,000	20,000

The equipment at October 1, 2018 had been depreciated at Le3,200,000 per annum for five years. The new equipment is to be depreciated at the same annual percentage rate.

The local council's grant was for Le20,000,000 and the remainder of the grant is yet to be received. This will be treated as revenue income in the final accounts. Interest of Le160,000 is due on the deposit account for the year ended September 30, 2019. At September 30, 2019, general expenses of Le130,000 were due and unpaid.

**Required:**

- a. Calculate the Accumulated Fund at October 1, 2018. (3 Marks)
  - b. Prepare Main City Club Shop Trading account for the year ended September 30, 2019. (2½ Marks)
  - c. Prepare Main City Club Subscriptions account for the year ended September 30, 2019. (2¾ Marks)
  - d. Prepare Main City Club Income and expenditure account for the year ended September 30, 2019. (4¼ Marks)
- (Total 12½ Marks)**

## SOLUTIONS

### SUGESTED SOLUTIONS TO MCQS

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

#### Working notes:

Q7.		₹
Listed Price		5,000
Trade discount (10% x5, 000)	=	<u>(500)</u>
	=	4,500
Less cash discount (4% x 4,500)		<u>(180)</u>
		<u><u>4,320</u></u>

### **Solution to Q13 and Q14**

Calculation of Profit and sales figure

	Le\$
Opening Inventory	62,000
Purchases	<u>842,000</u>
	904,000
Closing Inventory	<u>(80,000)</u>
Cost of sales	824,000
Mark -up at 40%	<u>329,600</u>
Sales (824,000 x140%)	<u><u>1,153,600</u></u>

Q17. Calculation of cost of goods sold

$$140 \text{ pairs} / 200 \text{ pairs} \times \text{GH}\text{¢}1,000,000 = \text{GH}\text{¢} 700,000$$

Q19 Calculation of company's non-current liability

	Le \$
Carrying amount of PPE	500,000
Current assets	<u>260,000</u>
	760,000
Total equity	<u>400,000</u>
Current liabilities	160,000
Non-current liability	<u><u>200,000</u></u>

### **Solutions to Q25 and Q26**

	₦
Rent paid in advance as at April 30, 2019	200,000
Add: Rent paid during the year ended April 30, 2020	<u>160,000</u>
	360,000
Less: Rent paid in advance as at April 30, 2020	<u>(32,000)</u>
To Profit or loss account	<u><u>328,000</u></u>

### **Solutions to Q29 and Q30**

Q29 Historical costs as at January 2, 2017

This is the actual price of the plant of ₦2,500,000 as at January 2, 2017.

Q30 Historical cost as at January 2, 2020

The historical cost as January 2, 2020 still remains as it was at January 2, 2017. This is because the firm is yet to acquire or replace the asset.

## Chief Examiner's Report

The questions cover all the areas of the syllabus. It is a compulsory question. Candidates' performance was good. Candidates observed pitfalls were inadequate preparation. Candidates are advised to prepare well for the Institute's future examination.

### **SOLUTIONS SHORT ANSWER QUESTIONS (SAQ)**

1. Extraction of trial balance
2. Specific and General
3. Personal and impersonal accounts
4. Carriage inwards; Carriage outwards
5. Statement of financial position/Statement of affairs.
6. Control accounts
7. ₦325,000
8. Materiality concept
9. Vehicle A- Revenue/Recurrent Expenditure and Vehicle B is capital expenditure.
10. Information
11. Cash
12. Payroll
13. Fair value
14. An income
15. Accumulated fund
16. Debugging
17. Contra entry
18. Financial Reporting Council of Nigeria (FRCN)
19. GH₵ 276,715
20. GH₵ 199,225

### Working notes:

Q2.

List price	₦ 5,000
Less: trade discount (25%)	<u>1,250</u>
Amount shown in the journal	<u>3,750</u>

## 7. Computation of working capital

	₦	₦
Current assets:		
Inventory		200,000
Receivables		250,000
Rent paid in advance		<u>50,000</u>
		500,000
Current liabilities:		
Payables	150,000	
Electricity bill in arrears	<u>25,000</u>	<u>(175,000)</u>
Working capital		<u><u>325,000</u></u>

## Q19 & Q20 Computation of Gross pay and Net pay

	GH₵	GH₵
Monthly pay		201,615
Rent		52,600
Hazard allowance		2,500
Transport allowance		<u>20,000</u>
Gross pay		276,715
Deductions:		
Loan advance	23,560	
Pension contribution	12,400	
PAYE	27,880	
Staff cooperatives	12,500	
Staff club	500	
Trade unions	<u>650</u>	<u>(77,490)</u>
Net pay		<u><u>GH₵199,225</u></u>

### Chief Examiner's Comment

The questions cover all parts of the syllabus. All the candidates attempted it and their performances were below average. Candidates' pitfalls were poor preparation for the examination. They are advised to always prepare well for the institute's future examination.

**SUGGESTED SOLUTIONS TO SECTION B – THEORY****(50 MARKS)****SOLUTION 1**

(a)

**KOTOKO VENTURES**  
Trading, profit or loss account  
for the year ended December 31, 2019

	GH¢'000	GH¢'000	GH¢'000
Revenue			28,000
Less: Returns			<u>120</u>
<u>Cost of Sales:</u>			<u>27,880</u>
Opening Inventory		4,800	
Add: Purchases		<u>22,000</u>	
		26,800	
Less: Returns		<u>(80)</u>	
Cost of goods available for sales		26,720	
Less: Closing Inventory		<u>5,080</u>	
Cost of goods sold		21,640	
Add: Carriage inwards	400		
Wages	<u>2720</u>	<u>3120</u>	
Cost of Sales			<u>(24,760)</u>
			3,120
Gross profit		<u>600</u>	
Add: Discount received		3,720	
<u>Less: Operation Expenses</u>			
Carriage outwards		160	
Discount allowed		200	
Provision for discount allowed		96	
Bad debt written off		1,200	
Allowance for doubtful debt (increase)		320	
Insurance		240	
Rent		840	
Depreciation of Office machine		<u>56</u>	
Net Profit			<u><u>608</u></u>

(b)

**KOTOKO VENTURES**  
**Statement of Financial Position as at December 31, 2019**

	Cost	Acc.	Carrying
	GH¢'000	Depreciation GH¢'000	amount GH¢'000
Non-Current Assets:			
Office Machines	1120	376	744
Current Assets:			
Inventory		5,080	
Receivables	6,000		
Bad debts	1,200		
Allowance for doubtful debts	480		
Discount provision	96		
Net receivables		4,224	
Prepaid Rent		2,520	
Bank		<u>6,400</u>	<u>18,224</u>
Net assets			<u>18,968</u>
Equity and liabilities:			
Owner's Capital			17,400
Add Net Profit			<u>608</u>
			18,008
Less: Drawings			<u>(4,000)</u>
			14,008
Payables	4,800		
Accrued Wages	<u>160</u>		<u>4,640</u>
			<u>18,968</u>

Workings:

1.	Wages	<b>GH¢'000</b>
	Balance b/f	2,560
	Accrued Wages	<u>160</u>
		<u>2,720</u>
2.	Provision for bad debts	
	Receivables	4800
	Provision for bad debts & doubtful debts (4800 × 10%)	(480)
	Provision for discount received 4800 × 2%	<u>96</u>
		<u>4224</u>

3.	Rent	
	Bal. b/f	3,360
	Less prepaid rent ( $\frac{3360}{12} \times 9$ )	<u>2560</u>
	P or L	<u>840</u>
4.	Depreciation :	
	Office Equipment Cost	
	Depreciation for the year	
	(5% x 1120)	<u>56</u>

NOTE: The provision for discount on Receivables can as well be computed as follows:

$$= \frac{2}{100} \times (6000000 - 1200000 - 480,000)$$

$$= \frac{2}{100} \times \text{N}4,320,000$$

$$= \text{N}86400 = \text{N} 86.4$$

This amount can be replaced with ~~N~~96000 in the profit or loss statement. The effect will give net profit of ~~N~~617600 instead of ~~N~~60800.

### Chief Examiner's Report

The question tests the ability of candidates to prepare simple financial reports. About 98% of the candidates attempted the question. Their performance was average.

The major pitfalls of the candidates were poor understanding of the question's requirements. Candidates are advised to always prepare well for the institute's future examinations.

### SOLUTION 2

a)

#### REMA LEDGER ACCOUNTS FOR THE MONTH OF JANUARY, 2019

##### Cash a/c

	N'000		N'000
2-Jan-19 Capital	500	2-jan-19 insurance	40
16-Jan-19 Trade receivables- Steve	200	15-Jan-19 Purchases	100
		20-Jan-19 Trade payables David	50
		25-Jan-19 Drawings	30
		31-Jan-19 Wages	30
		31-Jan-19 Bal c/d	<u>450</u>
	<u>700</u>		
1-Feb-19 Bal. b/d	450		<u>700</u>

<b>Building a/c</b>			
	<u>₦'000</u>		<u>₦'000</u>
2-Jan-19 Capital	<u>30,000</u>	31-Jan-19 Bal c/d	<u>30,000</u>
1-Feb-19 Bal b/d	30,000		

**Capital a/c**

	<u>₦'000</u>		<u>₦'000</u>
31-Jan-19 Bal c/d	<u>30,550</u>	2-Jan-19 Cash	500
		2-Jan-19 Building	30,000
		4-Jan-19 Furniture	<u>50</u>
	<u>30,550</u>	1-Feb-19 Bal b/d	<u>30,550</u>
			30,550

**Furniture**

	<u>₦'000</u>		<u>₦'000</u>
4-Jan- 19 Capital	50	3-Jan-19 Bal c/d	50
1-Feb-19 Bal b/d	50		

**Insurance a/c**

	<u>₦'000</u>		<u>₦'000</u>
2-Jan-19 Cash	<u>40</u>	31-Jan-19 Bal c/d	40
1-Feb-19 Bal. b/d	40		

**Purchases a/c**

	<u>₦'000</u>		<u>₦'000</u>
3-Jan-Trade Payables-David	400	31-Jan-19 c/d	800
15-Jan-19 Cash	100		
15-Jan-19 Trade payables-Sími	300		
	800		800
1-Feb-19 Bal b/d	800		

**Trade Payables-David a/c**

	<u>₦'000</u>		<u>₦'000</u>
10-Jan-19>Returns Outwards	3	3-Jan-19 Purchases	400
20-Jan-19 Cash	50		
31-Jan-19 Bal c/d	<u>347</u>		
	<u>400</u>	1-Feb-19 Bal b/d	400
			347

**Returns Outward a/c**

	N'000		N'000
31-Jan-19 Bal c/d	3	10-Jan-19 Trade Payables-David	3
		1-Feb-19 Bal b/d	3

**Trade Payables- Simi**

	N'000		N'000
31-Jan-19 Bal c/d	300	15-Jan-19 Purchases	300
		1-Feb-19 Bal b/d	300

**Sales a/c**

	N'000		N'000
31-Jan-19 Bal c/d	500	16 Jan-19 Trade receivables-steve	<u>500</u>
		1-Feb-19 Bal b/d	500

**Trade receivables-Steve a/c**

	N'000		N'000
16-Jan-19 Sales	500	16-Jan-19 Cash	200
		18-Jan-19 Returns inward	10
		31-Jan- 19 Bal c/d	290
	<u>500</u>		500
1-Feb-19 Bal b/d	<u>290</u>		

**Returns inward a/c**

	N'000		N'000
18-Jan-19 Trade receivables – Steve	<u>10</u>	31-Jan-19 Bal c/d	10
1-Feb-Jan b/d	10		

**Generators a/c**

	N'000		N'000
21-Jan-19- Sundry payables-Clement	3,000	23-Jan-19 Sundry payables-clement	1,500
		31-Jan-19 Bal c/d	1,500
	3,000		3000
1-Feb-19 Bal b/d	1,500		

**Sundry Payables-Clement a/c**

	N'000		N'000
23-Jan-19 Generators	1,500	21-Jan-19 Generators	3,000
31-Jan-19 Bal c/d	<u>1,500</u>		
	<u>3000</u>	1-Feb-19 Bal b/d	<u>1,500</u>

**Drawings a/c**

	₦'000		₦'000
25-Jan-19 Cash	30	31-Jan-19 Bal c/d	30
1-Feb 19 Bal b/d	30		

**Wages a/c**

	₦'000		₦'000
31-Jan-19 Cash	30	31-Jan-19 Bal c/d	<u>30</u>
1-Feb-19 Bal b/d	30		

b)

**REMA  
TRIAL BALANCE AS AT JANUARY 31, 2019**

<b>Details</b>	<b>DR ₦'000</b>	<b>CR ₦'000</b>
Cash	450	
Building	30,000	
Capital		30,550
Furniture	50	
Insurance	40	
Purchases	800	
Trade payables-David		347
Trade Payables-Simi		300
Returns Outward		3
Returns Inward	10	
Sales		500
Trade receivables-steve	290	
Generators	1,500	
Sundry Payables-Clement	30	1,500
Drawings	30	
Wages	30	
	<u>33,200</u>	<u>33,200</u>

**Chief Examiner's Report**

The question tests the principle of double entry recording into the ledger and extraction of a trial balance.

About 70% of the candidates attempted the question and their performance was average. Candidates' major pitfall was poor understanding of double entry principles and how to extract a trial balance. Candidates are advised to practice well before writing the institute's future examinations.

### SOLUTION 3

#### a(i) MARGAL

	<b>ADJUSTED</b>	<b>CASHBOOK</b>	
		<b>DR</b>	<b>CR</b>
		<b>Le</b>	<b>Le</b>
31/03/2019	Balance b/d	358,000	
31/03/2019	Interest on deposit	478,000	
31/03/2019	Internet Charges		328,000
31/03/2019	Bank Charges		102,000
31/03/2019	ATM Charges		200,000
	Balance as per adjusted cash book		206,000
		<u>836,000</u>	<u>836,000</u>

#### Bank Reconciliation as at March 31, 2019

	Le
Balance as per adjusted cash book	206,000
Add: Unpresented cheques	<u>344,900</u>
	550,900
Deduct: Cheque issued to Mrs Milton	(302,400)
Balance as per bank statement (Credit balance)	<u>248,500</u>

#### b(i) How to Handle Cash

In order to have good internal control over cash, the following steps should be taken in handling cash:

- i. Cash should be deposited daily in the bank
- ii. All payments (except for petty cash transactions) should be made by cheques.
- iii. The function of receiving cash should be separated from that of maintaining records of cash. Each function should be performed by different persons.
- iv. All cash receipts should be recorded in a cash register. At the end of each day the amount in the register should be compared with the physical cash.

- v. All payments should be checked and approved in writing by responsible officers before payments are made.
- vi. The function of approving payment should be separated from the function of signing cheques.
- vii. Carbonized receipts should be issued for all cash sales and cash received.
- viii. When payment is made for a transaction the invoice and other supporting documents relating to that transaction should be stamped paid with date so that payment will not be made for a transaction twice.
- ix. Insurance arrangement for cash balances including fidelity guarantee insurance should be put in place.

ii. The need for Control over Cash

A good internal control over cash will help management to achieve the following objectives:

- (i) There will be accurate accounting for cash transactions.
- (ii) Management will maintain adequate amount of cash at all times.
- (iii) Management will not only maintain adequate amount of cash at all times they will also be able to invest idle cash revealed in profitable ventures.
- (iv) It will prevent losses of cash from fraud or theft.
- (v) Temptation to embezzle idle cash by staff is avoided.

### **Chief Examiner's Report**

The question tests candidates' skills of preparing bank reconciliations statement through the adjusted cashbook. The part (b) of the question tests control and management of cash as it is an assets prone to high risks.

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

Candidates' major pitfall was the poor understanding of the topic. Candidates are advised to always prepare well before sitting for the Institute's examinations.

## SOLUTION 4

(a) i.

Depreciation for the year using revaluation method

Equipment at fair value = L\$2,250,000  
Estimated Useful Life (EUL) = 100/10  
= 10 years

Note that from 1/1/2019 – 31/12/2019 the asset has just been used for a year.

Hence, 10 years – 1 year = 9 years

We are told that the useful life has been reduced by 5 years i.e. 9-5 = 4 years.

Therefore, depreciation = L\$2,250,000/4  
= L\$562,500

ii.

### Equipment Account

	DR	CR
	L\$	L\$
Balance b/d	1,500,000	
Revenue Reserves	1,372,500	
Accumulated Depreciation		612,500
Balance c/d		<u>2,250,000</u>
	<u>28,72,500</u>	<u>28,72,500</u>

### Accumulated Depreciation Account

	DR	CR
	L\$	L\$
Balance b/d	<u>612,500</u>	
Income Statement		50,000
Balance b/d		<u>562,500</u>
	<u>612,500</u>	<u>612,500</u>

### Revaluation Account

	DR	CR
	L\$	L\$
Balance c/d	<u>1,377,500</u>	<u>1,377,500</u>
Equipment account		

(b) Other Methods of calculating Depreciation

i.

Methods based on passage of time.

- Straight line method
- Reducing balance method
- Sum of the year digits
- Revaluation method
- Annuity method
- Sinking fund method

ii. Method based on level of usage or output

- Service hour method
- Productive output method

**Chief Examiner's Report**

The question tests candidates' knowledge on computation of depreciation using revaluation method and how to post to the ledgers. Part (b) of the question also tests candidate's knowledge on other methods of computing depreciation.

About 30% of the candidates attempted the question and their performances were poor.

Candidates' major pitfalls were their poor understanding of this topic. Candidates are advised to always prepare well before sitting for the institute's examination.

**SOLUTION 5**

(a) The International Accounting Standards Board's conceptual framework states that accounting information is useful if it processes both the fundamental and enhancing qualitative characteristics. Fundamental Qualitative Characteristics

The fundamental Qualitative Characteristics are relevance and faithful representation

i. **Relevance**

Financial information is relevant if it can make difference in the decision made by users. Financial information makes difference in users' decision when the users are aware of such information and take full advantage of it or not. Reliable financial information is capable of making difference in decisions when it has:

- i. Predictive value
- ii. Confirmative value or both

ii. **Faithful Representation**

Financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the phenomena that it purports to represent. To be a perfectly faithful representation, a decision would have three characteristics. It will be complete, neutral and free from error.

A complete depiction includes all information necessary for a user to understand the phenomenon being depicted.

A neutral depiction is without bias in the selection or presentation of financial information.

Free from error means there are no errors or omissions in the description of the phenomenon, and the process used to produce the reported information has been selected and applied with no errors in the process.

### **Enhancing Qualitative Characteristics**

These are qualitative characteristics that enhance the usefulness of information that is relevant and faithfully present. They include:

- i. Comparability
- ii. Verifiability
- iii. Timeliness
- iv. Understandability

#### **Comparability**

Comparability is that qualitative characteristic of financial information that allows a choice between alternatives. Where an entity is privileged to have information about the financial performance of other entities of similar sizes in the same industry, a comparison of the entity's performance with those of others enables sound economic decisions to be made. For example, decisions as to whether to dispose or hold a particular investment, whether to invest in one industry in preference to another are made by this process.

#### **Verifiability**

Verifiability is the quality that enables users to have the assurance that the information depicts exactly what it purports to state. As such different knowledgeable people considering the information will be able to arrive at similar decisions on the same issue.

#### **Timeliness**

Timeliness implies that users are given the relevant information needed to take economic decisions in time. Generally, the longer the information had been obtained the less useful it becomes for making today's decisions. However, where a user is required to make some trend analysis, seemingly old information may have some continuing usefulness

#### **Understandability**

Information should be presented in a way that the user can comprehend it. This can be achieved if the information is appropriately classified so that the user easily grasps the information. Financial reports should therefore be presented in a form that any average knowledgeable reader can understand for it to be useful to him.

- (b)
- (i) Accounting packages are application software that record and process accounting transactions within functional modules.

Accounting packages are probably the most widely used sort of “off-the-shelf” package in business. A package may consist of a suite of program modules, and the computer user can use a single module for a specific application or “sub-system” or a number of modules in a more integrated system.

There might be separate modules for the general ledger, and subsidiary ledgers such as:

- (a) Payroll
- (b) Inventory
- (c) Non-current assets
- (d) Treasury
- (e) Financial reporting and analysis.

Each module may be integrated with the others, so that data entered in one module will be accessible across all modules as required.

## ii. Merits (Advantages) and Demerits (Disadvantages) of Application Packages

### **Merits**

- (a) They make implementation of an application to be quicker and cheaper.
- (b) They provide standard approach to common applications
- (c) They are efficient in terms of speed, accuracy and storage requirements
- (d) They save programming efforts
- (e) There is substantial reduction in systems efforts.

### **Demerits**

- (a) Some packages are not brought up-to-date.
- (b) The packages may not be 100% suitable for a particular use, as they may not be fully tailored towards the use
- (c) One may not get experts who will be on ground for immediate assistance in case there are problems.
- (d) Inefficiency may be experienced due to inclusion of features that are not particularly relevant in the packages.
- (e) 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.

## Chief Examiner's Report

The part (a) of the question tests candidates' knowledge on the features of accounting information as prescribed by International Accounting Standard Board (IASB) while part (b) tests their knowledge on accounting packages with their merits and demerits. About 50% of the candidates attempted the question and their performances were average. Candidates' pitfalls were their poor understanding of the requirements of the question. Candidates are advised to prepare well for future examination.

### SOLUTION 6

(a)

**MAIN CITY CLUB**  
**STATEMENT OF ACCUMULATED FUND AS AT OCTOBER 1, 2018**

ASSETS	Le'000	Le'000
Equipment cost		16,000
Deposit account	30,000	
Shop inventory	1,000	
Bank	16,800	
Cash float- Shop	100	
Subscription in arrears	<u>1,200</u>	
		<u>49,100</u>
		65,100
Less Payables for shop	2,900	
Subscriptions in adv.	<u>960</u>	
		<u>3,860</u>
Accumulated Fund		<u><u>61,260</u></u>

(b) MAIN CITY CLUB

**TRADING ACCOUNT FOR THE YEAR ENDED SEPT 30, 2019**

	Le'000	Le'000
Shop takings		14336
Less:		
Opening Shop inventory	1,000	
Add purchases	<u>7,870</u>	
	8,870	
Closing inventory	<u>1,700</u>	
	<u>7,170</u>	
Wages	8000	
Loss on trading		<u>15,170</u>
Gross Loss		(834)

**(c) MAIN CITY SUBSCRIPTION a/c**

	<b>Le'000</b>		<b>Le'000</b>
Subs. in arrears	1,200	Subs. In adv.	960
Income Exp	12,000	Bank	<u>12,870</u>
Bal c/f	<u>630</u>		
	<u><b>Le 13,830</b></u>	Bal b/f	<u><b>Le 13,830</b></u>
			630

**(d) MAIN CITY CLUB INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Le'000</b>	<b>Le'000</b>
<b><u>INCOME</u></b>	12000	
Subscription	1200	
Donations	7000	
Cash taken at shop	20,000	
Grant from council	<u>160</u>	
Interest on Deposit		
		40,360
<b>Expenditures</b>		
Shop loss	834	
Annual dance loss (2800-2980)	180	
General expenses	3130	
Rent	16000	
Depreciation(3200 + 800)	<u>4000</u>	
Surplus of income		<u>24144</u>
		<u><b>Le 16216</b></u>

**WORKING NOTES FOR SOLUTION 6**

**(i) Computation of Purchases for Trading**

	<b>Le'000</b>
Balance c/d	2900
Purchases (Bank)	<u>7490</u>
	10390
	<u>2520</u>
Less bal c/d	<u>7870</u>

**(ii) Grant from Council**

	<b>Le'000</b>
Bank ( Receipts from council)	12,000
Grants outstanding	<u>8000</u>
Income and expenditure	<u><b>Le 20,000</b></u>

(iii)

	<b>Le'000</b>
General Expenses	3000
Bank ( Payment)	130
Dues/ Owed	<u>3130</u>

(iv)

	<b>Le'000</b>
Depreciation	
Old Asset	3200
New asset	800
(4000 ÷ 5)	<u>Le 4000</u>

(v) Subscription: 150 Le80,000  
= Le 12,000,000

### **Chief Examiner's Report**

The question tests the candidates' knowledge on how to prepare financial report for "NOT FOR PROFIT ORGANISATIONS". About 40% of the candidates attempted the question and their performances were poor. Their major pitfall was their poor understanding of the topic. Candidates are advised to adequately prepare for the institute's future examination.

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
PART I EXAMINATIONS – SEPTEMBER 2020**

**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. Law is a body of rules and regulations designed to regulate
  - A. Legislation
  - B. Human philosophy
  - C. Human conduct
  - D. Human traffic
  - E. Movement of cars
  
2. Doctrines of equity in Nigeria is a type of
  - A. Convention
  - B. Treaty
  - C. Court Process
  - D. Received English Law
  - E. Special Tribunals Procedure
  
3. The interpretation of the Constitution of the Federal Republic of Nigeria is done by the
  - A. Ministry of Justice
  - B. Attorney-General
  - C. Executive
  - D. Solicitor-General
  - E. Court

4. Which of the following is a type of customary law?
- A. Sharia Law
  - B. Benchers Law
  - C. Canon Law
  - D. Statute
  - E. Legal Notice
5. In the law of torts, a wrong could not be redressed unless it results in
- A. Controversy
  - B. Legal injury
  - C. Legal jury
  - D. Legal tango
  - E. Legal juror
6. In Nigeria, a state High Court does not have appellate jurisdiction on the decisions of
- A. Magistrate courts
  - B. Area courts
  - C. Court of Appeal
  - D. District courts
  - E. Native courts
7. Which of the following is **NOT** an element of a valid contract?
- A. Compromise
  - B. Consideration
  - C. Offer
  - D. Acceptance
  - E. Intention to create legal relations
8. Who among the following, lacks capacity to enter into a valid contract?
- A. Divorcee
  - B. Widower
  - C. Person with mental disability
  - D. Person that is physically challenged
  - E. Blind person

9. A material modification of an original offer is a/an
- A. Offer
  - B. Acceptance
  - C. Acceptance communication
  - D. Counter offer
  - E. Injunction
10. A contract to commit a crime is
- A. Illegal
  - B. Enforceable
  - C. Executed
  - D. Executory
  - E. Private
11. A fundamental term in law of contract is called
- A. Representation
  - B. Repudiation
  - C. Condition
  - D. Warranty
  - E. Claim
12. Agency is a tripartite legal relationship in which authority is given to an agent to perform certain tasks on behalf of
- A. The principal
  - B. A third party
  - C. A non-existent party
  - D. A delusionary party
  - E. A divided party
13. An agent orally engaged by a principal is said to have ..... authority
- A. Default
  - B. Weak
  - C. Express
  - D. Hidden
  - E. Ostensible

14. In sale of goods, goods to be produced by the seller after the contract is made is known as
- A. Specific goods
  - B. Existing goods
  - C. Prospective goods
  - D. Warehouse goods
  - E. Future goods
15. Which of the following is **NOT** an implied term in sale of goods contracts?
- A. That the seller has the right to sell
  - B. That the seller has title to the goods
  - C. That the goods are free from charge or encumbrance
  - D. That the seller will always continue to monitor the use of the goods
  - E. That the buyer will enjoy quiet possession of the goods
16. In hire purchase contract the owner has the following duties, **EXCEPT**
- A. Duty to disclose price of goods
  - B. Duty to have a valid title in the goods
  - C. Duty to place third party encumbrance on the title of the property
  - D. Duty to deliver goods to the hirer
  - E. Duty to accept instalment payment from the hirer
17. Which of the following is **NOT** a duty of the hirer in hire purchase?
- A. Duty to pay in instalments
  - B. Duty to accept goods subject to contract
  - C. Duty to disclose information about the goods to the owner as required by the owner
  - D. Duty to take reasonable care of the goods
  - E. Duty to dispose of the goods without the exercise of the option to purchase
18. Infants and young persons engaged in contract of employment enjoy the following, **EXCEPT**
- A. Wages to be paid to the government
  - B. Not to work in underground operations
  - C. Not to work in shipping vessels

- D. Not to operate heavy machines
- E. Not to be employed against their parents wish

19. Contract is categorised into

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

20. The relationship which exist between two or more persons who carry on businesses with a view to making and sharing profits is a

- A. Sole proprietorship
- B. Partnership
- C. Limited Liability
- D. Limited partners
- E. Public limited liability

21. A partnership in which all the members participate in the management is a/an

- A. Active partnership
- B. Action partnership
- C. Limited partnership
- D. General partnership
- E. Omnibus partnership

22. A promoter is any person who undertakes to do the following, **EXCEPT**

- A. Management of the company
- B. Raise finance for the company
- C. Form the company
- D. Subscribe shares in the company
- E. Set the company project going

23. A promoter is bound to perform his duties with utmost good faith, failing which the company has the following remedies, **EXCEPT**

- A. Sue for damages
- B. Sue for breach of duty
- C. Sue for impropriety

- D. Wind up the company
  - E. Terminate the relationship
24. The relationship of a promoter with the proposed company is
- A. Master and servant
  - B. Surety and financier
  - C. Vicarious
  - D. Civic
  - E. Fiduciary
25. The Registrar of Business names will not register a business name with the word “National” unless the proposer obtains the consent of the
- A. President
  - B. Corporate Affairs Commission
  - C. Governor
  - D. Minister of Trade
  - E. Minister of Finance
26. For its operations, a bank must have a/an
- A. Auditor’s report
  - B. Director’s report
  - C. Valid license
  - D. Manager’s report
  - E. National Assembly report
27. Generally, the following are the functions of banks, **EXCEPT**
- A. Receiving money as deposit
  - B. Granting loans to customers
  - C. Accepting credits
  - D. Advising customers on the choice of business
  - E. Payment of interest
28. A bill duly presented and rejected is
- A. Dishonoured
  - B. Overvalued
  - C. Oversighted

- D. Incomplete
- E. Inconsequential

29. A cheque drawn in favour of a named person is called a/an

- A. Bearer cheque
- B. Order cheque
- C. Crossed cheque
- D. I owe you
- E. Favour cheque

30. Which of the following is **NOT** a characteristic of a unit trust

- A. Manager
- B. Custodian
- C. Investment
- D. Pooling of resources
- E. Public benefit

**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 treaty is an example of.....
2. The principle by which the Constitution delimits the functions and powers of the arms of Government is called.....
3. The administration of justice in courts is the function of the.....
4. The court that has original jurisdiction to hear matters relating to companies is.....
5. The exchange of a promise for a promise makes consideration.....
6. A contract with an infant for non-necessaries is unenforceable because the infant lacks.....

7. In contract, display of goods in a shop window is a/an.....
8. Acceptance by post becomes effective.....
9. A breach of warranty in contract will only give rise to a claim for.....
10. An agency in which the agent is only involved in the negotiation of contract on behalf of another for a commission is known as.....
11. In sale of goods, goods identified and agreed on at the time of contract of sale is known as.....
12. An agreement by which the seller sells goods and transfers ownership in it to the buyer, agreeing to accept payment by instalments is.....
13. When the legal relationship between an employee and his employer is affected due to close down and the employee is said to be.....
14. A contract of insurance is a contract of .....
15. A partner, who is in partnership takes no part in the management but has contributed money to the business is called a.....
16. The capacity of a company to continue in existence even after the death of its member is called.....
17. The governmental agency which registers business names is.....
18. A banker has a duty not to pay out customer's money upon a valid.....
19. A crossed cheque is not payable over the counter but into.....
20. The persons that manage the affairs of a non-governmental organisation and are registrable under the Companies and Allied Matters Act are.....

**SECTION B: ATTEMPT ANY FOUR QUESTIONS**

**(50 Marks)**

**QUESTION 1**

- a. Laws are made to ensure orderliness in society.

**Required:**

Explain briefly what is law. (2½ Marks)

- b. Bruno offered to sell his house in Benin to Mike, his friend, on the 31<sup>st</sup> day of October, 2019 for the sum of ₦13 million. Mike accepted the offer and made part payment of ₦4 million on the 2<sup>nd</sup> of November, 2019. Before Mike could pay the balance, Bruno sold the house to Omosuka, who just returned from Italy, for the sum of ₦20 million and returned Mike's ₦4 million on the 10<sup>th</sup> of November, 2019. Mike is aggrieved and has come to you for advice.

**Required:**

Advise Mike. (5 Marks)

- c. Agency exists where the principal has authorised an agent to act on his behalf.

**Required:**

State **FIVE** circumstances under which a principal could ratify his agent's act. (5 Marks)

**(Total 12½ Marks)**

**QUESTION 2**

- a. The Constitution of the Federal Republic of Nigeria is supreme over all other Nigerian laws.

**Required:**

Explain briefly the supremacy of the constitution. (2½ Marks)

- b. Sale of goods is a contract in which the seller's title to goods is extinguished.

**Required:**

State and explain briefly **TWO** types of goods under the Sale of Goods Act. (5 Marks)

- c. In an auction sale at Ikeja High Court, Karemu bid for a camry motor car in response to Oluwaye, the auctioneer's request, for bids. However, before Oluwaye rang his bell, Karemu withdrew his bid, as he was reliably informed that the camry car had no engine. As the auctioneer had no other bid and asked Karemu to pay for his bid, Karemu insisted that he had already withdrawn his bid and refused to pay. The auctioneer is threatening to sue Karemu.

**Required:**

Advise the auctioneer.

(5 Marks)  
**(Total 12½ Marks)**

**QUESTION 3**

a. Treaty is a source of law.

**Required:**

Explain 'treaty'.

(2½ Marks)

b. Illegal contracts are forbidden by law.

**Required:**

i. State **TWO** consequences of illegal contracts.

(2 Marks)

ii. Ajani paid Jamiu ₦20,000 to beat up Wunmi, his troublesome tenant, because she called him a wicked landlord. Jamiu failed to honour the agreement. Ajani wants to recover his money, which Jamiu refused to refund.

**Required:**

**Advise Ajani**

(3 Marks)

c. Hire purchase facilitates commercial transactions by payment in instalments.

**Required:**

i. State the parties to a hire purchase transaction.

(2 Marks)

ii. State **THREE** duties of the owner in hire purchase contract

(3 Marks)

**(Total 12½ Marks)**

**QUESTION 4**

a. Courts in Nigeria are arranged hierarchically.

**Required:**

State and explain briefly the composition and jurisdiction of the National Industrial Court.

(2½ Marks)

b. The right to work is fundamental in the life of man in any society.

**Required:**

In a contract of employment, state:

i. **FIVE** rights of a worker (5 Marks)

ii. **THREE** terms for the period of testing of the skill of a new employee. (3 Marks)

c. Law of contract is at the centre of human activities.

**Required:**

Explain briefly dormant or sleeping partner in partnership business. (2 Marks)  
**(Total 12½ Marks)**

**QUESTION 5**

a. i. Misrepresentation in a contract induces one part to enter into the contract.

**Required:**

Explain briefly the word 'misrepresentation' in a contract. (2½ Marks)

ii. Banks render financial services to customers

**Required:**

Explain briefly banker and customer relationship. (2½ Marks)

b. The uncertain nature of risks in life made man to devise insurance to reduce losses.

**Required:**

Explain the following in insurance:

i. Insurable interest (2½ Marks)

ii. Utmost good faith (2½ Marks)

c. The Companies and Allied Matters Act prohibits the registration of certain names.

**Required:**

Explain a reason for which the Registrar may refuse to register a business name. (2½ Marks)

**(Total 12½ Marks)**

## QUESTION 6

- a. Osagie, a promoter of Aleye Company Limited, set out to raise capital for the company's business. Osagie made ~~₦~~30 million secretly, which he diverted to his private hotel business. The directors of Aleye Company Limited got to know of this development later. Osagie is a well connected and influential person in the society. The directors have come to you for advice.

**Required:**

Advise the directors of Aleye Company Limited (5 Marks)

- b. Negotiable instruments are commercial documents, which bill of exchange.

**Required:**

- i. Explain bill of exchange. (2½ Marks)  
ii. State **THREE** organisations whose trustees are required to be incorporated under Part C of the Companies and Allied Matters Act (3 Marks)

- c. A contract could have **Conditions** or **Warranties** as its terms.

**Required:**

Explain 'Condition' as a term of a contract. (2 Marks)  
**(Total 12½ Marks)**

## SOLUTIONS

### SECTION A

#### MULTIPLE CHOICE QUESTIONS

1. C
2. D
3. E
4. A
5. B
6. C
7. A
8. C
9. D

10. A
11. C
12. A
13. C
14. E
15. D
16. C
17. E
18. A
19. B
20. B
21. D
22. A
23. D
24. E
25. B
26. C
27. D
28. A
29. B
30. E.

### **Chief Examiner's Report**

The questions covered the entire syllabus. Attempt rate was 100% and general performance was very good as over 80% candidates scored 20 marks out of 30 marks.

### **SHORT ANSWER QUESTIONS**

1. International Law
2. Separation of powers
3. Judiciary

4. Federal High Court
5. Executory
6. Capacity
7. Invitation to treat
8. When the letter is posted
9. Damages/Compensation
10. Brokerage
11. Specific goods
12. Credit sale agreement
13. Redundant
14. Indemnity
15. Dormant or sleeping partner
16. Perpetual succession
17. The Corporate Affairs Commission
18. Countermand/Court order
19. Payee's bank account
20. Incorporated Trustees

### **Chief Examiner's Report**

The questions fairly covered the syllabus and all candidates attempted the questions. General performance was very good as rate was over 70%.

### **SECTION B**

### **SOLUTION 1**

(a) Law consists of a body of rules and regulations designed to regulate and shape human conduct in the society. Because people may not always want to obey laws, sanctions are imposed to ensure compliance with law in the event of breach. Law is a civilizing force on man in the society.

(b) The legal issue is on offer and acceptance.

Acceptance is the expression of assent to the terms of an offer made by one person to another.

Mike accepted Bruno's offer, notified the latter, and paid ₦4 Million deposit for the house in Benin.

Bruno selling the house to Omosuka for ₦20 Million is a breach of contract, as there is a valid contract between Bruno and Mike.

Mike is advised to sue Bruno for a breach of contract and claim specific performance or damages. He will succeed in an action in court against Bruno.

(c) A principal could ratify his agents's act under the following conditions:

- i. The agent must have been expressly contracted as an agent. The contract can only be ratified by the principal who was named when the contract was made;
- ii. The principal must have been in existence at the time of contract with the agent;
- iii. The principal must have capacity to enter into the contract at the time when it was made;
- iv. The principal must, at the time of ratification, have full knowledge of all the material facts;
- v. The principal must adopt the whole contract; and
- vi. The principal must act within the time set or reasonable time.

### Chief Examiner's Report

The questions test candidates' knowledge on meaning of law, application of agent's authority in agency and circumstances for ratification of agent's act.

Attempt rate was about 60% and performance was good as over 70% of candidates scored above pass mark.

### SOLUTION 2

(a) The Constitution of the Federal Republic of Nigeria is the basic law of the land. The document contains the rules and regulations, norms and ethics concerning how the country is to be governed. The provisions are binding on all authorities and persons throughout Nigeria. Being the basic law, its provisions are supreme over all laws

and any law inconsistent with its provisions is null and void. No part of the country is to be governed except in accordance with the constitution.

**(b)** The Sale of Goods Act classifies goods as follows:

- i. Specific goods: Goods which are identified and agreed upon at the time of contract.
- ii. Unascertained goods: Goods not identified and agreed on are unascertained goods. For example, "50 bags of rice out of the bags kept in the warehouse."
- iii. Existing goods: Goods which the seller owned or possessed at the time of contract.
- iv. Future goods: Goods which the seller is to produce after the contract of sale is made

**(c)** The legal issue in this case is invitation to treat. An auctioneer's request for bid is an invitation to treat.

The bid made by Karemu constituted as offer. It is when the auctioneer rings his bell or the fall of his hammer that acceptance is made.

Karemu withdrew his bid, before Oluwaye, the auctioneer, rang his bell. Therefore, he terminated the offer before the auctioneer could accept it.

The auctioneer will not succeed in an action against Karemu in court since there is no acceptance, no valid contract has been made.

### **Chief Examiner's Report**

The questions test candidates' understanding of the supremacy of the Nigeria 1999 constitution, types of goods under sale of goods and application of offer and acceptance in public auction.

About 50% of candidates attempted the questions and performance was good. Most of the candidates scored above 60% of the marks.

### **QUESTION 3**

**(a)** A treaty is a formally concluded and ratified agreement between sovereign states. It is an agreement by actors under international law, namely sovereign states and international organisations.

**(b) i.** As a general rule, no action could be successfully maintained in an illegal contract.

The consequences of an illegal contract are as follows:

- No action will lie for recovery of money paid or property transferred.
- No action will lie for a breach of an illegal contract.

- Where part of an illegal contract would have been lawful by itself, the court will not sever the good from the bad.
  - Any contract which is collateral to an illegal contract is also tainted with illegality.
- ii. A contract that is illegal is void. The legal issue here is contract to commit a crime. The contract between Ajani and Jamiu to beat up Wunmi is to commit crime, and it is illegal

Ajani cannot recover his money i.e. (₦20,000) as no action will lie for recovery of money in an illegal contract.

Ajani will not succeed in an action in court against Jamiu for breach of contract.

(c) i. Parties to hire purchase transactions are:

- The owner of goods; and
- The hirer who undertakes to pay the hire purchase charges.

ii. The duties of the owner in hire purchase contracts are as follows:

- a) Duty to disclose the price of good to hirer;
- b) Duty to give hirer quiet possession of goods;
- c) Duty to deliver goods to hirer;
- d) Duty to accept instalment payments from hirer;
- e) That he has valid title in the goods;
- f) Duty not to repossess the goods; and
- g) Duty to deliver the goods agreed upon.

### **Chief Examiner's Report**

The questions tests candidates' knowledge on International Law, consequences of illegal contracts, parties to hire purchase and duties of owner in hire purchase contract. Attempt rate was about 60% and performance was above average as most candidates scored above 60% of the marks.

### **QUESTION 4**

- 4 a) The National Industrial Court comprises of five members (The President and four ordinary members who must have good standing and be knowledgeable in employment matters in Nigeria. The court has original jurisdiction to the exclusion of other courts in civil cases connected with labour, employment, trade union, and industrial relations matters arising from workplace.

- b) i) In contract of employment the rights of the worker include the following:
- The right to work under satisfactory, safe and healthy conditions;
  - The right not to be discriminated against at work place;
  - The right to equal pay for equal work;
  - The right to rest, reasonable working hours and public holidays;
  - The right to join trade unions; and
  - The right to be trained and develop skills.
- ii) The terms for the period of testing of the skills of a new employee are:
- Probation period;
  - Observation period;
  - Assessment period; and
  - Testing period.
- c) A dormant or sleeping partner takes no part in management, although he is a member of the firm. He is a concealed partner. If he is not concealed and enters into contract with a third party, who knows him to be a partner in the firm, the firm is bound to the third party.

### **Chief Examiner's Report**

The questions test candidates' knowledge of Nigeria Industrial Court composition and jurisdiction, rights of worker and probationary terms under employment contract and dormant partner in Partnership.

About 60% of candidates attempted the questions and performance was good, as over 60% scored above pass mark.

### **QUESTION 5**

- (a) i. Misrepresentation is a representation that is not true. This is a false statement of fact (not merely a statement of opinion) made by one party, which induced the other party into making a contract. The statement must have been intended to be acted upon and must have actually induced the other party to enter the contract.
- ii. A banker is in the business of banking, and a person becomes its customer when the banker opens an account in the customer's name, on the customer's instruction, which the banker accepted. The banker receives a deposit from the customer, which is credited to the customer's account, thereby establishing a relationship of a debtor and creditor. The banker has obligation to repay the customer. Therefore, only the person whose name appears in the books of the bank as holding an account is a customer of the bank.

- bi.** Insurable interest is a prerequisite for any contract of insurance, whether life or non-life. The insured must to have insurable interest in the subject matter of the insurance.

Insurable interest is the interest that a person has in a thing in respect of which an advantage may arise, or prejudice happen, from the circumstance which may attend it. In other words, it means that the person is interested in the preservation of a thing so as to derive a benefit from its existence, or avoid loss or damage from its destruction.

- ii.** The principle of utmost good faith lies at the root of insurance contract. By its nature, only the insured party possesses knowledge of all the material facts. The insured party is expected to disclose all such material facts in utmost good faith. The insured is to be honest and truthful about the circumstances that are material to the validity of the insurance contract.

- (c)** The registrar shall refuse to register a business name where:

- i.** The business name contains any word which the registrar thinks is likely to mislead the public as to nationality, race, or religion of the persons by whom the business is owned or controlled; or
- ii.** The name is deceptive, or objectionable because it contains a reference direct or otherwise to any personage, practice or institution or the name is unsuitable as a business name.
- iii.** Where such name is similar to a company in existence.
- iv.** Where the name violates trade mark or business name..
- v.** Where the name contains the word “Chambers of Commerce” unless it is a Company limited by Guarantee.

### **Chief Examiner’s Report**

The questions test candidates’ understanding of Misrepresentation in Contract, banker and customer relationship, and elements of insurance contract.

Attempt rate was about 60% and performance was good as about 60% scored above pass mark.

## QUESTION 6

- (a) The legal issue involved in this case is a promoter's fiduciary duty not to make secret profit or to show company utmost good faith.

Osagie has breached fiduciary duty to not make secret profit and be show the company utmost good faith in raising capital for the company. This, he did, by making ₦30million secretly and diverting the money to his private hotel business. He did not place the interest of the company above his personal interest.

The company would recover the ₦30million in an action to recover the secret profit from Osagie, the promoter.

- (b i.) A bill of exchange is an unconditional order in writing, signed and addressed by one person, that is the drawer, to another, that is the drawee, requiring the drawee to pay on demand or at a fixed future date, specified sum of money to a third person called the payee. On accepting the bill, the payee becomes the party responsible for paying it.

- ii. The following organisations are required to incorporate their trustees under Part C of the Companies and Allied Matters Act:

- Churches
- Mosques
- Other Religious Organizations
- Clubs and Societies
- Charitable organisations
- Civil Society Groups

- (c) A condition is a fundamental term which goes to the root of a contract. The breach of condition in contract entitled the affected party to repudiate or terminate the contract. Condition is thus an undertaking that a state of affairs exists, or will exist, or a promise that certain thing shall or shall not be done, the fulfillment of which is very fundamental to the contract.

### Chief Examiner's Report

The questions test candidates' on application of company promoter's judiciary duty, bill of exchange under negotiable instruments, incorporated trustee, and conditions in contract.

Only about 40% of candidates attempted the questions, and performance was good, as over 60% scored above pass mark.

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
PART I EXAMINATIONS – SEPTEMBER 2020**

**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. What is the economic term used to describe the benefit forgone when a choice is made?
  - A. Scarcity
  - B. Opportunity cost
  - C. Explicit cost
  - D. Scale of preference
  - E. Marginal cost
  
2. A shift in the demand curve to the left illustrates
  - A. A decrease in demand
  - B. An increase in demand
  - C. An increase in quantity demanded
  - D. A decrease in quantity demanded
  - E. An increase in equilibrium price
  
3. If supply curve is horizontal, the price elasticity of supply is
  - A. Zero
  - B. Infinite
  - C. Equal to 1
  - D. Greater than 0 but less than 1
  - E. Greater than 1 but less than infinity
  
4. Which of the following profit concepts does **NOT** include implicit cost elements?
  - A. Accounting profit
  - B. Economists profit
  - C. Normal profit
  - D. Super normal profit
  - E. Economic loss

5. The additional satisfaction a consumer derives from an extra unit of a good consumed is called..... utility
- A. Total
  - B. Average
  - C. Marginal
  - D. Ordinal
  - E. Diminishing
6. The major function of the price mechanism is to
- A. Guide consumers to minimise satisfaction
  - B. Ensure that producers maximise profit
  - C. Ensure efficient allocation of resources
  - D. Increase scarcity of productive resources
  - E. Reduce opportunity cost of consumer's choice
7. The price at which there is no shortage or surplus of a commodity in the market is called
- A. Equilibrium price
  - B. Disequilibrium price
  - C. Price floor
  - D. Price ceiling
  - E. Profit - maximising price
8. In long run equilibrium, the perfectly competitive firm makes
- A. Positive accounting profit
  - B. Positive economic profit
  - C. Supernormal profit
  - D. Abnormal profit
  - E. Normal profit
9. The various combinations of two goods that yield the same level of satisfaction to the consumer are illustrated by
- A. An indifference curve
  - B. A demand curve
  - C. An isocost
  - D. An isoquant
  - E. The budget line

10. The simplest form of business organisation is
- A. Partnership
  - B. Sole proprietorship
  - C. Cooperative societies
  - D. Private limited company
  - E. Public enterprise
11. In the short run when the total product is maximum
- A. Average product is rising
  - B. Marginal product is rising
  - C. Average product is falling
  - D. Average product and marginal product are equal
  - E. Marginal product is equal to zero
12. The firm and the industry are one and the same under
- A. Duopoly
  - B. Oligopoly
  - C. Monopoly
  - D. Perfect competition
  - E. Monopolistic competition
13. Which of the following statements defines total variable cost in the short run?
- A. Total cost less total fixed cost
  - B. Average total cost plus average marginal cost
  - C. Total cost plus total fixed cost
  - D. Average fixed cost plus average total cost
  - E. Marginal cost plus average total cost
14. The profit maximising rule for all firms is
- A.  $MC > MR$
  - B.  $MC = MR$
  - C.  $MC < MR$
  - D.  $TR > TC$
  - E.  $ATC < AR$

15. Given the consumption function for an economy as  $C=150+0.8Y$ , and  $Y=C+S$ , the marginal propensity to save (MPS) is
- A. 0.2
  - B. 0.4
  - C. 0.5
  - D. 0.6
  - E. 0.8
16. Which of the following is **NOT** a function of a deposit money bank?
- A. Accepting deposits of money and savings
  - B. Buying and selling shares for their customers
  - C. Granting loans and advances
  - D. Providing international trade services
  - E. Issuing bank notes and coins
17. A sustained increase in the general level of prices in an economy is called
- A. Inflation
  - B. Deflation
  - C. Stagflation
  - D. Devaluation
  - E. Stagnation
18. The price of one country's currency in terms of another country's currency is called
- A. Inflation rate
  - B. Terms of trade
  - C. Balance of trade
  - D. Foreign exchange rate
  - E. Foreign exchange
19. The characteristics of developing countries, **EXCLUDE**
- A. Low labour productivity
  - B. Low level of employment
  - C. Low level of illiteracy
  - D. Low per capita income
  - E. Poor human capital formation

20. To qualify for International Monetary Fund (IMF) loan, the borrowing nation must
- A. Fulfill IMF conditionalities
  - B. Record balance of payments surplus
  - C. Be a financial member of IMF
  - D. Be politically stable
  - E. Have enough Special Drawing Rights
21. The following are arguments in support of trade protection, **EXCEPT** to
- A. Protect and expand domestic employment
  - B. Protect infant industries
  - C. Correct balance of payments deficits
  - D. Promote globalisation
  - E. Prevent dumping
22. Government payment of subsidies to producers is meant to
- A. Encourage importation of foreign goods
  - B. Discourage consumption of local goods
  - C. Reduce producers costs of production
  - D. To reduce export volume
  - E. To contract local production activity
23. Controlling money supply to promote economic growth and development is a function of
- A. Development banks
  - B. Deposit money banks
  - C. Finance companies
  - D. Discount houses
  - E. The Central bank
24. The theory of comparative cost advantage has been credited to
- A. Adam Smith
  - B. David Ricardo
  - C. Thomas Malthus
  - D. Lionel Robbins
  - E. Alfred Marshall

25. A linear equation connecting consumption expenditure and disposable income expresses
- A. Consumption function
  - B. Aggregate consumption
  - C. Average propensity to consume
  - D. Marginal propensity to consume
  - E. Autonomous consumption function
26. Which of the following measures the value of final goods and services produced within a country's border during a given year?
- A. Gross National Product
  - B. Net National Product
  - C. Net Domestic Product
  - D. Gross Domestic Product
  - E. Net National Income
27. Anything that is generally accepted in payment for goods and services and in the settlement of debt is called
- A. Money
  - B. Cheque
  - C. Barter system
  - D. Exchange rate
  - E. Bank Debit Card
28. The use of taxation and government expenditure to influence the performance of the economy is called .....policy
- A. Exchange rate
  - B. Commercial
  - C. Monetary
  - D. Income
  - E. Fiscal
29. The component account of the balance of payments statement in which merchandise exports and imports are recorded is called ..... account
- A. Official reserve
  - B. Financial
  - C. Current
  - D. Capital
  - E. Service

30. Promotion of the growth of private enterprises in developing countries, is one of the major objectives of the
- A. Multilateral Investment Guarantee Agency (MIGA)
  - B. World Trade Organisation (WTO)
  - C. International Financial Corporation (IFC)
  - D. International Development Association (IDA)
  - E. International Monetary Fund (IMF)

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

**ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1. The assumption in economics that every economic agent exhibits rational behaviour in the process of making a choice is expressed by the concept of .....
2. An economic system which combines features of both the capitalist and socialist economic systems is called.....
3. The process by which the market forces of demand and supply interact to fix the price of a commodity or service is referred to as.....
4. If the greater burden of an indirect tax falls on the consumers, it means that demand for the good is.....
5. The maximum combination of two goods that the consumers can buy with his money income given unit prices of the **TWO** goods is illustrated graphically by .....
6. The process of transferring factors of production or inputs into output of goods or services is called.....
7. If total cost (TC) of production rises from ₦2,400 to ₦2,700 as output (Q) increases from 6 to 7 units, the marginal cost (MC) is.....
8. The market structure in which there is mutual interdependence among the few firms in the industry is called.....

9. When a firm sells a product in an overseas market at a price below that which is prevailing in its own market, it is called.....
10. In national income accounting, decline in the value of fixed assets due to wear and tear or obsolescence is called.....
11. The simultaneous occurrence of high rates of both unemployment and inflation is called .....
12. The branch of economics which focuses on aggregate variables such as national income, inflation, unemployment and investment levels is called.....
13. The exchange rate system that is associated with currency devaluation is called.....
14. The international financial organisation that grant bail-out loan to countries experiencing chronic balance of payments deficit is the.....
15. The occurrence of equilibrium national income at a level that is less than full-employment income creates.....
16. Unemployment caused by a country's advances in automation is classified as.....
17. A limit imposed on the quantity of goods that can be imported during a given period is called.....
18. In the equation of exchange variant of the quantity theory of money  $MV = PQ$ , the term  $PQ$  refers to.....
19. An increase in capital stock of a country is referred to as.....
20. If as income increases, the tax rate decreases, the tax system is classified as.....

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

**PART I: MICROECONOMICS**

**ATTEMPT TWO QUESTIONS**

**QUESTION 1**

- a. Explain why economics is grouped among the social science disciplines. (4½ Marks)
- b. Differentiate between
- i. Positive economics and normative economics.
  - ii. Microeconomics and Macroeconomics. (8 Marks)
- (Total 12½ Marks)**

**QUESTION 2**

- a. Explain briefly the following cost concepts:
- i. Explicit costs
  - ii. Implicit costs
  - iii. Accounting costs
  - iv. Economic costs (8 Marks)
- b. Explain the difference between accounting profit and economic profit. (4½ Marks)
- (Total 12½ Marks)**

**QUESTION 3**

- a. “The existence of perfect competition depends on a number of strict conditions prevailing in the market within which the firms operate”. Given this point of view, outline **FOUR** conditions necessary for the existence of a perfectly competitive market. (6 Marks)
- b. Distinguish between a firm’s demand curve and an industry’s demand curve in perfect competition. (6½ Marks)
- (Total 12½ Marks)**

**PART II: MACROECONOMICS**

**ATTEMPT TWO QUESTIONS**

**QUESTION 4**

- a. Define the following:
- i. Nominal Gross National Product (GNP)
  - ii. Real GNP
  - iii. Per Capita Real GNP (4½ Marks)

b. Consider an economy with the following data

<b>Items</b>	<b>2010</b>	<b>2018</b>
Nominal GNP (£ billion)	360	452
GDP Deflator (2010=100)	100	113
Population (Million)	12	20

**You are required to calculate:**

- i. Real GNP in 2010 and 2018 at constant (2010) prices
- ii. The inflation rate from 2010 to 2018
- iii. Per capita real GNP in 2010 and 2018, and comment on the change in the average living standard during the period. (8 Marks)

**(Total 12½ Marks)**

### **QUESTION 5**

- a.
  - i. Define the term money (1½ Marks)
  - ii. State **THREE** attributes of money (1½ Marks)
- b.
  - i. What is liquidity preference? (1½ Marks)
  - ii. State and explain the **THREE** motives for liquidity preference as identified by John Maynard Keynes (1883-1946). (8 Marks)

**(Total 12½ Marks)**

### **QUESTION 6**

- a. What is international trade? (2 Marks)
- b. Although, the free trade argument tends to dominate in the class room, virtually all nations have imposed restrictions on the international flow of goods and services.
  - i. Identify **THREE** instruments of trade restrictions (3 Marks)
  - ii. State **THREE** reasons to justify the adoption of trade restrictive measures by developing countries. (7½ Marks)

**(Total 12½ Marks)**

## **ECONOMICS SEPTEMBER DIET, 2020**

### **SECTION A: PART I**

#### **MULTIPLE CHOICE QUESTIONS (MCQ)**

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

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

The questions in this part provide a good coverage of the syllabus. It was attempted by all the candidates as instructed. About 62 percent of the candidates scored at least 50 percent of the total marks allocated. A good coverage of the syllabus is required to perform well in the multiple-choice questions.

## **SECTION A: PART II**

### **SHORT ANSWER QUESTION (SAQ)**

1. Rationality/ Rationality assumption
2. Mixed economy
3. Price mechanism
4. Price inelastic
5. Budget line
6. Production
7. ₦ 300
8. Oligopoly
9. Dumping
10. Depreciation/ Capital consumption allowance
11. Stagflation
12. Macroeconomics
13. Fixed/Pegged exchange rate system
14. International Monetary Fund (IMF)
15. Deflationary gap
16. Structural unemployment
17. Quota
18. Nominal GNP/ Nominal GDP
19. Capital Accumulation
20. Regressive tax system

### **EXAMINER'S REPORT**

All the topics in the syllabus are fairly represented in the questions in this part. All the candidates attempted the questions as instructed and the success rate is about 51 percent.

### **SOLUTION TO QUESTION 1**

- a. Economics is grouped among the social science because of the way economists study and explain human behaviour concerning how best to allocate scarce resources among competing alternative uses. The economists adopt scientific method in which theories of human behaviour are developed and tested against the facts in a way similar to the practice in the pure sciences like Chemistry and Physics.

However, economics is more appropriately placed within the social sciences because its subject matter, human behaviour in the production, distribution and consumption of goods and services can neither be controlled in the laboratory nor be predicted with absolute accuracy.

b. (i) **Positive and Normative Economics**

- **Positive economics** is concerned with describing and analysing the way things are or things will be if certain conditions exist. For instance, the statement, an increase in demand for a commodity will cause its price to increase when other factors influencing demand and supply condition remain unchanged is a statement in positive economics. In other words, positive economics is an objective science, which provides explanations of the working of the economic system.
- **Normative economics** on the other hand, is concerned with what ought to be or should be, particularly how economic problems should be solved. It is a subjective science which deals with those areas of human economic behaviour in which personal value judgements are made. Normative economics gives rise to statements such as 'money supply should be reduced to lower inflation rate in the economy'.

(ii) **Microeconomics and Macroeconomics**

- **Microeconomics** is concerned with specific segments of the economy, particularly the behaviours of individual consumer, firms and the industry. As a branch of economics, it examines how resources are organised, controlled and rewarded in various economic activities, as well as how relative prices of goods and services are determined. The main topics falling within microeconomics include the theory of price and wage determination, the theory of consumer behaviour, the theory of production, and welfare economics.
- **Macroeconomics** on the other hand, is the study of the economy as a whole. In macroeconomics; emphasis is on aggregate economic variables such as the economy's level of employment, total output and income, total money supply, overall government spending, the levels of taxes, investments and saving, and the problems of unemployment, inflation, external disequilibrium, sluggish economic growth, general poverty, and inequality.

### **EXAMINER'S REPORT**

This question tested candidates' knowledge on the nature and scope of modern economics. About 92 percent of the candidates attempted the question, while a success rate of about 65 percent was recorded. The common pitfall is inability of some of the candidates to distinguish between positive economics and normative economics with relevant examples.

## SOLUTION TO QUESTION 2

- a. Brief explanation of the cost concepts
- (i) **Explicit Costs:** These are payments made by the firm when it purchases or hires factors of production in a production process. They include rent on land or business space, wages and salaries to labor and interest on loaned funds.
  - (ii) **Implicit Costs:** These are costs that do not require out-of-pocket expenses by the firm. It refers to the imputed money value of owner's resources that are used in the production process. The salary forgone by an entrepreneur for his labor services, the rent forgone for using his house for business, and the hiring fee forgone by using his car to do running around for the business, are all examples of implicit costs.
  - (iii) **Accounting Costs:** It is the same as the explicit costs since the accountants are interested in the outflow and inflow of money. Thus this constitutes the total cost of production to the accountants.
  - (iv) **Economic Costs:** This is the sum of both the explicit and the implicit costs which constitute the total cost of production.
- b. The difference between accounting profit and economic profit.
- **Accounting profit** is total revenue less total cost where total cost is the explicit cost.
  - **Economist's profit** is total revenue less total cost where total cost is the sum of explicit and implicit costs.

## EXAMINER'S REPORT

The question tested the understanding and knowledge of the candidates of economic and accounting concepts of costs and profits. About 74 percent of the candidates attempted the question while about 45 per cent of them scored pass marks.

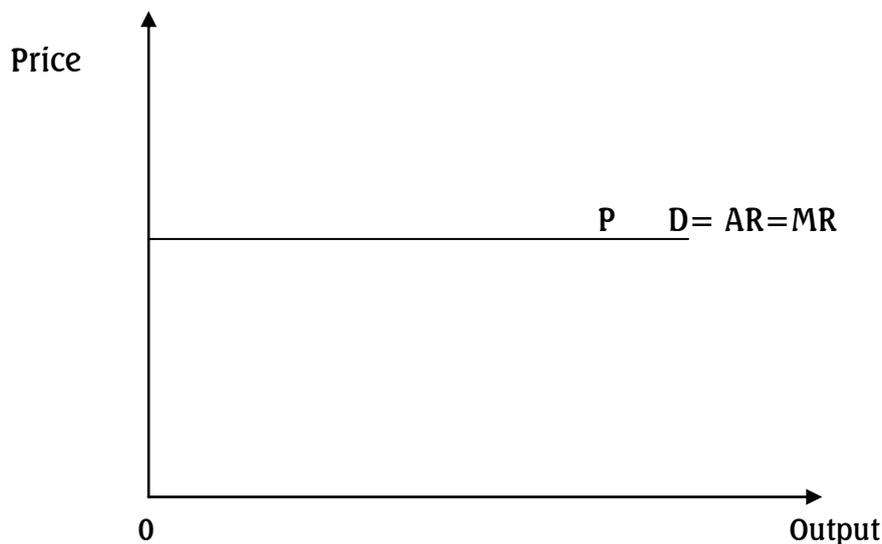
## SOLUTION TO QUESTION 3

- a. The conditions necessary for the existence of a perfectly competitive market are:
- (i) **Large number of buyers and sellers:** There are many buyers and sellers in the market to the extent that no single buyer or seller can influence the product price. Thus, all buyers and sellers are described as *price-takers*.
  - (ii) **Homogeneous product:** The products of all firms are identical in the eyes of the consumers. Hence, it makes no difference which firm they purchase from, and especially since no factor other than price will influence their purchasing decision.

- (iii) **Perfect mobility of resources:** Factors of production are perfectly relevant and can move freely between firms in the industry.
- (iv) **Free entry and exit:** There are no barriers to entry and exit of firms in the industry.
- (v) **Perfect knowledge of all relevant information:** All buyers and sellers must have adequate knowledge of existing market conditions. That is, the firms must know technological conditions of production, prices of inputs, and price at which the product is sold, while all buyers must know where they can get the product to buy.

**b. A Firm's Demand Curve in Perfect Competition**

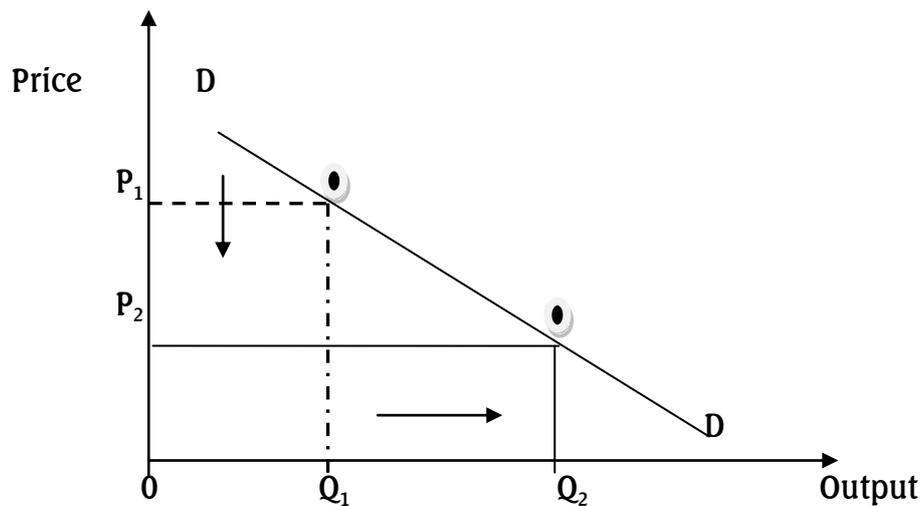
Following from the assumption that all firms are price-takers, the demand curve facing each firm in perfect competition is horizontal i.e. perfectly price elastic as shown in diagram below.



In the diagram, the firm can sell all it wishes at the prevailing market price and that price or average revenue (*AR*) is constant and equals to marginal revenue (*MR*).

**An Industry's Demand Curve in Perfect Competition**

All the firms in a perfectly competitive industry together can influence the market price by their collective actions. Hence the industry's demand curve is downward sloping as shown in the diagram below.



### EXAMINER'S REPORT

The question on market structure was attempted by about 60 percent of the candidates. About 47 percent of those who attempted the question scored pass marks.

### SOLUTION TO QUESTION 4

a. Definitions of the following concepts:

(i) **Nominal Gross National Product (GNP)** is the market value of all final goods and services produced by the nationals of a country during a specified period of time usually a year. It follows from this definition that all goods and services produced by the nationals of a country (within or outside) are included in the GNP.

(ii) **Real Gross National Product:** This is the ratio of nominal gross national product and price index expressed in percentage. It is mathematically expressed as

$$\text{Real GNP} = \frac{\text{Nominal GNP}}{\text{Price index}} \times 100$$

(iii) **Per capita Real GNP:** This is defined as the Real GNP of a particular country in a given year divided by the population of the country in that year.

b. Using the data in the table:

$$\text{Real GNP} = \frac{\text{Nominal GNP}}{\text{Price index}} \times 100$$

$$(i) \quad \text{Real GNP}_{2010} = \frac{360}{100} \times 100 \\ = \text{L\$360 million}$$

$$\text{Real GNP}_{2018} = \frac{452}{113} \times 100 \\ = \text{L\$ 400 million}$$

(ii) The inflation rate from 2010 to 2018  
 Since the GDP Deflator increased from 100 in the base year 2010 to 113 in the current year 2018, the inflation rate is  $(113-100) = 13\%$

$$(iii) \quad \text{Per capita real GNP} = \frac{\text{Real GNP}}{\text{Population}}$$

$$\text{Per capita RGNP}_{2010} = \frac{360}{12} = \underline{\underline{30}}$$

$$\text{Per capita real RGNP}_{2018} = \frac{400}{20} = \underline{\underline{20}}$$

**Comment:** Since there is a fall in the per capita Real GNP from 30 in the year 2010 to 20 in the year 2018, it implies a fall in the average living standard during the period.

## EXAMINER'S REPORT

This question on national income accounting was attempted by less than 5 percent of the candidates, and about 4 percent of them scored pass marks. Candidates are expected to be familiar with the national income concepts and the conventional calculations involved.

## SOLUTION TO QUESTION 5

- a. i. Money can be defined as anything that is generally acceptable as a medium of exchange for goods and services and settlement of debts. It is a means for promoting specialization and exchange on which modern economic activity is based.
- ii. The main attributes of money are:
- (1) **General acceptability:** It must be acceptable by all economic agents in the country in which it is used as payment for goods and services, and in settling debts and obligations.
  - (2) **Divisibility:** It should be available in units of a standard size sufficiently divisible to facilitate the purchase and sale of goods and services over a wide range of prices.

- (3) **Durability:** It should be able to last for a long time without losing its value.
- (4) **Portability:** Money should be convenient to carry about for easy transfer to other people during transactions.
- (5) **Homogeneity:** One unit of money must be the same in all respects (i.e. identical) everywhere throughout the country. This will promote general acceptability.
- (6) **Relatively Scarce:** It must be unique, not something that can be found easily anywhere.

- b. i. **Liquidity preference** otherwise refers to demand for money is the desire of people to hold their resources or wealth in the form of cash i.e. currency notes and coins, instead of interest – yielding assets.
- ii. The three motives for liquidity preference as identified by John Maynard Keynes (1883-1946) are:
  1. **The Transactions Motive:** This represents cash balances held in order to carry out ordinary, everyday transactions. For example, individual persons need to hold money to buy food, transport fares and so on. Similarly, business organizations need money to pay wages and electricity bills, buy raw materials, vehicles and equipment, etc. The transactions demand for money is directly related to income.
  2. **The Precautionary Motive:** This refers to holding cash balances against unexpected expenses. For instance, people hold money to provide them with some degree of security against sudden illness, accidents, fire or flood disaster sudden breakdown of vehicles, equipments and so on. The main factor influencing this motive is the level of income.
  3. **The Speculative Motive:** This refers mostly to the desire to hold cash balances in order to make speculative dealing in the bond or securities (interest – yielding assets) markets. The demand for money for speculative purposes is interest – elastic. The higher the rate of interest, the lower the demand for speculative cash balances. Thus, there is an inverse relationship between the price of bond and interest rate.

## EXAMINER'S REPORT

This is the most popular question for the candidates. About 99 percent of the candidates attempted the question, while the success rate is about 78 percent.

## SOLUTION TO QUESTION 6

- a. International trade refers to the exchange of goods and services between countries. International trade can be bilateral if only two countries are involved. On the other hand, it is multilateral if more than two countries are involved simultaneously.
- b. i. The instruments of trade restrictions are:
- (1) **Tariffs:** These are taxes imposed on traded commodities as they cross national borders. There are two main types of tariffs. An import tariff which is a duty on an imported commodity and an export tariff which is a duty on exported commodity.
  - (2) **Quota:** This is a restriction imposed by the government that limits the quantity or monetary value of goods that a country can import or export during a particular period.
  - (3) **Subsidies:** This is a situation whereby the government gives grants to encourage exports. Those who receive such subsidies can use them to pay production costs and can charge less for their goods than foreign producers.
  - (4) **Embargo:** This refers total prohibition or ban of imports – that is the specified imported good is not at all allowed to be imported into the country.
  - (5) **Anti-dumping measure:** It is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.
- ii. The reasons to justify the adoption of trade restrictive measures by developing countries are:-
- (1) **The protection of infant firms:** Infant industries are those firms which are young. The absence of economies of scale to them makes their unit cost of production higher than older and efficient firms in other countries. Protection may be justified during the early growth of an infant firm. As the infant firms grow, skills and productivity, as well as economies of scale will grow, so increasing the firms' relative competitive advantage.
  - (2) **To protect domestic labour against cheap foreign labour:** The theory of comparative cost advantage assumes that factors of production are both fully employed and mobile within countries. If large-scale unemployment exists within a country, protection may be used to increase employment.

- (3) **Protection against dumping:** Dumping is generally considered as an unfair trading practice, and for that reason, (import substitution) requires protection, industries fearing competition from dumped goods asks for tariffs to protect them. Export subsidies are direct payments made or the granting of tax relief and subsidized loans to the nation's exporters or potential exporters so as to stimulate the nation's exports. These make the nation's export price competitive on the international markets.
- (4) **National Security:** Some key industries such as agriculture and industries producing goods that are important for the defence of the country must be maintained. Countries therefore protect these industries.
- (5) **To raise revenue:** Tariffs are sometimes justified as a means of raising revenue for the government.

### **EXAMINER'S REPORT**

The question tested candidates' knowledge of international trade with particular reference to instruments of trade restrictions and the reasons why developing countries control inflow of foreign goods. About 80 percent of the candidates attempted the question, while only about 50 percent of them scored pass marks.

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
PART I EXAMINATIONS – SEPTEMBER 2020**

**COMMUNICATION SKILLS**

**Time Allowed: 3 hours**

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS**

**(20 Marks)**

**ATTEMPT ALL QUESTIONS**

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

1. The man narrowly escaped being crushed by the moving train at the
  - A. Interjection
  - B. Interception
  - C. Intermission
  - D. Intersection
  - E. Intermittent
  
2. I arrived at the stadium after the match
  - A. Started
  - B. Was starting
  - C. Would have started
  - D. Had started
  - E. Has started
  
3. Grapevine, as an information system, is
  - A. Formal
  - B. Informal
  - C. Personal
  - D. Predictable
  - E. Valid
  
4. Which of the following is **NOT** an advantage of oral communication?
  - A. Recipient may ask for clarification
  - B. Recipient can probe for exactness
  - C. A permanent record is established
  - D. Both individuals can state their case
  - E. Feedback is spontaneous

5. 'I am going home' is an example of
- A. Exclamatory sentence
  - B. Declarative sentence
  - C. Imperative sentence
  - D. Interrogative sentence
  - E. Command
6. Which type of communication does interview make use of?
- A. Non-verbal
  - B. Verbal
  - C. Gesture
  - D. Smiley
  - E. Writing
7. Which of the following best defines a pronoun?
- A. An action or doing word
  - B. The name of a person, animal, place or thing
  - C. A word that is used to replace a noun
  - D. A word that represents an adverb
  - E. A word denoting exclamation
8. Smile, frown, snarling face are all categorised as
- A. Gestures
  - B. Facial expressions
  - C. Proxemics
  - D. Face movements
  - E. Movements of the body
9. Written communication includes the following, **EXCEPT**
- A. Radio Message
  - B. Invoices
  - C. Forms
  - D. Memoranda
  - E. Posters

10. The following are the major goals of communication, **EXCEPT** to
- A. Improve reader's understanding
  - B. Elicit receiver's response
  - C. Create good relations
  - D. Create organizational relations
  - E. Expose the reader's limitation
11. Impatience, annoyance and show of surprise are examples of
- A. Proxemics
  - B. Reactions
  - C. Quarrels
  - D. Responses to cues
  - E. Paralinguistic features
12. Communication can fail when
- A. The sender is clear headed
  - B. The diction is correct
  - C. The timing is wrong
  - D. There is a feedback
  - E. The channel is right
13. The expression: "Rumour spreads like a wild fire" is
- A. Personification
  - B. Alliteration
  - C. Assonance
  - D. Simile
  - E. Antithesis
14. The opening part of the research report is the
- A. Introduction
  - B. Abstract
  - C. Methodology
  - D. Title page
  - E. References

15. The general acceptable ground rules of behaviour within an organisation are known as
- A. Ethics
  - B. Attitudes
  - C. Principles
  - D. Conflicts
  - E. Criticisms
16. Which of the following is **NOT** required at the encoding stage of communication?
- A. Putting the idea conceived in a suitable form
  - B. The receiver's level of understanding
  - C. Choice of language
  - D. Composing the feedback
  - E. The background and the culture of the receiver
17. Which of the following is **NOT** a feature of intrapersonal communication?
- A. It involves a single communication
  - B. It is sent to a decoder
  - C. The communicator interprets his/her own message
  - D. The message is not meant for a receiver
  - E. Feedback is usually internal
18. An exaggeration of facts used either for serious or comic effect for the purpose of emphasis is
- A. Irony
  - B. Paradox
  - C. Metaphor
  - D. Hyperbole
  - E. Euphemism
19. References are arranged alphabetically based on
- A. Turabian citation
  - B. Modern languages association
  - C. Authors' surnames
  - D. Materials consulted
  - E. Journal articles
20. Individual differences bring about
- A. Intrapersonal conflict
  - B. Group conflict
  - C. Interpersonal conflict
  - D. Organisational conflict
  - E. Sectorial conflict

**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. Reading is an attempt to ..... writing.
2. Writing and speaking are fundamental ..... skills in communication.
3. Feedback is instantaneous in ..... communication
4. Speech making may be classified as either closed or .....
5. The agreement between or among different parts of a sentence is known as .....
6. There are three commonly used graphs in visual communication namely line, ..... and .....
7. In oral communication, there is always the possibility of immediate .....
8. When superiors communicate with their subordinates, the direction of such communication is .....
9. "What is your name?" is an example of ..... question.
10. The abstract contains the ..... of an entire report.
11. The minimum number of members to be present at a meeting before its deliberations can be valid is called .....
12. The officer who presides at any meeting is known as the .....
13. The section that describes how a research was conducted is referred to as .....
14. The full meaning of APA is .....
15. Supplementary information for the reader of a research report is contained in the .....
16. Make ..... while the sun shines.
17. All hands must be on .....
18. In 1954, Wilbur Schram introduced the ..... loop into the communication process.
19. When a receiver composes a ..... he becomes a .....
20. A concise and accurate record of the proceedings at a meeting is called .....

**SECTION B****COMPULSORY****(30 Marks)****SUMMARY**

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

Poverty, deprivation and degradation seem to be synonymous with Africa. In fact, studies have revealed that over seventy per cent of the inhabitants of most African countries live below the poverty line put at one dollar per day by the United Nations. This is contrary to the typical experience in any developed country of the world where a citizen cannot be too poor to afford three decent meals per day. The phenomenal poverty rate in African countries is not without identified causes and consequences.

The unprecedented greed of most politicians contributes in no small measure to the impoverishment of their fellow Africans. The wealth accruing from the vast natural resources is shared by few dare-devil politicians that distinguish themselves in all imaginable and even unimaginable atrocities, and have thus instilled the fear of their names in the hearts and minds of other politicians as well as supposed electorate. Such hardened criminals in the garb of well-meaning politicians embezzle and siphon their countries' money with impunity. Over eighty percent of the citizenry is thus left to struggle for and manage with the left-over of the devilish opportunistic politicians.

A book of faith says that whoever refuses to work should not expect to be fed. All religions, to which Africans subscribe, whether indigenous or indigenised, preach the law of sowing and reaping. Yet most Africans, in spite of their religiosity, are taken up in the get-rich quick and come-easy syndrome that has bedevilled the land. Laziness, therefore, subjects a lot of Africans to avoidable abject poverty at the micro level. Many people, on the other hand, work their fingers to the bones, sweating profusely daily, getting home tired and rendered completely useless. Such people are so fagged out at the end of the day that they even legitimately doubt that they would be able to wake up the following morning. This is their daily routine, their vicious cycle and unfortunate lot. Yet they live from hand to mouth. Why? They are unskilled labourers and are consequently poorly paid.

Among the natural fall-outs from the widespread poverty is malnutrition. Since most families cannot afford nutritious meals, both young and old ones eat poorly and sparingly. This makes them weak and sickly. Diseases thus abound in the unfortunate countries unlike in their fortunate developed counterparts. Timely medical intervention can rescue a sick person from the claws of untimely death. But this is not the case in most third world countries of the black continent. Many people die daily in preventable circumstances because the impoverished economy prevents their hospitals from being adequately equipped. This has reached so alarming a rate that individuals and organisations from developed economies of the world are rising to the rescue of Africans.

**(Adapted from Babalola, H.A.L. (1999). *Comprehension and Summary Writing*. In Oluga, S.O; Adewusi, C.O; Babalola, H.A.L; Oyediran, B.A. (Eds.) *Essentials of Use of English. A Pragmatic and Comprehensive Approach*. Ede: BOA Educational Publishers)**

- a. Give a suitable title for the passage. (1 Mark)
- b. In **ONE** short sentence, state what studies have revealed about poverty. (2 Marks)

- c. In **ONE** short sentence, state the percentage of Africans living below poverty level. (2 Marks)
- d. In **FOUR** short sentences, one for each, state why many people are poor in Africa. (8 Marks)
- e. In **TWO** short sentences, one sentence for each, state the consequences of poverty in Africa. (4 Marks)
- f. In **ONE** short sentence, state why Africans suffer from malnutrition. (2 Marks)
- g. In **ONE** short sentence, state why many Africans die untimely death. (2 Marks)
- h. In **ONE** short sentence, state what a book of faith posits about work (1 Mark)
- i. In **TWO** short sentences, one sentence for each, state the two other problems faced by Africans (4 Marks)
- j. In **TWO** short sentences, one for each, state the message of the passage (4 Marks)
- (Total 30 Marks)**

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

**QUESTION 1**

To have an effective speech delivery, there are certain principles that must be mastered by the speaker.

**Required:**

- a. List **FIVE** principles of effective speech delivery (5 Marks)
- b. Discuss briefly the **FIVE** principles listed in (a) above (10 Marks)
- (Total 15 Marks)**

**QUESTION 2**

In essay writing, generation of ideas is very important if the essay to be produced would have substance.

**Required**

- a. List **FOUR** methods of generating ideas for an essay. (6 Marks)
- b. Discuss briefly the **THREE** components of an essay. (9 Marks)
- (Total 15 Marks)**

**QUESTION 3**

- a. Change the following indirect to direct speech.
- i. He exclaimed sadly that he was undone.
  - ii. My mother asked me if I was going to school that day.
  - iii. She said that they would analyse it the next day.
  - iv. The man thanked me.
  - v. She asked me if I could read, and I said that I could. (5 Marks)

- b. Point out and correct the error in each of these sentences.
- i. The mob was huge, but they were soon dispersed.
  - ii. The judge as well as the jury believe the man to be guilty.
  - iii. Neither of them were there.
  - iv. My sister as well as I are going abroad this year for a holiday.
  - v. Tobi, besides Adamu and Emeka, were given a prize.

(10 Marks)

**(Total 15 Marks)**

#### **QUESTION 4**

- a. Explain briefly the **THREE** categories of meetings (6 Marks)
- b. The Association of Accounting Technicians in the town where you work had been inaugurated. Officers have been elected into the Association. The Association had held two meetings after its inauguration. The third meeting is being planned. The Chairman has requested you, as the Secretary of the Association, to draw up an agenda for the meeting to be considered by him.

#### **Required**

Draw up the agenda for the meeting you will present to him.

(9 Marks)

**(Total 15 Marks)**

## **SOLUTIONS**

### **MULTIPLE-CHOICE QUESTIONS**

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

### **EXAMINER'S REPORT**

This is a compulsory section for all candidates. The performance of the candidates was good as about 70% of them scored 50% and above of the allocated marks. However, there is the need for the candidates to familiarize themselves with and study the different parts of the paper for a better performance in future examinations.

### **SHORT ANSWER QUESTIONS**

1. Decipher/decode
2. Sending
3. Verbal/Oral
4. Public

5. Concord
6. Bar; Pie
7. Response/Feedback
8. Downward
9. Direct
10. Summary
11. Quorum
12. Chairman/Chairperson
13. Methodology
14. American Psychological Association
15. Appendix
16. Hay
17. Deck
18. Feedback
19. Response/Feedback/message; Sender
20. Minutes

**EXAMINER'S REPORT:**

This is also a compulsory section for all candidates. The candidates' performance was just average as about 40% of them scored 50% and above of the marks allocated. Candidates have not been performing very well in this section because they do not grasp the concepts in the various parts of the syllabus. They need to improve on this in order to score better marks in future examinations by making use of ICAN study pack, question papers and solutions.

**SECTION B - SUMMARY**

- a. Africa and Poverty.  
Or  
Poverty in Africa.  
Or  
Causes and Consequences of Poverty in Africa.
- b. Majority of Africans are very poor.
- c. They are over seventy percent of the population.
- d. (i) The greed of most politicians makes many Africans poor.  
(ii) A lot of Africans are lazy.  
(iii) Many Africans prefer to engage themselves in get-rich quick businesses.  
(iv) Many Africans are unskilled, so they are poorly paid.

- e. (a) Many Africans are malnourished.  
(b) Many Africans die untimely death.
- f. Many Africans cannot feed well.
- g. Hospitals lack medical facilities to attend to Africans when they are sick.
- h. He who does not work must not eat.
- i. (a) Africans face the problem of deprivation.  
(b) Africans face the problem of degradation.
- j. (a) The poverty in Africa is self-inflicted.  
(b) Individuals and organisations from developed economies are rescuing African countries from poverty .

### **EXAMINER'S REPORT**

This section is compulsory for all candidates. About 50% of the candidates scored 50% and above of the marks allocated. Their performance was not particularly good. Their shortcomings included:

- i) Inability to read for main ideas;
- ii) Some candidates did not follow instructions ;
- iii) Poor use of language.

For the candidates to do better in future examinations, they need to engage in wide reading, learn the techniques of answering summary questions and make use of ICAN study pack, question papers and solutions on summary.

### **SECTION C**

#### **SOLUTION 1**

- a. Principles of effective speech delivery are:
  - i. Structuring the speech
  - ii. Right setting/Setting
  - iii. Appropriate posture
  - iv. Use of Gestures
  - v. Use of vocal resources
  - vi. Use of audio and visual aids
  - vii. Use of humour
- b. i. **Structuring the speech:** For a speech to be effective, it is important that the speaker structures his speech properly. Every speech is required to have three main parts: an introduction, body and conclusion. The speech would be an effective piece if it has a very strong and interesting introduction; have a body that contains the heart of the topic, illustrated with examples, while the conclusion must be a short and powerful summary of the discourse.

- ii. **Right setting:** The setting of the venue should be one that suits the purpose. If the speaker has a say in determining the venue, he or she must ensure it is a venue with good ambience. It should be a venue where the audience would not be in any form of discomfort. It should also be a venue whose location is appropriate in the sense that the noise level in the environment is low and other environmental factors are conducive to speech delivery.
- iii. **Appropriate posture:** The posture the speaker takes says a lot about him/her. The posture of the speaker has a way of contributing significantly to the impression the audience forms of the speaker. It is then important that the speaker should maintain a posture that would encourage the audience to have a positive impression of him/her as someone that deserves to be heard. The most appropriate posture is an erect posture whether standing or sitting.
- iv. **Use of Gestures:** A gesture is the use of hand or body parts to emphasize points being made. Gestures complement the word of mouth. Gestures could be used as illustrators, initiators and facilitators of speech. A speaker is advised to use diverse and appropriate gestures as non-verbal complements along with facial expressions to heighten the expressive nature of the speech and communicate effectively.
- v. **Use of vocal resources:** To ensure that the interest of the audience is sustained, the speaker should make use of vocal resources at his/her disposal. Resources such as tempo and rhythm of voice, pitch of voice, volume of voice should be varied and tailored to the message and the event. By doing this, the speech will not be delivered in monotone. These dynamic acoustic properties would ensure that the speaker connects effectively to his audience.
- vi. **Use of audio and visual aids:** A speaker, especially when talking to a large audience must ensure the last person in the venue can hear what he/she says. Audio aids such as a public address system and audio visual aids such as overhead projectors or slides are aids that enhance public speaking. The speaker should use public address system where necessary. This would help him and prevent him from shouting himself hoarse. He could also use visual aids such as charts and flash cards to illustrate information to give quality to his speech.
- vii. **Use of humour:** A speaker can retain the interest of the audience by infusing some humour into the speech from time to time. He must use light humour in a way that it would not be a distraction from the original message. Light humour introduces a form of entertainment which serves to elicit the interest of the audience in the topic and speech. In using humour, however, the speaker should limit it so that it is not over-used.

## **EXAMINER'S REPORT**

The question is to test candidates' understanding of principles of effective speech delivery. About 30% of the candidates attempted this question while the performance was poor as less than 40% of them scored 50% and above of the marks allocated. Candidates' shortcomings were their inability to understand the demand of the question as a result of lack of knowledge of what the principles guiding effective speech delivery are and poor use of language. Candidates need to pay attention to the speech making section of the syllabus by making use of ICAN study pack and past questions and solutions for better performance in future.

## **SOLUTION 2**

a. Methods of generating ideas in essay writing:

- i. Association of ideas
- ii. Dissociation of ideas
- iii. Composition of ideas
- iv. Decomposition of ideas
- v. Compounding ideas.

b. i. **Introduction**

This is the beginning of an essay in which the first idea covers a couple of sentences. These are intended to arouse the reader's interest. The introduction may be definitional, historical or philosophical depending on the writer's choice. The introduction builds up to the last sentence which presents the theme or subject of the essay. The introduction establishes the direction in which the body of the essay is to move.

ii. **The body**

This is the middle component of an essay, between the introduction and the conclusion. Here, a number of ideas, between four and five, are each developed into a paragraph. The ideas are presented, discussed, or debated, depending on the nature of the essay. A balanced body presents both sides of an argument. Each paragraph must be linked to the other by the use of appropriate connectives.

iii. **The conclusion**

This is the last component of an essay. It is a short summary of the body of the essay. It helps to keep the ideas developed in the body in focus and helps the reader to remember the essence of the essay. Usually, the conclusion is longer than the introduction.

## **EXAMINER'S REPORT**

This question is designed to test candidates' understanding of essay writing. About 45% of the candidates answered the question. The performance was very poor as about 35% of them scored 50% of the allotted marks. Candidates shortcomings were:

- i) Lack of knowledge of what is meant by generation of ideas for an essay.
- ii) Inability to know the components of an essay.
- iii) Poor use of language

Candidates should endeavour to study the section on Essay Writing in the syllabus and practice different types of essays. In addition, they should make use of ICAN past questions and solutions to enhance their performance in future examinations.

### SOLUTION 3

- a.
  - i. He said, "Alas! I am undone."
  - ii. My mother asked me, "Are you going to school today?"
  - iii. She said, "We will analyse it tomorrow."
  - iv. The man said to me, "Thank you."
  - v. She asked, "Can you read? And I said "Yes, I can."

b.

	<b>Error</b>	<b>Correct</b>
i.	they were	it was
ii.	believe	believed
iii.	were	was
iv.	are going	am going
v.	Were	was

### EXAMINER'S REPORT

The question is to test candidates' understanding of direct and indirect speeches and common errors in English Language. About 35% of the candidates attempted the question. The performance was just average as about 45% of the candidates scored 50% and above of the allocated marks. Many candidates did not understand the process of turning indirect speech to direct speech. Also, they were unable to spot errors in the sentences. Candidates are advised to study the sections dealing with Direct and Indirect speech and common errors in English in the syllabus. They should rely heavily on ICAN study pack and past questions and solutions to better their performance in future examinations.

## **SOLUTION 4**

### **a. i. Statutory/Regular meetings**

By definition, a meeting is a gathering of people or party for a purpose. A statutory meeting on the other hand, is a meeting established and regulated by a statute or law of an association. In such a meeting, every step or action taken is guided by the constitution. Membership of such meeting is exclusive to bona fide members only. In an occasion where non-members are permitted to attend, they must be seen and regarded as observers. Statutory meetings are held periodically, either monthly or quarterly, as it is provided in the constitution. A high level of decorum is expected to be exhibited by every member. Every member is expected and allowed to contribute to deliberations with the permission of the Chairman.

Most statutory meetings have fixed and permanent venues while the venues of few are rotated among members on agreement. A notice of meeting, with or without agenda, is usually circulated among members few days or weeks before the day of the meeting. Light refreshments may be served at the meeting. When an issue demands for voting, every member, including the Chairman, is entitled to vote. But in the case of a tie, the Chairman has a casting vote.

### **ii. Special meetings**

As the name implies, special meetings are held for special or specific purposes. Most of them are held to resolve sensitive, very important and, at times, unusual issues. Most committee meetings are held following specific terms of reference.

Membership of such meetings is usually constituted by the general house for the specific and special assignment and they work with timelines and deadlines. Capable, responsible, mature and people of integrity attend such meetings. They are expected to meet regularly at appointed time and venue. The general house normally expects reports from such special meetings. Planning and Ad-hoc committees belong to this category of meetings. They are disbanded after the completion of their assignments.

### **iii. Emergency meetings**

Emergency matters normally require emergency approaches. Emergency meetings are held when certain matters require urgent attention. This kind of meeting has no specific time. It is called as the need arises. Matters for emergency meetings are handled with dispatch and resolutions and recommendations are communicated to the body that calls for such meetings.

### **b. Agenda for the 3rd meeting of the Association**

- i. Opening prayer**
- ii. Opening remarks by the Chairman**
- iii. Adoption of the Agenda for the meeting**
- iv. Reading and adoption of the minutes of the 2nd meeting**
- v. Matters arising from the previous meeting**
- vi. Substantive matters for the day**

- a. Report from the Committee on membership drive
- b. Report from the Finance Committee on generation of fund
  
- vii. Any other business
- viii. Motion for adjournment
- ix. Date of next meeting
- x. Closing prayer

### **EXAMINER'S REPORT**

This question is to test candidates' understanding of categories of meetings and how to draw up agenda for meetings. About 40% of the candidates attempted the question. Their performance was just average as about 45% of the candidates who answered the question scored 50% and above of the allocated marks.

Candidates had a very vague knowledge of the different types of meetings and how to draw up agenda for meetings. To do better in future examinations, they should study the section dealing with Meetings in the syllabus, make use of ICAN study pack and past questions and solutions.

### **GENERAL REMARKS**

It is suggested that the Tuition Houses be advised to make use of ICAN study Pack as a reference book in teaching their students. This will make them to be in tune with the concepts and terms in Communication Skills subject.