

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

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

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

INADEQUATE COVERAGE OF THE SYLLABUS

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

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FOREWORD

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

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

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

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

NOTE

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

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INSIGHT

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2019
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Which of the following is **NOT** an item in the statement of financial position?
 - A. Bad debts
 - B. Cash
 - C. Building
 - D. Account receivable
 - E. Inventory
2. Which of the following is **NOT** an asset?
 - A. Cash at bank
 - B. Accounts receivable
 - C. Accounts payable
 - D. Inventory
 - E. A shop
3. Which of the following is **NOT** a non-current asset?
 - A. Land
 - B. Furniture & fittings
 - C. Buildings
 - D. Inventory
 - E. Motor vehicles
4. The characteristics of public sector entities are
 - A. They have multiple objectives
 - B. There is no equity ownership
 - C. There is equity ownership
 - D. They are profit making institutions

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- A. I and IV
B. I and III
C. I and II
D. III and IV
E. II and IV
5. Which of the following correctly represent the accounting equation?
- A. Assets + Capital = Liability
B. Assets + Liabilities = Capital
C. Capital - Liabilities = Assets
D. Liabilities - Assets = Capital
E. Assets - Liabilities = Capital
6. Which of the following is **NOT** correct?
- | | Assets | Liabilities | Capital |
|----|---------------|--------------------|----------------|
| | N | N | N |
| A. | 7,850 | 1,250 | 6,600 |
| B. | 8,200 | 2,800 | 5,400 |
| C. | 9,550 | 1,150 | 8,200 |
| D. | 6,540 | 1,120 | 5,420 |
| E. | 12,500 | 8,300 | 4,200 |
7. The following are the commonly used books of original entry, **EXCEPT**
- A. Sales day book
B. Purchases day book
C. Returns inwards day book
D. Returns outwards day book
E. Control account
8. A trial balance can best be described in which of the following ways?
- A. It shows the financial position of a business
B. It is a special account
C. It shows all the entries in the books
D. It is a list of balances on the books at a particular date
E. It is used to correct errors in the accounts

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9. The following items are usually found in a Bank Reconciliation Statement, **EXCEPT**
- A. Dishonoured cheque
 - B. Adjusted cash book balance
 - C. Bank balance
 - D. Unpresented cheque
 - E. Bank errors
10. When a photocopy machine is purchased on credit for ₦500,000, state the account to be debited and credited
- | | Debit | Credit |
|----|------------------|------------------|
| A. | Office equipment | Purchases |
| B. | Purchases | Office equipment |
| C. | Seller | Office equipment |
| D. | Office equipment | Seller |
| E. | Office equipment | Sales |
11. Which of the following will increase the value of an account?
- I. Debit an asset account
 - II. Debit a liability account
 - III. Debit an expense account
 - IV. Debit an income account
- A. I and II
 - B. I and III
 - C. II and III
 - D. II and IV
 - E. I, II and IV

Use the following information to answer questions 12 and 13

The following two accounts show the application of the double entry for a presentation on a particular date in the books of Okoh Ventures.

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Plant & Machinery

Account			
	N		N
Ade ventures	150,000		
	0		
	<u>150,000</u>		
	0		
Ade Ventures			
	N		N
Cash	30,000	Plant & Machinery	150,000
Bal c/d	<u>120,000</u>		0
	<u>150,000</u>		<u>150,000</u>
			0

12. What does the entry on the debit side of the plant and machinery account represent?
- A plant and machinery of ~~N~~150,000 brought forward by Ade ventures
 - A plant and machinery of ~~N~~150,000 acquired from Ade ventures
 - A plant and machinery of ~~N~~150,000 carried forward by Ade ventures
 - A plant and machinery of ~~N~~150,000 purchased by Ade ventures
 - A liability of ~~N~~150,000 owed to Ade ventures
13. What does the balance c/d in Ade venture's plant and machinery account stand for?
- Trade payables
 - Trade receivables
 - Account payable for plant and machinery
 - Account receivables for plant and machinery
 - Cash received for plant and machinery
14. Which of the following is **NOT** correct?
- Income appear on the credit side of the trial balance
 - Expenses appear on the credit side of the trial balance
 - Purchases appear on the debit side of the trial balance

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- D. Drawings appear on the debit side of the trial balance
 - E. Assets appear on the debit side of the trial balance
15. Which of the following would result from an increase in the allowance for doubtful debts?
- A. A decrease in gross profit
 - B. An increase in gross profit
 - C. A decrease in net profit
 - D. An increase in net profit
 - E. An increase in assets
16. Which of the following payroll deductions is influenced by statutory legislation?
- A. Union dues
 - B. Income tax
 - C. Co-operative contribution
 - D. Salary advance
 - E. Loan refund
17. Which document contains details of gross earnings made and the amount of net earnings payable to a specific employee in a particular pay period?
- A. Payroll
 - B. Wages sheet
 - C. Pay slip
 - D. Payment voucher
 - E. Salary control register
18. Mr. Justbegin's basic salary per annum is Le48,000 and an allowance per month is Le6,000. His tax payable for the month is Le1,100. If he assumed duty on 1 December 2018, what is his net pay for the month of December 2018?
- A. Le 6,000
 - B. Le 7,100
 - C. Le 8,900
 - D. Le10,000
 - E. Le11,000

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19. Gross profit is
- A. Excess of sales over cost of goods sold
 - B. Sales less purchases
 - C. Cost of goods sold plus opening inventory
 - D. Net profit less expenses of the period
 - E. Cost of goods sold less opening inventory
20. Which of the following is **NOT** a cause of depreciation of non-current assets?
- A. Deflation
 - B. Physical deterioration
 - C. Depletion
 - D. Effluxion of time
 - E. Obsolescence
21. Which of the following is **NOT** a source for acquiring application packages?
- A. Internet
 - B. Ministry of Information Technology
 - C. Computer Bureau/internet cafe software retailers
 - D. Special software house
 - E. Computer manufacturers
22. The main file in a sales ledger sub-system in the sales ledger include the following, **EXCEPT**
- A. Customer name
 - B. Customer account number
 - C. Credit limit
 - D. Balance
 - E. Place of birth
23. Which of the operations of the underlisted entities will result in a gross loss?
- | | Cost of goods sold | Sales |
|----|---------------------------|--------------|
| A. | ₦ 9,820 | ₦ 10,676 |
| B. | ₦ 7,530 | ₦ 14,307 |
| C. | ₦10,500 | ₦ 19,370 |
| D. | ₦ 9,580 | ₦ 9,350 |
| E. | ₦ 8,760 | ₦ 17,200 |

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24. An entity's statement of affairs at the period end shows its capital as ~~N~~500,000, plant ~~N~~300,000 and cash ~~N~~75,000 while the balance represents its inventory.

What is the value of the inventory?

- A. ~~N~~ 75,000
 - B. ~~N~~105,500
 - C. ~~N~~125,000
 - D. ~~N~~500,000
 - E. ~~N~~500,125
25. Double entry for wages paid by cash is
- A. DR Cash A/c CR Wages A/c
 - B. DR Wages A/c CR Cash A/c
 - C. DR Wages A/c CR Capital A/c
 - D. CR Wages A/c DR Trading A/c
 - E. DR Wages A/c CR Bank A/c
26. The main objective of cash discount is to
- A. Encourage trade receivables
 - B. Encourage trade patronage
 - C. Increase irrecoverable debts
 - D. Encourage prompt cash payments
 - E. Encourage bulk purchases

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27. Which of the following user groups require the most detailed financial information?
- A. The management
 - B. Investors and potential investors
 - C. Government agencies
 - D. Employees
 - E. Suppliers
28. Which of the following is an example of revenue expenditure?
- A. Buying a van
 - B. Buying machinery
 - C. Painting outside of new building
 - D. Petrol costs for van
 - E. Purchase of office equipment

Use the information below to answer questions 29 and 30.

Mensah and John are in partnership without any written agreement. Their capital is in the ratio 2:1 respectively. John advanced a loan of GH¢200,000 to the partnership in excess of his capital. Profit for the first year was GH¢150,000.

29. How much is Mensah's share of the profit?
- A. GH¢ 30,000
 - B. GH¢ 50,000
 - C. GH¢ 70,000
 - D. GH¢ 75,000
 - E. GH¢100,000
30. How much interest is due to John?
- A. GH¢ 5,000
 - B. GH¢10,000
 - C. GH¢20,000
 - D. GH¢30,000
 - E. GH¢35,000

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

ATTEMPT ALL QUESTIONS

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

1. Accounting has been described as the language of
2. The Generally Accepted Accounting Principles are also codified into what is known as
3. Partners are and liable for any losses of the business.
4. Two forms of keeping the capital accounts of partners in the partnership books are and
5. The accounting concept that is observed when the amount of goods taken from inventory by the proprietor of a business is treated as drawings is
6. A document usually sent ahead of shipment or delivery of goods is
7. The fact that goods have been returned to a supplier by a customer is evidenced by which source documents?
8. Regular payments made by the bank on the instruction of the customer is called.....
9. Halsey premium plan was introduced in year
10. The asset most susceptible to loss through theft is
11. Companies derive their existence under the provisions of the

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12. A crossed cheque cannot be over the counter.
13. The accounting concept that requires the same treatment of items in the financial statements from one period to another is known as
14. The principle of holds that financial statements should disclose items which are significant enough to affect decisions.
15. A type of account that is used to record physical non-current asset is called
16. The cost that is incurred in order to bring the goods into the company in a condition that is necessary for its sale is called
17. Current liabilities represent amounts payable by the entity within months.
18. TWO types of data held by the master file in respect of an employee are and
19. The receipts and payments of a club is prepared under the basis whereas income and expenditure account is prepared under basis
20. Transactions between two people, any one of whom does not have influence on or control over the other is known as

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SECTION B: ATTEMPT ANY FOUR QUESTIONS

(50 Marks)

QUESTION 1

The following is a summary of petty Cash transactions of Manley Limited for the month of June 2019.

The business maintains a petty cash float of L\$100,000

		L\$
June 1	Petty cash float given to petty cashier	
June 3	Postages	4,000
June 5	Transport Fare	9,000
June 8	Cleaning materials	7,000
June 9	Stationery	3,400
June 14	Petrol for delivery van	17,600
June 16	Taxi fare	7,800
June 20	Postages	3,600
June 21	Disinfectant for cleaning toilet	5,600
June 23	Petrol for General Manager's car	13,200
June 24	Servicing of delivery van	8,000
June 28	Writing materials	6,200
June 30	Transport fare	2,400

You are required to:

Prepare a petty cash book with columns for postages, transport and travelling, cleaning materials, stationery and motor expenses and enter the month's transactions including the re-imbursment on 30 June 2019.

(Total 12½ Marks)

QUESTION 2

- Briefly trace the historical development of accounting as a subject of general application to business.
(5 Marks)
- What do you understand by the term business?
(1½ Mark)

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- c. List **FOUR** general characteristics of a business.
(4 Marks)
- d. List **TWO** disadvantages of a sole-proprietorship form of business.
(2 Marks)

(Total 12½ Marks)

QUESTION 3

- a. The development of worldwide accounting standards that would meet the needs for uniformity in reporting practices has become imperative.

You are required to:

List **FIVE** roles of International Accounting Standards Board (IASB) in relation to the globalisation of accounting practice.
(5 Marks)

- b. Write short notes on the following accounting concepts and conventions

- i. Entity (2½ Marks)
ii. Money measurement (2½ Marks)
iii. Materiality (2½ Marks)

(Total 12½ Marks)

QUESTION 4

- a. The following trial balance was extracted from the books of Kendra as at 31 August 2018.

	L\$	L\$
Inventory at 1 September 2017	12,300	
Purchases and Sales	39,000	61,350
Rent	6,600	
Business rates	2,400	
Sundry expenses	510	
Motor Vehicle at cost	13,500	
Accounts receivable and accounts payable	1,740	3,150
Depreciation on Motor Vehicle b/f		1,800

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Capital at 1 September 2017		29,550
Cash	2,250	
Drawings	<u>17,550</u>	<u> </u>
	<u>95,850</u>	<u>95,850</u>

The following additional information is relevant:

- (i) Inventory valued at cost price L\$13,650 on 31 August, 2018
- (ii) Accrued rent of L\$600
- (iii) Prepaid business rates of L\$450
- (iv) The Motor Vehicle is to be depreciated at 20 per cent of cost

You are required to prepare:

- i. A statement of profit or loss for the year ended 31 August 2018
(6½Marks)
- ii. A statement of financial position as at 31 August 2018 (6 Marks)
(Total 12½ Marks)

QUESTION 5

- a. From the following figures, compute accounts receivable ledger control and accounts payable ledger control for the month and ascertain what the net balances of the respective ledgers should be on 31 January 2018.

Balances on 1 January 2018	N
Accounts receivable ledger - DR	92,924
CR	490
Accounts payable ledger - DR	2,944
CR	50,930
 Total for the month to 31 January 2018	 N
Purchases	152,948
Sales	252,048
Purchase returns	4,308
Account receivable settled by contra accounts with account payable	910
Irrecoverable debt written off	2,506
Discounts and allowances to customers	1,492
Cash received from customers	240,928

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Cash discount received	3,884
Cash paid to suppliers	140,952
Cash paid to customers	104

(7½ Marks)

- b. The simplicity of cash theft has posed very great challenges to the management of most entities.

Required:

Identify **FIVE** objectives of a good internal control over cash in a typical manufacturing entity.

(5 Marks)

(Total 12½ Marks)

QUESTION 6

- a. Clearly distinguish between the following terms
- i. Payslip and payroll (2 Marks)
 - ii, Gross pay and Net pay (2½ Marks)
- b. Identify **THREE** objectives of payroll accounting (3 Marks)
- c. Many companies are designing computer application packages for routine usage.

You are required to:

List **FIVE** of such packages

(5 Marks)

(Total 12½ Marks)

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SOLUTION TO MCQS

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

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- 26. D
- 27. A
- 28. D
- 29. C
- 30. B

Workings

Question 18

	Le
Basic Salary per annum (Le48,000/12 months)	4,000
Allowance per month	<u>6,000</u>
Consolidated Salary for the year	10,000
Tax Payable	<u>(1,100)</u>
Net Pay	<u>8,900</u>

Question 24

Statement of affairs	₦	₦
Capital		500,000
<u>Assets</u>		
Plant	300,000	
Cash	<u>75,000</u>	
Total Asset		<u>(375,000)</u>
Inventory (Balancing Figure)		<u>125,000</u>

EXAMINER'S REPORT

The questions cover all the aspect of the syllabus. All the candidates attempted the questions and their performance was above average.

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SHORT ANSWER SOLUTION

1. Business
2. Accounting Standards
3. Jointly and Severally
4. Fixed Capital and Fluctuating/Flexible
5. Business Entity
6. Pro-forma Invoice
7. Credit Note
8. Standing order
9. 1891
10. Cash
11. Companies and Allied Matters Act 2004 (CAMA 2004)
12. Cashed/paid
13. Consistency
14. Materiality
15. Real account
16. Carriage Inwards
17. 12 (Twelve) months
18. Standing data File and Transaction data files
19. Cash basis and Accruals basis
20. Arm's Length Transactions

EXAMINER'S REPORT

The questions cover all the aspect of the syllabus. All the candidates attempted the questions and their performance was above average.

SOLUTION 1

Manley Ltd
Petty Cash Book for the month of June, 2019

Receipts	Date	Details	Total	Postage	Travelling	Cleaning	Stationery	Motor
L\$	June		L\$	L\$	L\$	L\$	L\$	L\$
100,000	1	Cash book	-					
	3	Postage	4,000	4,000				
	5	Transport fare	9,000		9,000			
	8	Cleaning material	7,000			7,000		
	9	Stationery	3,400				3,400	
	14	Petrol for delivery van	17,600					17,600
	16	Taxi fare	7,800		7,800			
	20	Postages	3,600	3,600				
	21	Disinfectant for toilet	5,600			5,600		
	23	Petrol for gen. Mgr. Car	13,200					13,200
	24	Service of delivery van	8,000					8,000
	28	Writing materials	6,200				6,200	

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	30	Transport fare	2,400		2,400			
			87,800	7,600	19,200	12,600	9,600	38,800
87,800	Jun-30	Re-imbursement						
187,800	Jun-30	Balance c/d	100,000					
			187,800					
100,000	Jul-01	Balance b/d						

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EXAMINERS' REPORT

The question tests candidates' 'knowledge of how to prepare imprest system petty cash book. About 98% of the candidates attempted the question and their performances were good. Major candidates' shortfall was their poor presentation of the cash book.

Candidates are advised to practise many question before sitting for future examination.

SOLUTION 2

(a) The Historical Development of Accounting

- i. Rudimentary form of accounting started with book-keeping by *Lucia Pacioli*, an Italian monk. In his book titled "*Summa de Arithmetical, Geometrica, proportioni et proportionalita*," published in 1494 on Arithmetic, Geometry and Proportion, he devoted a chapter to expound the principles of the double entry system. It became necessary for managers to report to the owners of businesses during the period under review.
- ii. Such report would include mainly the following:
 - How the financial resources of the business have been obtained and how they have been invested during the 'period'
 - The profit earned or loss incurred during the 'period'and
 - The assets, liabilities and the owners' equity at the end of the period under review.
- iii. After this initial development, a lot of changes have been witnessed in accounting. These changes were informed by the sophistication and complexity of businesses, industrial and political environments which placed more responsibilities on management of business to disclose more information to owners and other interested parties.
- iv. For instance, a lot of Generally Accepted Accounting Principles (GAAPs) have been developed to be followed in the preparation of financial statements. Also, accounts have to be "audited" and reported on as presenting a "true and fair" position. Accounting has also gone beyond mere reporting for managerial decisions, to include tax management, government accounting and social responsibility accounting. The GAAPs are developed from time to time to keep pace with changes in the economic and political environments. The GAAPs are also codified into what is known as *Accounting*

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Standards. Therefore, accounting is not a fixed set of rules but a constantly evolving body of knowledge.

(b) **Business**

Business as defined in ICAN Financial Accounting Study text is used in different contexts. It is used to describe:

- An economic system where goods and services are exchanged for one another or for money.
- A commercial entity that aims to make a profit from its operations.
- An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to investors or other owners.

(c) **Characteristics of Business**

The following are some of the characteristics of business:

- It exists to make profits
- It makes profit by supplying goods or services to others (customers)
- It supplies goods that it either makes or buys from other parties
- Its reward for accepting risk is profit
- The profit earned by it belongs to its owners (sole proprietor, partners or shareholders).

(d) **Disadvantages of a Sole-Proprietorship form of business**

- The finance available for expansion is limited to that which the sole trader can raise.
- The owner has unlimited liability because all his assets might be seized if the business goes bankrupt.
- It lacks continuity because the death of the owner automatically leads to the collapse of the business.

EXAMINER'S REPORT

The question tests candidates' knowledge in the historical development of accounting, while the other parts of the question tests their knowledge in Business concept and its forms. About 95% of the candidates' attempted the question and their performances were above average. Candidates' major pitfall was their poor preparation. They are advised to always prepare very well for future examination.

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SOLUTION 3

(a) **Roles of International Accounting Standards Board (IASB) in relation to the globalisation of accounting practice.**

The constitution of the IFRS Foundation states that the IASB:

- Has complete responsibility for all technical matters of the Board including the preparation and issuing of International Financial Reporting Standards (IFRSs) (other than Interpretations) and exposure drafts, each of which shall include any dissenting opinions, and the approval and issuing of Interpretations developed by the Interpretations Committee.
- Publishes exposure drafts on all projects and normally publishes a discussion document for public comments on major projects in accordance with procedures approved by the Trustees.
- In exceptional circumstances, and only after formally requesting and receiving prior approval from 75 per cent of the Trustees, reduce, but not dispense with, the period for public comment on an exposure draft below that described as the minimum in the Due Process Handbook.
- Has full discretion in developing and pursuing its technical agenda, subject to the following:
 - i) Consulting the Trustees and the Advisory Council; and
 - ii) Carrying out a public consultation every three years.
- Has full discretion over project assignments on technical matters: In organising the conduct of its work, the IASB may outsource detailed research or other work to national standard-setters or other organisations.
- Establishes procedures for reviewing comments made within a reasonable period on documents published for comment.
- Normally forms working groups or other types of specialist advisory groups to give advice on major projects;
- Consults the Advisory Council on major projects, agenda decisions and work priorities;
- Normally publishes a basis for conclusions with an IFRS or an exposure draft;

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- Considers holding public hearings to discuss proposed standards, although there is no requirement to hold public hearings for every project;
 - Considers undertaking field tests (both in developed countries and in emerging markets) to ensure that proposed standards are practical and workable in all environments, although there is no requirement to undertake field tests for every project; and
 - Gives reasons if it does not follow any of the non-mandatory procedures set out in (b), (g), (i), (j) and (k).
- (b) Short note on the following accounting concept and conventions:
- i) **Entity Concept**
- In the strict legal sense, only limited liability companies are regarded as legal entities separate from their owners. They can acquire assets and incur liabilities. They can enter into contracts on their own and can owe debts. They can sue and be sued.
- In accounting, however, all forms of entities are regarded as being separate from their owners. The resources contributed by the owner to the business are regarded as the liability of the business to the owner, which is called capital or owners' equity.
- The essence of the entity concept is to distinguish the income and costs of the business from the private income and costs of the proprietor or his drawings from the business. For instance, if the owner of a business draws cash from the business bank account to repair delivery vans for business use, it would be regarded as business expenses. But if he pays his child's school fees with the business cash, the amount will be treated as drawings of the owner rather than expenses. The entity concept is key to the proper understanding of the double entry principle.
- ii) **Money Measurement Concept**
- Money serves as the common denominator for measuring the various assets and liabilities of an entity, therefore, accounting transactions are expressed in monetary values. The Naira represents a unit of value which has the ability to command goods and services in Nigeria.

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Apart from the fact that money serves as a common unit, accountants also believe that it is stable in value. There are some limitations in the use of money as measure of value in accounting.

- (a) The value of money does not always remain stable particularly in an inflationary economy,
- (b) Apart from inflation, the time value of money today is greater than the time value of money in any future time. This affects the cost of funds, and
- (c) There are some activities of an entity that are not recorded because monetary value cannot be attached to them. Examples are good management, employees' morale, an entity's comparative advantages, etc.

However, accounting does not provide all the information about a firm, it provides only economic information that can be expressed in monetary terms. We may then understand why limited liability companies are now being required to disclose a lot of non-accounting information in their annual reports and accounts.

iii) **Materiality Concept**

Any accounting information that affects users' decision about a reporting entity's performance when such information is omitted or misstated is regarded as material.

The principle of materiality holds that financial statements should separately disclose items which are significant enough to affect evaluation or decisions. It refers to the relative importance of an item; therefore some level of judgement may be required in determining what is material to an entity; as what is material to a sole-trader may be immaterial to a large company.

The nature, amount (value) and size of a business (in terms of capital employed) will generally be considered in determining the materiality of an item of cost. For instance, stapler, perforator, waste basket are expected to be used for more than one period, so that their costs should be measured over the period of use. However, because of the insignificant amounts involved, the concept of materiality permits the immediate write off of these costs as expenses.

INSIGHT

EXAMINER'S REPORT

The question tests candidates' knowledge on international Accounting standards Board (IASB) and the Accounting concepts and conventions. About 30% of the candidates attempted the question and their performance was below average. Candidates' shortfall was their poor understanding of the question particularly in the (a) part of the questions. Candidates are advised to always prepare well before writing future examination

INSIGHT

SOLUTION 4

Kendra

Statement of Profit or Loss for the year ended August 31, 2018

	L\$	L\$
Sales		61,350
Cost of Sales:		
Opening Inventory	12,300	
Purchases	39,000	
Available for sales	51,300	
Closing Inventory	<u>(13,650)</u>	
Cost of Inventory Sold		<u>(37,650)</u>
Gross Profit		23,700
Less Operating Expenses:		
Depr. of Motor Vehicles (20% x 13,500)	2,700	
Rent (Wk 1)	7,200	
Business Rates (Wk 2)	1,950	
Sundry expenses	<u>510</u>	
Total Operating expenses		<u>(12,360)</u>
Net Profit for the year		<u>11,340</u>

Kendra

Statement of Financial Position as at August 31, 2018

	Cost	Acc. Depr.	Book value
<u>Non-Current Assets</u>	L\$	L\$	L\$
Motor Vehicle	<u>13,500</u>	<u>(4,500)</u>	9,000
<u>Current Assets</u>			
Inventory		13,650	
Account Receivables		1,740	
Prepaid Business Rates		450	
Cash		<u>2,250</u>	
Total Current Assets			<u>18,090</u>
Total Assets			<u>27,090</u>
<u>Equity and Liabilities:</u>			
Capital			29,550
Net Profit for the year			11,340
			<u>40,890</u>
Drawings			<u>(17,550)</u>
Total Equity			23,340

ATSWA PART I SEPTEMBER 2019 DIET

INSIGHT

Current Liabilities:

Account Payables	3,150	
Accrued Rent	<u>600</u>	
Total Current Liabilities		<u>3,750</u>
Total Equity and Liabilities		<u>27,090</u>

EXAMINER'S REPORT

The question tests candidates' knowledge on the preparation of simple financial reports. About 97.5% of the candidates attempted the question and their performance was above average. Candidates' major pitfall was their poor knowledge in the preparation of simple final accounts. They are advised to always prepare well when writing future examination.

SOLUTION 5

(a) Payables Ledger Control Account			
	N		N
Opening Balance (Debit)	2,944	Opening Balance (Credit)	50,930
Purchases Return	4,308	Purchases	152,948
Set-Off (Contra)	910		
Cash discount received	3,884		
Cash paid to suppliers	140,952		
Balance c/d	<u>50,880</u>		
	<u>203,878</u>		<u>203,878</u>
		Balance b/d	50,880

Receivable Ledger Control Account			
	N		N
Opening Balance (Debit)	92,924	Opening Balance (Credit)	490
Sales	252,048	Set-Off (Contra)	910
Cash paid to customers	104	Irrecoverable debt written off	2,506
		Discount & Allowance to Customer	1,492
		Cash received from customers	240,928
		Balance c/d	<u>98,750</u>
	<u>345,076</u>		<u>345,076</u>
Balance b/d	98,750		

(b) 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 reinvested in profitable ventures.
- iv. It will prevent losses of cash from fraud or theft.
- v. Temptation to embezzle idle cash by staff is avoided.
- vi. It aids and promotes efficient monitoring of cash and other liquidity forms of assets to enhance continuous business operation.

EXAMINER'S REPORT

The part (a) of the question tests candidates' knowledge on the preparation of both payables and Receivable ledger control accounts while the (b) part tests on control on cash theft. About 85% of the candidates attempted the question and their performance was a coverage. Candidates' major pitfall was poor knowledge in double-entry principles, while in part (b), they displayed inability to interpret the question correctly. Candidates are advised to prepare well for future examination.

SOLUTION 6

(a) Distinguish between:

i. Payslip and Payroll

Pay Slip is a source document issued by employer to the employees showing details of his gross emoluments and payroll deductions. The payroll deductions consist of statutory deductions such as (personal Income Tax, employees' pension contributions, National Housing funds, National Health Insurance and non-statutory deductions such as contribution to cooperative societies, union dues, and association fees.

INSIGHT

Payroll on the other hand may be defined as a record showing the names of employees, rates of pay, hours worked, bonuses, allowances, gross earning (salaries), statutory deductions and other deductions during a given pay period. In simple terms, payroll may be understood as a document showing for each worker his gross earning, any deductions (statutory and otherwise) made from his gross earnings and the net amount payable to him in a particular pay period.

ii. **Gross Pay and Net Pay**

Gross pay or earning is the total emolument or, pay/salary or total weekly wage that employees earn in a particular period before statutory and other deductions are made. In Nigeria, gross pay is the consolidated income of an individual earned from employment. The consolidated salary of an employee may consist of the following components:

- Basic Salary
- Leave allowance
- Responsibility allowance
- Transport allowance
- Overtime allowance
- Risk allowance

Net Pay on the other hand, is the excess of the gross pay or salary over deductions. It is often called disposable income or “take home pay”. It is the pay the worker actually takes home for a given period.

(b) **Objectives of Payroll Accounting**

Business organisations record information relating to employees' pay due to the following:

- i) Payroll usually constitutes the most significant or material obligation or expense in most business entities.
- ii) Business entities are required by law to send returns on their payroll including the amount of income and tax deducted at source to the tax authorities.
- iii) It is used for cost control purposes, usually in the form of variance analysis.
- iv) It is also the basis upon which most tax clearance certificates are prepared.

(c) **Examples of Computer Application Packages**

- i. Microsoft Excel or Spread sheet
- ii. Peachtree;
- iii. Sage;
- iv. Tally; and

ATSWA PART I SEPTEMBER 2019 DIET

v. Oracle

EXAMINER'S REPORT

The question tests candidates' knowledge on employees' payroll, its objective and meaning of some terms, part (b) tests their knowledge on computer packages for accounting operations usage. About 50% of the candidates attempted the question and their performance was below average. Candidates' shortfall was their poor knowledge in the (b) part. Candidates are advised to prepare well for the future examination.

INSIGHT

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS –SEPTEMBER 2019**

ECONOMICS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. The amalgamation of two or more firms to form a new company is called
 - A. Merger
 - B. Partnership
 - C. Acquisition
 - D. Cartel
 - F. Entrepreneurship
2. Which of the following is **NOT** true of positive economics?
 - A. Concerned with what actually happened
 - B. Concerned with what will happen
 - C. About what ought to happen
 - D. An objective science
 - E. Value free
3. The input to the production process which represents innovation and risk - taking is
 - A. Entrepreneurship
 - B. Capital
 - C. Land
 - D. Labour
 - E. Knowledge
4. In the short run, the total cost equals the fixed cost of production when output is
 - A. Increasing
 - B. Decreasing
 - C. Zero
 - D. Constant
 - E. Positive

ATSWA PART I SEPTEMBER 2019 DIET

INSIGHT

5. Which of the following constitutes a limitation to division of labour?
- A. Over dependence among workers
 - B. Greater risk of employment
 - C. Monotony of work
 - D. Increase in total output
 - E. The size of the market
6. Which of the following statements about the relationship between price elasticity of demand and total revenue is **TRUE**?
- A. When demand is price inelastic, an increase in price leads to a fall in total revenue
 - B. When demand is price elastic, an increase in price leads to an increase in total revenue
 - C. When demand is unit - price elastic, an increase in price leads to a fall in total revenue
 - D. When demand is price elastic, an increase in price leads to a fall in total revenue
 - E. When demand is perfectly elastic, an increase in price leads to an increase in total revenue
7. Government regulation that makes it impossible to charge a price higher than the specified price is called
- A. Price ceiling
 - B. Price floor
 - C. Price margin
 - D. Mark - up price
 - E. Market equilibrium price
8. Effective demand occurs when the consumer is
- A. Maximising satisfaction
 - B. Willing and able to pay
 - C. Able to locate the seller promptly
 - D. Able to bargain for a cheaper price
 - E. Maximising surplus
9. If the marginal utilities of consuming goods X and Y are 10 utils and 4 utils respectively and the price of good Y is ₦2. What is the price of good X if the consumer has to be at equilibrium?
- A. ₦2.50
 - B. ₦5
 - C. ₦8

INSIGHT

- D. ~~N~~20
E. ~~N~~40
10. As long as marginal utility is positive, total utility must be
- A. Negative
 - B. Increasing
 - C. Zero
 - D. Decreasing
 - E. Constant
11. The velocity of money is measured by
- A. $\frac{\text{money supply}}{\text{real GDP}}$
 - B. $\frac{\text{money supply}}{\text{nominal GDP}}$
 - C. $\frac{\text{Nominal GDP}}{\text{Money supply}}$
 - D. $\frac{\text{real GDP}}{\text{money supply}}$
 - E. $\frac{\text{real GDP}}{\text{nominal GDP}}$
12. Which of the following is **NOT** a function of commercial bank?
- A. Issuing of currency and distribution
 - B. Accepting deposits from individuals
 - C. Granting of loans and advances
 - D. Providing foreign exchange services
 - E. Safekeeping of valuables
13. Cheques are **NOT** money because
- A. Their use is confined to business activities
 - B. There are few banks in the rural areas
 - C. They are not issued by the government
 - D. They are not generally acceptable as a medium of exchange
 - E. They are near money
14. A component of the nation's public debt is
- A. Revenue receipts
 - B. Bank saving
 - C. Grant and aid
 - D. Treasury Bills
 - E. Statutory income

15. The characteristics of a good tax system include the following, **EXCEPT**
- A. General acceptability
 - B. Equality
 - C. Certainty
 - D. Economy
 - E. Convenience
16. If government revenue exceeds its expenditure, this results in
- A. Balanced budget
 - B. National debt
 - C. Budget deficit
 - D. Budget surplus
 - E. Unbalanced budget
17. If the marginal cost (MC) function of a monopolistically competitive firm is given as $MC = 20$ and the marginal revenue (MR) function is $MR = 100 - 4Q$, the profit maximising output (Q) is
- A. 5
 - B. 10
 - C. 20
 - D. 25
 - E. 80
18. The firm which produces and sells as much as it can at a given market price is a
- A. Monopoly firm
 - B. Free market producer
 - C. Duopoly firm
 - D. Perfectly competitive firm
 - E. Oligopolistic firm
19. At the point where marginal revenue of a monopolist is equal to zero, its total revenue will be
- A. Equal to zero
 - B. Falling
 - C. Rising

INSIGHT

- D. Maximum
 - E. Less than average revenue
20. An economic integration where member states eliminate internal trade barriers and maintain external tariffs against non-member states is
- A. Common market
 - B. Free trade Area
 - C. Customs union
 - D. Economic union
 - E. Political union
21. The marginal efficiency theory of investment says that capital stock should be employed up to the point where the marginal efficiency of investment is
- A. Zero
 - B. Positive
 - C. Greater than the rate of interest
 - D. Less than the rate of interest
 - E. Equal to the rate of interest
22. Which of the following is **NOT** a component of national income at factor cost?
- A. Wages earned by doctors
 - B. Rent paid to landlords
 - C. Indirect taxes
 - D. Undistributed company profit
 - E. Interest on loan
23. Which of the following is a transfer payment?
- A. Dividends paid to shareholders
 - B. Gifts to motherless babies home
 - C. Wages paid to labourers
 - D. Interest earned by capital goods
 - E. Profit accrued to public organization
24. The following are objectives of economic planning, **EXCEPT**
- A. Efficient utilisation of economic resources
 - B. Correction of imperfection in the market system
 - C. Ensuring balanced growth

INSIGHT

- D. Reducing the level of corruption
- E. Attracting foreign investors

INSIGHT

25. Which of the following is **NOT** a problem of economic planning?
- A. Inadequate data
 - B. Lack of coordination
 - C. Inconsistent policy formulation
 - D. Social welfare
 - E. Political instability
26. Unemployment that results from the fluctuations in the economic activities is known as
- A. Frictional unemployment
 - B. Cyclical unemployment
 - C. Seasonal unemployment
 - D. Structural unemployment
 - E. Residual unemployment
27. The excess of exports over imports is called
- A. Trade surplus
 - B. Trade deficit
 - C. Trade balance
 - D. Trade diversion
 - E. Merchandise trade
28. The following are measures to finance balance of payments deficit, **EXCEPT**
- A. Increasing the assets of foreigners
 - B. Borrowing from foreign governments
 - C. Using the country's foreign reserves
 - D. Buying investment abroad
 - E. Taking IMF loan
29. Advantages of international trade, **EXCLUDE**
- A. Availability of variety of goods
 - B. Efficiency in the use of world resources
 - C. Encouragement of dumping
 - D. Increase in world output
 - E. Economies of scale

INSIGHT

30. The loans from the World Bank to developing countries are mainly to support

- A. Their low level of consumption
- B. Political restructuring
- C. Infrastructure development
- D. Exchange rate management
- E. Human rights initiatives

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. Majority of the people of Buchanan in Liberia engage in fishing as a means of livelihood. This economic activity can be grouped under.....type of production
2. The study of aggregate economic variables is the primary concern of.....
3. The behaviour of output of a firm in the long-run as its scale of operation changes is called.....
4. The simplest and most common form of business organisation in West Africa is.....
5. A good for which an increase in income leads to a decrease in consumption is called a/an.....
6. The sum of consumer and producer surplus is described as.....
7. The change in total utility associated with consumption of one additional unit of a good is known as
8. Given that a country's merchandise trade account records net exports of ~~₦~~200 billion, and total imports of ₦300 billion, then the value of the total exports is

INSIGHT

9. Given the consumption function as $C = a + bY_d$, where C = consumption expenditure, b = marginal propensity to consume and Y_d = disposable income. The letter 'a' in the equation is referred to as
10. A sustained expansion in a nation's real output over a period of time is described as.....
11. Anything that is generally accepted as a means of payment for goods and services and for settlement of debts is called.....
12. The measure of value upon which a tax is levied is referred to as.....
13. The apex financial and monetary authority in a country is.....
14. The tax imposed on the firms producing goods and services within the country is called.....
15. Which approach of the national income calculation is specified as $GDP = C + I + G + (X - M)$?.....
16. Assets held to enable nations to finance disequilibrium in their balance of payments position is called.....
17. The situation where people who are willing and able to work but do not find job is described as
18. The necessary condition for profit maximisation is
19. The market structure in which abnormal profit is possible in both the short-run and the long-run is.....
20. The acronym UNCTAD means.....

INSIGHT

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

PART 1 MICROECONOMICS ATTEMPT ANY TWO QUESTIONS

QUESTION 1

a. Describe each of the following concepts :

- i. The budget line
- ii. An indifference curve

(6 Marks)

b. Explain the consumer equilibrium position using the indifference
Curve - budget line diagram

(6½ Marks)

(Total 12½ Marks)

QUESTION 2

One of the contributions of Adam Smith (1723-1790) to economic knowledge was his explanation of the importance of division of labour and its relationship to the growth of the economy.

Required:

a. Explain the term “Division of Labour”

(2½ Marks)

b. List and explain **THREE** advantages and **TWO** disadvantages of
division of labour.

(10 Marks)

(Total 12½Marks)

QUESTION 3

a. Define a monopolistic competitive market with relevant example
(2½Marks)

b. Explain **FOUR** features of a monopolistic competition. (10 Marks)

(Total 12½Marks)

INSIGHT

PART II

MACROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

- a. Distinguish clearly between inflationary gap and deflationary gap. (4 Marks)
- b. Given the national income model of an open economy as

	Y	=	$C + I + G + (X - M)$
Consumption function:	C	=	$\text{N}100 \text{ billion} + 0.5 Y_d$
Disposable Income:	Y_d	=	$Y - T$
Lump Sum Tax:	T	=	$\text{N}100 \text{ billion}$
Investment expenditure:	I	=	$\text{N}150 \text{ billion}$
Government expenditure:	G	=	$\text{N}200 \text{ billion}$
Net export:	$(X - M)$	=	$\text{N}50 \text{ billion}$

Required:

- i. Calculate the value of equilibrium national income. (3¹/₂ Marks)
- ii. Determine the investment multiplier (K). (2 Marks)
- iii. Find the inflationary gap if the full employment level of income is $\text{N}750 \text{ billion}$. (3 Marks)

(Total 12¹/₂ Marks)

QUESTION 5

- a. What is Monetary Policy? (4¹/₂ Marks)
- b. Explain briefly **FOUR** main tools that the Central Bank in your country can use to implement monetary policy. (8 Marks)

(Total 12¹/₂ Marks)

QUESTION 6

- a. What is Public Debt? (4¹/₂ Marks)
- b. Explain **FOUR** external sources of public debt available to the government of your country. (8 Marks)

(Total 12¹/₂ Marks)

SOLUTIONS

MULTIPLE-CHOICE ANSWERS

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

INSIGHT

- 21. E
- 22. C
- 23. B
- 24. D
- 25. D
- 26. B
- 27. A
- 28. D
- 29. C
- 30. C

EXAMINER'S REPORT

This part of the paper is compulsory and candidates were expected to answer all. The questions were drawn from all areas of the syllabus. About 80% of the candidates scored pass marks.

SHORT-ANSWER SOLUTIONS

- 1. Primary
- 2. Macroeconomics
- 3. Returns to scale
- 4. Sole proprietorship
- 5. An inferior good
- 6. Total surplus
- 7. Marginal utility

INSIGHT

8. ₦100 billion
9. Autonomous consumption
10. Economic growth
11. Money
12. Tax base
13. Central bank
14. An Excise tax
15. Expenditure approach
16. Foreign reserves
17. Unemployment
18. Marginal Cost (MC) = Marginal Revenue (MR)
19. Monopoly
20. United Nations Conference on Trade and Development

EXAMINER'S REPORT

This part of the paper is also compulsory. The questions were fairly drawn from both the microeconomic and macroeconomic topics of the syllabus. The success rate is about 73.5%.

It is important to stress that effective coverage of the entire syllabus is what is required to achieve outstanding performance in the Section A of the paper.

SECTION B: SOLUTIONS

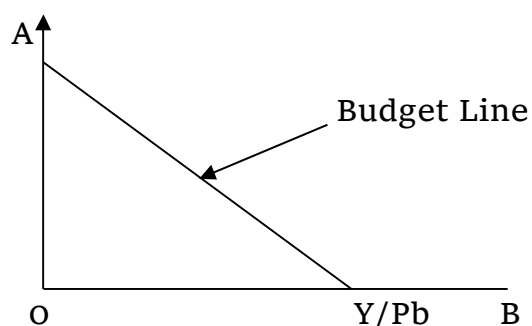
SOLUTION 1

a(i) The concept of budget line

A budget line shows the various maximum combinations of two goods that the consumer can buy given his money income and the prevailing market prices of the two goods.

A budget line is downward sloping and its slope depends on the ratio of the prices of the two goods.

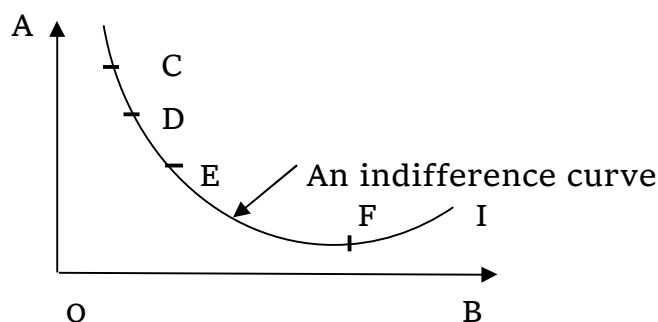
An example of a typical budget line is shown below for goods A and B:



(ii) An Indifference Curve

An indifference curve is the locus of various combinations of two commodities which yield the same utility to the consumer.

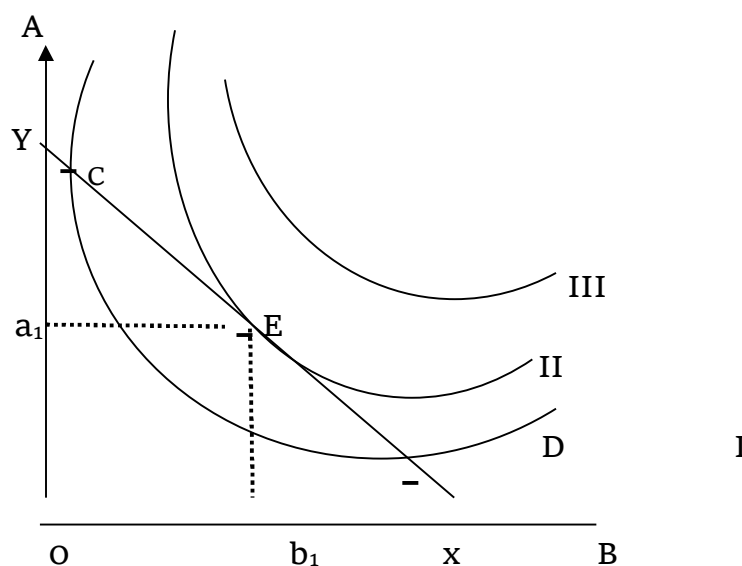
A typical indifference curve is downward sloping and convex to the origin. This is shown in the diagram. In the diagram, the Y-axis represents the quantity of good A while x-axis represents the quantity of good B. Points C, D, E and F represent different combinations of goods A and B.



b. The Consumer Equilibrium Position

Under the indifference curve approach, the consumer equilibrium is achieved when the consumer reaches the highest possible indifference curve given his budget constraint represented by his budget line.

The consumer equilibrium position is shown in the diagram below:



In the above diagram, the consumer can buy any of the combinations of goods A and B described by points C, E and D given his budget line YX. The consumer will prefer the combination at point E on Indifference Curve II – that is oa_1 of good A and ob_1 of good B, because it gives him greater satisfaction, given his budget constraint, than any of the combinations on Point C and D on Indifference Curve I. At point E, the budget line is just tangent to an indifferent curve; meaning that the slopes of both the budget line and the Indifference Curve are equal:

$$\frac{Mu_a}{Mu_b} = \frac{P_a}{P_b}$$

Where $\frac{Mu_a}{Mu_b}$ is the slope of the Indifference Curve; and $\frac{P_a}{P_b}$ is the slope of the budget line.

INSIGHT

EXAMINER'S REPORT

This question is on the Indifference Curve approach of the theory of consumer behaviour. The question was attempted by about 44.6% of the candidates with only about 12% of them scoring pass marks.

The poor performance in this question was inability of most of the candidates to draw relevant and properly labelled diagrams as required.

SOLUTION 2

- a. Division of labour occurs when in a production process the labour force is organised in such a way that each person or group of person undertakes a fraction of the total task. A typical example is found in the simple task of making a dress: one person specializes in cutting of the cloth, another tasks the various parts together, a third makes the button holes, a fourth sews the buttons on, while pressing and packing was done by the sixth person. Division of labour can also be described as specialization of labour.
- b. **Advantages of division of labour**
 - i. **Development of greater skill by the worker:** In division of labour, each worker specializes in doing only one task. By repeating the same task again and again, the worker develops greater skill in it and becomes a specialist in the task.
 - ii. **Increase in productivity:** Division of labour leads to increased productivity of the worker. By developing a greater skill and becoming a specialist in what the worker does increases the productivity of the worker and production as a whole.
 - iii. **Saving of Time:** The time that would have been wasted by each worker moving around to change tasks and tools is saved when division of labour is practiced.
 - iv. **Increased use of machines and equipment:** In division of labour, because the production process is broken up into smaller units of tasks and each worker routinely performs one task, machines or equipment may be used to perform the task. It is easier to develop machines and equipment to perform only a single and simple task than several and complex task.

INSIGHT

Disadvantages of division of labour

- i. **Lack of craftsmanship:** Division of labour does not make workers craftsmen. They are trained to be producers of only parts of products rather than producers of whole products.
- ii. **Monotony of work:** Performing the same task all the time and over and over again may create boredom on the part of the workers.
- iii. **Overdependence among workers:** In division of labour, there is total dependence of a worker on other workers. The task performed by each worker is key to the production process to the extent that the absence from work of a worker may halt production.
- iv. **Redundancy of workers:** In division of labour, a worker may be rendered redundant whenever his/her skill is no longer needed. Because he/she is a specialist in the performance of one task, transferring him/her to perform another task becomes a problem.
- v. **Dumping of mass produced goods:** Division of labour has led to mass production of certain goods and brought about dumping of such goods in other countries to kill domestic production in countries where the goods have been dumped.

EXAMINER'S REPORT

This question on division of labour is straight forward and popular among the candidates. About 94% of the candidates attempted the question and about 50% of them scored pass marks.

SOLUTION 3

MONOPOLISTIC COMPETITION

Monopolistic competition describes a market or industry where there are large numbers of firms producing (selling) products which consumers believe are close but not perfect substitutes for each other. Examples: beverages market, GSM market etc.

INSIGHT

Characteristics of Monopolistic Competition

The following are the main features of monopolistic competition:

- a. **Large number of firms in the industry:** There are many small firms each supplying only a small share of the total market output. Hence, no firm has any perceptible influence on the price and output decisions of other firms in the industry.
- b. **Differentiated products:** The firms supply products that are differentiated i.e similar but not identical. Therefore, each firm has some degree of market power, especially some discretion as to what price to charge for its products.
- c. **Freedom of entry and exit of firms:** Barriers to entry are relatively small or non-existent, and productive resources are highly mobile. Product differentiation tends to facilitate the entry of new firms in the industry.
- d. **Nature of demand curve:** The demand curve for each firm's products is downward sloping and highly price elastic due to the large number of close substitutes. Price must be lowered to sell a larger quantity hence, MR curve also slopes downward and falls below the demand curve.
- e. **Information Gap:** In monopolistic competition, the buyers and sellers do not possess adequate information about the market conditions and opportunities. This means that there is no free flow of information about the market situation.
- f. **Price discrimination:** Sellers charge different prices for similar goods due to product differentiation strategies and the information gap.

EXAMINER'S REPORT

This question on monopolistic competitive market structure was attempted by about 58.2% of the candidates and about 12% of them scored pass marks. There is no reason for poor performance of candidates in this question other than their poor preparation for the examination.

SOLUTION 4

- a. Inflationary gap exists when the equilibrium level of income is greater than the full employment level of income. Mathematically, inflationary gap,

$$G_{\text{inf}} = \frac{Y_e - Y_f}{k}$$

Where Y_e = equilibrium level of income
 Y_f = full employment level of income
 k = investment multiplier

On the other hand, deflationary or recessionary gap is experienced when the equilibrium level of income is less than the full employment level of income. Mathematically, deflationary gap, $G_{\text{def}} = \frac{Y_f - Y_e}{k}$

Where Y_e = equilibrium level of income
 Y_f = full employment level of income
 k = investment multiplier

b(i). $Y = C + I + G + (X - M)$
 $Y = 100 + 0.5(Y - 100) + 150 + 200 + 50$
 $Y = 100 + 0.5Y - 50 + 400$
 $Y = 450 + 0.5Y$
 $Y - 0.5Y = 450$
 $0.5Y = 450$
 $Y = \frac{450}{0.5}$
 $Y = \text{N}900 \text{ billion}$

(ii) Investment multiplier, $K = \frac{1}{1 - MPC}$
 $= \frac{1}{1 - 0.5}$
 $= \frac{1}{0.5}$
 $= 2$

INSIGHT

$$\begin{aligned} \text{(iii)} \quad \text{Inflationary Gap} &= \frac{Y_e - Y_f}{k} \\ &= \frac{N900\text{billion} - N750\text{billion}}{2} \\ &= \frac{N150\text{billion}}{1 - MPC} \\ &= \text{N75billion} \end{aligned}$$

EXAMINER'S REPORT

This question is on Keynesian approach to promoting full-employment equilibrium national income. About 39.8% of the candidates attempted the question and the success rate recorded is about 13%.

SOLUTION 5

- a. **Monetary policy** refers to the combination of measures designed to regulate the value, supply and cost of money in the economy in consonance with the expected level of economic activity. In other words, it is the combination of measures adopted by the monetary authorities (central bank) to control money supply and credit creation in an attempt to achieve macroeconomic goals.

Monetary policy can either be contractionary or expansionary. It is expansionary when it is designed to increase money supply and credit creation. It is contractionary when the measure adopted is aimed at reducing money supply and credit creation in the economy.

The instruments of monetary policy can be manipulated in different ways by the central bank in order to achieve macroeconomics objectives of full employment, economic growth, price stability and balance of payments equilibrium.

- b. Tools of monetary policy in an economy include the following:

i. **Open Market Operations (OMO):** This refers to the purchases and sales of government securities in an open market by the central bank in order to achieve the desired level of money stock in the economy. To reduce money supply, the central bank will sell securities in the open market. In order to increase the money supply, it will require the purchase of government securities.

ii. **Reserve Requirements:** This is the proportion of the total deposit liabilities of the commercial banks and merchant

ATSWA PART I SEPTEMBER 2019 DIET

INSIGHT

banks that are required by law to keep as reserve with the central bank. The reserve requirements also known as cash reserve ratio and liquidity ratio will be increased to reduce money supply or reduced to increase money supply.

iii. **Discount rate:** This is the minimum lending rate of the central bank of which it rediscounts bills and government securities or the rate charged by the central bank on its loans to the commercial banks and merchant banks as a lender of last resort. It is used to regulate credit conditions and availability in the economy because other rates depend on it.

iv. **Moral Suasion:** This is the use of persuasion rather than compulsion by the central bank to get other financial institutions to adopt a pattern of behaviour that is favourable to effective conduct of monetary policy.

v. **Special deposits:** Commercial and merchant banks are required by law to hold a non-interest bearing special deposit with the central bank to complement other contractionary monetary policy measures.

EXAMINER'S REPORT

This is a straight forward question on monetary policy. The question was attempted by about 83% of the candidates, while only about 33% of them scored pass marks. The poor scores recorded by most of the candidates was due to their inability to provide clear explanation of the tools of monetary policy.

SOLUTION 6

a. **Public debt** refers to the total outstanding debt obligations or accumulated borrowing of the government.

Public debt is usually divided into two, a domestic public debt and external public debt. Domestic public debt is that which is owed by the government to its citizens while external public debt is the total money owed by the government to overseas government and residents.

INSIGHT

A government will resort to borrowing if it realises that its sources of current revenue can no longer yield adequate funds for the execution of its programmes.

- b. The sources of external public debt to most countries include the following:
- (i) **Paris Club of Creditors:** This represents only government guaranteed creditors. Membership included United State of America, United Kingdom Germany and others.
 - (ii) **London Club of Creditors:** These are mainly uninsured and unguaranteed debts extended by commercial banks in some industrialised countries to nationals of debtor nations.
 - (iii) **Multilateral Creditors:** These are International Institutions funded by member nations. They include the World Bank Group, International Monetary Fund (IMF), African Development Bank (ADB) and International Fund for Agricultural Development (IFAD). These institutions provide credit for development purposes, balance of payments support and private ventures.
 - (iv) **Bilateral Creditors:** A bilateral credit is a credit provided by one government to another government. These credits are usually meant for developmental projects in the recipient country.

EXAMINER'S REPORT

This question is on Public Finance. The question was attempted by about 60% of the candidates and only about 20% of them scored pass marks.

INSIGHT

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2019**

BUSINESS LAW

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. Which of the following is the lowest of the superior courts?
 - A. Supreme Court
 - B. Court of Appeal
 - C. High Court
 - D. Magistrate Court
 - E. Area Court
2. The court that has original jurisdiction over the revenue of the Government of the Federation is the
 - A. Federal High Court
 - B. Commercial Court
 - C. Revenue Court
 - D. Arbitration Court
 - E. Companies Court
3. Which of the following is **NOT** a fundamental human right under the Constitution of the Federal Republic of Nigeria?
 - A. Right to freedom of movement
 - B. Right to life
 - C. Right to fair hearing
 - D. Right to the dignity of the human person
 - E. Right to state indigeneship
4. A Director of a company must be at least of the age of
 - A. 18
 - B. 21
 - C. 25
 - D. 28
 - E. 35

ATSWA PART I SEPTEMBER 2019 DIET

INSIGHT

5. The parties to a civil action before the High Court of a State are
 - A. Plaintiff and Defendant
 - B. Petitioner and Complainant
 - C. Advocate and Defendant
 - D. Complainant and Defendant
 - E. Victim and Defendant
6. Which of the following is an element of a valid contract?
 - A. Consideration
 - B. Novation
 - C. Chose
 - D. Incapacity
 - E. Invitation to treat
7. Invitation to treat is also known as invitation to
 - A. Negotiate
 - B. Enjoy
 - C. Project
 - D. Regard
 - E. Admire
8. A term of a contract, the breach of which gives rise to an action for damages only is a
 - A. Warranty
 - B. Guarantee
 - C. Surety
 - D. Condition
 - E. Precedent
9. Which of the following vitiates a contract?
 - A. Undue influence
 - B. Auction
 - C. Neposis
 - D. Familiarity
 - E. Price
10. A counter offer is a/an
 - A. Affirmation of the offer
 - B. Confirmation of the offer
 - C. Rejection of the offer
 - D. Selection of the offer
 - E. Induction of the offer

INSIGHT

11. Which of the following is voidable by an infant during infancy or within a reasonable time of attaining majority?
- A. Contract for necessities
 - B. Contract of apprenticeship
 - C. Contract for shareholding
 - D. Business resolution
 - E. Land agreement
12. For there to be an agency by ratification, the
- A. Principal must have been in existence at the time the act was done
 - B. Agent must be good
 - C. Principal must be influential
 - D. Agent must be knowledgeable
 - E. Agent must be the principal's friend
13. Who among the following, is not a special agent?
- A. A broker
 - B. An auctioneer
 - C. A factor
 - D. A *del credere agent*
 - E. A banker
14. The principal purpose of a contract for sale of goods is to
- A. Transfer ownership
 - B. Negotiate the price
 - C. Retain customers
 - D. Act in friendly manner to customers
 - E. Make market
15. *Caveat emptor* means
- A. Damages for non-delivery
 - B. Let the buyer beware
 - C. Caveat of placement
 - D. Know your customer
 - E. Negotiate the price
16. The hirer, in a contract for hire purchase, has the following rights, **EXCEPT**
- A. Use the goods
 - B. Quiet possession of the goods
 - C. Know the exact installments to be paid

INSIGHT

- D. Choose the insurer, if the goods is a motor vehicle
 - E. Repossess the goods
17. A hire purchase agreement may be terminated by
- A. Government
 - B. A supervening event
 - C. Old age
 - D. An insurance company
 - E. The hirer's market association
18. An employee has the right to
- A. Work in a safe and satisfactory environment
 - B. Choose the work to be done
 - C. Have a voice in the place he will work
 - D. Discipline co-employees
 - E. Receive salaries in cash
19. Which of the following is a duty of an employee?
- A. Gathering and realisation of assets
 - B. Applying to court on employer's behalf
 - C. Payment of debts and other liabilities of the employer
 - D. Payment of estate tax
 - E. Keeping his employer's confidential information
20. An insurance contract is a contract of
- A. Indemnity
 - B. Conciliation
 - C. Arbitration
 - D. Negotiation
 - E. Appropriation
21. Which type of interest must a person have in a property to be insured?
- A. Indemnity interest
 - B. Affordable interest
 - C. Insurable interest
 - D. Redeemable interest
 - E. Protective interest
22. Which of the following is a partnership?
- A. A business by two persons for profit making and sharing
 - B. Joint tenancy

INSIGHT

- C. Tenancy in common
 - D. Receipt of a portion of the profit
 - E. Payment of annuity from business profit
23. Which among the following terminates a general partnership automatically?
- A. Bankruptcy of a partner
 - B. Transfer of a partner
 - C. Government policy
 - D. Directive of the principal partner
 - E. Dispute between partners' wives
24. Who among the following, is eligible to be a secretary of a public company?
- A. A Chartered Accountant
 - B. A Prolific Technocrat
 - C. An experienced Administrator
 - D. Executive Director (Administration)
 - E. A Money Manager
25. Which of the following is a rule for preservation of company capital?
- A. No payment of dividends
 - B. Moderate payment of dividends
 - C. No payment of dividends out of capital
 - D. Payment of dividends to minority shareholders only
 - E. Non-declaration of dividends
26. What is the minimum number of directors that a company must have?
- A. 2
 - B. 3
 - C. 4
 - D. 5
 - E. 7
27. A banker has the duty to
- A. Collect its customer's cheques and other payable instruments
 - B. Cash customer's cheque
 - C. Visit customers in their places of business
 - D. Negotiate payments with customers
 - E. Give customers Christmas/Sallah gift

INSIGHT

28. A bill of exchange
- A. Is an unconditional payment order in writing
 - B. Must be passed by the National Assembly
 - C. Has no validity period
 - D. Is an instrument of the executive
 - E. Is permissive
29. General crossing makes a cheque not
- A. Negotiable
 - B. Payable
 - C. Acceptable
 - D. Receivable
 - E. Reducible
30. Where consideration has previously been given for a bill, a person in possession of that bill is a holder
- A. For another party
 - B. In default
 - C. In due substance
 - D. In due process
 - E. For value

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

ATTEMPT ALL QUESTIONS

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

1. Equity will not suffer a wrong to be without
2. A law that arises from a court decision is known as
3. A negligent misstatement without fraud may give rise to an action for
4. In the law of contract, a promise that follows a completed act is called
5. A minor to whom necessities have been supplied must pay
6. An essential term which may cause repudiation of a contract is called a

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7. In effect, illegal agreements are
8. Apparent authority is known also as
9. Property in unascertained goods passes when
10. The risk of loss of goods occurring between a contract for sale and passing of property in it, is borne by
11. In a hire purchase transaction, there is no agreement to buy the goods until.....
12. Full payout lease is also known as
13. The severance of the legal relationship between a worker and the employer due to close down is called.....
14. When a partner acts to conduct the business of the firm in the usual way, he is an agent of the
15. Which type of company must hold a statutory meeting?
16. Minimum capitalisation for life insurance company is
17. Voluntary winding up of a company may take the form of members' winding up and
18. In company management, the rule in *Foss v Harbottle* is also known as the
19. A cheque drawn in favour of a named person or endorsed by the payee to another person is.....
20. To which of a banker's duty is disclosure under compulsion of the law an exception?

INSIGHT

SECTION B: (50 Marks)

ATTEMPT ANY FOUR QUESTIONS

QUESTION 1

- a. The sources of Nigerian law include international law.

Required:

Explain treaty and its types.

(2½ Marks)

- b. Law is divided broadly into civil law and criminal law

Required:

Explain briefly **FIVE** distinctions between criminal law proceedings and civil law proceedings.

(10 Marks)

(Total 12½ Marks)

QUESTION 2

- a. A contract must have some essential elements, which include consideration, to be valid.

Required:

Explain consideration.

(5 Marks)

- b. Jibiti and Wayo agreed that if Wayo altered some accounting records in order to conceal some money that Jibiti stole from their employer, he (Jibiti) would pay Wayo a sum of ₦500,000. Wayo altered the records but Jibiti has refused to pay him.

Required:

Advise Wayo on his entitlement to the ₦500,000 that Jibiti promised him.

(5 Marks)

- c. Essien and Adiza, who are neighbours, agreed to take turns to take their children to the same school weekly. Essien breached the agreement last week, and Adiza has requested for your advice.

Required:

State briefly the type of agreement that Essien and Adiza had and its implication.

(2½ Marks)

(Total 12½ Marks)

INSIGHT

QUESTION 3

- a. Agency of necessity is an implied agency.

Required:

Explain agency of necessity and state the conditions under which the court would decide that it exists. (6½ Marks)

- b. The buyer has a number of rights when the seller of goods has breached the contract of sale.

Required:

Explain **THREE** of the rights. (6 Marks)

(Total 12½ Marks)

QUESTION 4

- a. A hire purchase contract has three components.

Required

State **TWO** of the parts or components of a hire purchase contract. (4 Marks)

- b. Hadijat, your friend's wife, has applied for employment in a company that produces toys and consulted you for an advice on the protections that are available to her under the Labour Act.

Required

State **TWO** of the protections available to women employees under the Labour Act. (4 Marks)

- c. Maitama insured his car with 'Insurance A Limited' and 'Insurance B Limited'. The car was damaged in an accident, and Insurance A Limited has indemnified Maitama against the loss.

Required

Define briefly the principle of insurance law that determines the right of Insurance A Limited against Insurance B Limited, and state **TWO** of the conditions for the application of the principle.

(4½ Marks)

(Total 12½ Marks)

INSIGHT

QUESTION 5

- a. The Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (as amended) established the Corporate Affairs Commission.

Required

State **FOUR** functions of the Corporate Affairs Commission.

(4 Marks)

- b. Aboki, a partner in the accounting firm of Aboki, Odugo and Ore, died last month without making a will.

Required

Explain briefly what should happen to the shares and other properties of Aboki and the general implication of Aboki's death.

(4½ Marks)

- c. While the Companies and Allied Matters Act (CAMA), 2004 has provisions for registration of business names, not all business names must be registered.

Required

State **TWO** categories of business names that must be registered under the CAMA, 2004.

(4 Marks)

(Total 12½ Marks)

QUESTION 6

- a. Trustees could be incorporated under Part 'C' of the Companies and Allied Matters Act (CAMA), 2004.

Required

Define persons that may register as incorporated trustees under the CAMA.

(3 Marks)

- b. State **FIVE** conditions that may terminate a banker's duty to honour a customer's cheque.

(5 Marks)

- c. State **THREE** characteristics that an instrument must have to be negotiable.

(4½ Marks)

(Total 12½ Marks)

SOLUTION TO MCQ

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

INSIGHT

- 28. A
- 29. A
- 30. E

EXAMINER'S REPORT

The 30 multiple choice questions covered the whole syllabus. Attempt rate was 100% and general performance was very good.

SOLUTIONS TO SHORT ANSWER QUESTIONS

- 1. Remedy
- 2. Judicial precedent
- 3. Damages
- 4. Past consideration
- 5. A reasonable price
- 6. Condition
- 7. Void
- 8. Ostensible authority
- 9. Goods are ascertained
- 10. Seller
- 11. The option is exercised
- 12. Finance lease
- 13. Redundancy
- 14. Other partners
- 15. Public company
- 16. 2 billion Naira
- 17. Creditor's winding up
- 18. Majority rule
- 19. Order cheque
- 20. Duty of confidentiality

INSIGHT

EXAMINER'S REPORT

The 20 short answer questions covered the entire syllabus. Attempt rate was 100% and general performance was above average

SOLUTION 1

- (a) A treaty is a formal agreement made or ratified under international law among sovereign states as well as international organisations. A treaty may be bilateral or multilateral, and becomes binding locally when domesticated by the signatory state. A treaty may take the forms of convention, protocol, covenant, pact, or exchange of letters, among other terms.
- (b) The distinctions between criminal law and civil law are as follows:
- i. The aim of criminal law is to punish offenders by way of imprisonment, fine or both. Conversely, civil law aims at compensating an injured or aggrieved person;
 - ii. The standard of proof in criminal law is proof beyond reasonable doubt, but the standard of proof in civil law is preponderance of evidence or balance of probabilities;
 - iii. In criminal cases, there is no limitation of time to prosecute the offender, but in civil cases, the limitation time to institute an action ranges from six to twelve years before the action is barred;
 - iv. Prosecution in criminal matters is by the State or government, whereas in a civil matter, the aggrieved person decides to sue or not to sue the wrongdoer;
 - v. In criminal law, once the case against the accused person is proved, the court pronounces him guilty and convicts him. Conversely, in civil cases, once a plaintiff proves his case against the defendant, the court pronounces the defendant liable and compels him to pay damages/compensation to the plaintiff, or subjects him to equitable orders such as injunction or specific performance; and

INSIGHT

- vi. The parties to a criminal case are the State and the Accused/Defendant, but the parties to a civil case are the Plaintiff and the Defendant.

EXAMINER'S REPORT

The questions test candidates' knowledge of International Treaty and distinction between criminal and civil laws. About 80% of candidates attempted the questions and general performance was good.

SOLUTION 2

- (a) Consideration is something of value in the eye of the law. It is also seen as the price, which need not be monetary, paid by a party to a contract for the promise or act of the other.

In **Curie v Misa**, the court stated that, "... valuable consideration in the sense of the law, may consist either in some right, interest, profit or some forbearance, detriment, loss or responsibility given, suffered or undertaken by the other".

- (b) The agreement between Jibiti and Wayo was illegal, and illegality is one of the factors that vitiate a contract.

No action will lie for a breach of an illegal contract (**Pearce v Brooks, Beresford v Royal Insurance Co. Ltd, and Allen v Rescous**). In other words, Wayo will not be able to recover the sum of N500,000 that Jibiti promised him.

- (c) The agreement between Essien and Adiza is a domestic agreement. The agreement is not enforceable in law because it lacks an intention to create legal relations, which is an essential element of a contract.

EXAMINER'S REPORT

The questions test candidates' understanding, law of contracts, consequences of illegal contracts and legal implications of domestic agreements. About 90% of candidates attempted the question and general performance was good

INSIGHT

SOLUTION 3

- (a) Agency of necessity arises in emergency situations in which a person is obliged to act to prevent irreparable loss to another.

The following are the conditions for implying an agency of necessity:

- i. It must be impossible or impracticable to communicate with owner of the goods so as to get his instructions;
- ii. There must be real or imminent commercial necessity; and
- iii. The agent must have acted in the best interest of the principal.

- (b) Where there is a breach by the seller of goods in a sale of goods contract, the following are the rights of the buyer:

- i. The right to reject the goods: The buyer can reject the goods if the seller is in breach of a condition. If he does so, he need not pay the price and if he has paid it, he could recover it. The right to reject is lost if the goods have been accepted;
- ii. Action for damages: The buyer may sue for damages for non-delivery of the goods;
- iii. Action for specific performance: The buyer may exercise his right to compel the seller to deliver the goods only when the goods are specific and ascertained. This remedy is also exercisable only where the damages will not be an adequate remedy;
- iv. Recovery of purchase price: In this situation, where seller fails to deliver the goods, the subject matter of the contract, the buyer can sue to recover the purchase price already paid to the seller.

EXAMINER'S REPORT

The questions test candidates' knowledge on Agency of Necessity and buyers' right in sale of Goods. Attempt rate was about 80% and general performance was good.

INSIGHT

SOLUTION 4

- (a) The components or parts of a hire purchase contract are as follows:
- i. A contract of bailment under which the hirer obtains possession of the goods while ownership remains in the owner and so uses them before they are fully paid up;
 - ii. An option in favour of the hirer to purchase the goods after payment of the periodical instalments, usually for a nominal consideration; and
 - iii. If the hirer exercises the option, a contract of sale arises, making him the owner of the goods already in his possession.
- (b) The following are the protections implied in favour of women under the Labour Act:
- i. They are entitled to maternity leave of six weeks before and six weeks after delivery;
 - ii. They shall not be given notice of dismissal during their absence on maternity leave, even if they remain on leave longer than necessary due to illness; and
 - iii. They shall not be employed on night duty nor shall they be employed in underground work in a mine, except they are holding positions of management and do not perform manual labour, or employed in health and welfare services.
- (c) **Contribution**, which occurs where there has been double insurance of the same subject matter, is the principle of law that applies to the hypothetical case. It is the right of the insurer who has paid under a policy to call upon other insurers that are equally liable for the same loss to contribute to the payment.

For contribution to be ordered, the following conditions must be satisfied:

- i. The insurance policy in issue must cover the same peril that caused the loss;
- ii. The policy in issue must insure the same subject matter and the same

INSIGHT

interest;

- iii. The policy concerned must be a contract of indemnity; and
- iv. There may be more than one insurance policy enforceable at the date of the loss.

EXAMINER'S REPORT

The questions test candidates' understanding of elements of hire purchase contracts, protection for women under the Labour Act and principle of contribution in double insurance. Attempt rate was about 70%, but general performance was average.

Candidates' major pitfall was shallow knowledge of the Labour Act and principles of contribution in double insurance.

Suggestion:

Candidates are advised to read the ATSWA Study Test deeply

SOLUTION 5

- (a) The functions of the Commission as provided in Section 7 of the Companies and Allied Matters Act are to:
 - i. administer the Act, including the regulation and supervision of the formation, incorporation, registration, management and winding-up of companies under or pursuant to the Act;
 - ii. establish and maintain a companies' registry, and offices in all the states of the Federation, suitably and adequately equipped to discharge its functions under the Act or any other law in respect of which it is charged with responsibility;
 - iii. arrange or conduct an investigation into the affairs of any company where the interest of the shareholders and the public so demand;
 - iv. perform such other functions as may be specified by any Act or enactment; and
 - v. undertake such other activities as are necessary or expedient for giving full effect to the provision of the Act.
- (b) When a partner dies, his property vests by operation of law in his personal representatives. The latter do not become partners in the firm because the firm would have been dissolved by the death or unless the partnership agreement otherwise provides.

INSIGHT

Aboki's shares and other properties in the accounting firm should vest in his personal representatives while the partnership dissolves automatically.

- (c) The types of business names that must be registered under the Companies and Allied Matters Act are as follows:
- i. In the case of a firm (partnership), a business name that does not consist only of the true surnames of all partners without any addition other than the true forenames of the individual partners or the initials of such forenames;
 - ii. In the case of an individual, a name that does not consist of his true surname without any addition other than his true forenames or their initials; and
 - iii. In the case of a corporation (registered company) a name that does not consist only of its corporate name without any addition.

EXAMINER'S REPORT

The questions test candidates' knowledge on functions of the Corporate Affairs Commission (CAC), what happens to the shares of a dead partner in partnership, and business names to be registered with the CAC. Attempt rate was about 60%, and general performance was good.

SOLUTION 6

- (a) One or more persons can register as an incorporated trustee(s) where they have been appointed by any community of persons bound together by custom, religion, kinship or nationality to be trustees.
- (b) The conditions that may terminate a banker's duty to honour a customer's cheque include the following:
- i. A countermand of the cheque by the customer;
 - ii. Notice of the customer's death;
 - iii. Notice of the customer's mental disorder
 - iv. Notice of bankruptcy or receiving order on the customer;

INSIGHT

- v. Service of a garnishee order on the banker; and
 - vi. Forgery or alteration of the customer's cheque
 - vii. Stale cheque
 - viii. Inchoate cheque
- (c) For an instrument to be negotiable, it must have the following characteristics:
- i. The instrument must be in writing;
 - ii. It must contain an unconditional promise to pay a certain sum in money, on demand or at a fixed and determinable future time;
 - iii. It must be made payable to bearer or order;
 - iv. It must be signed by the maker (if it is a promissory note) or the drawer (if it is a bill of exchange).

EXAMINER'S REPORT

The questions test candidates' knowledge on Incorporated Trustees, conditions for bankers to dishonor customer's cheque, and characteristics of negotiable instruments. Attempt rate was about 60% and general performance was average.

Candidates' major pitfall was shallow knowledge of Incorporated Trustees.

Suggestion

Candidates should study the topic more deeply; and also read the ATSWA Study Text.

INSIGHT

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS - SEPTEMBER 2019**

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. Which of the following is **NOT** related to the informal system of communication?
 - A. Rumour
 - B. Gossip
 - C. Grapevine
 - D. Comment
 - E. Newsletter
2. Upward flow of communication may take any of the following, **EXCEPT**
 - A. Report on what has been done
 - B. Information about the subordinate
 - C. Information about the superior
 - D. Feedback about the subordinate
 - E. Suggestions on what is to be done
3. The diagonal system of communication is a combination of
 - A. Upward and vertical communication
 - B. Lateral and vertical communication
 - C. Downward and upward communication
 - D. Upward and horizontal communication
 - E. Horizontal and lateral communication

INSIGHT

4. Which of the following groups use human communication?
 - A. Boy and machines
 - B. Girl and spirits
 - C. Man and woman
 - D. Computer and drums
 - E. Alien and woman
5. Which of the following is **NOT** defined by “witty language” used to convey scorn or insult?
 - A. Sarcasm
 - B. Irony
 - C. Satire
 - D. Caustic remark
 - E. Hyperbole
6. Which of the following is **NOT** defined by “a humorous play on words”?
 - A. Punning
 - B. Wordplay
 - C. Irony
 - D. Paronomasia
 - E. Pun
7. A language user can employ a figure of speech for a specific purpose by transforming the meaning of a source text through any of the following, **EXCEPT**
 - A. Code mixing
 - B. Expansion
 - C. Abridgement
 - D. Switch
 - E. Transfer
8. Which of the following defines “alliteration”?
 - A. The repetition of the same word or phrase of successive verses
 - B. The sound of a word suggesting its meaning
 - C. The repetition of the initial consonant sound of a word
 - D. The use of exaggeration for emphasis
 - E. A figurative expression that is fixed in nature

ATSWA PART I SEPTEMBER 2019 DIET

INSIGHT

9. What is the full meaning of MLA?
- A. Museum Languages Association
 - B. Modern Licensing Authority
 - C. Modern Languages Association
 - D. Maiden Languages Association
 - E. Musical Languages Association
10. The following are contained in the Appendix section of a report, **EXCEPT**
- A. Supplementary information
 - B. Interview questions
 - C. Questionnaires
 - D. Maps and Diagrams
 - E. Organisational report
11. Which of the following is **NOT** a component found in the preliminary pages of a report?
- A. Literature review
 - B. Title page
 - C. Acknowledgements
 - D. Abstract
 - E. Table of contents
12. APA is an abbreviation for
- A. Anthonian Philosophical Authority
 - B. Algerian Psychological Association
 - C. African Psychological Association
 - D. American Psychological Association
 - E. American Philosophical Association
13. The following are examples of technical report, **EXCEPT**
- A. Law report
 - B. Feedback report
 - C. Investigative report
 - D. Committee report
 - E. Sales report

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14. The type of report that is peculiar to higher institutions and research centres is
- A. Administrative report
 - B. Anonymous report
 - C. Research report
 - D. Investigative report
 - E. Law report
15. The following are various methods of speech delivery, **EXCEPT**
- A. Extemporaneous
 - B. Memorised
 - C. Verbal
 - D. Impromptu
 - E. Speaking from a manuscript
16. When a superior gives out too much information to his subordinate, this type of information is classified as
- A. Information underload
 - B. Information overload
 - C. Noise
 - D. Wrong choice of words
 - E. Choice of wrong medium
17. Which of the following is **NOT** a primary purpose of giving speeches?
- A. To inform
 - B. To persuade
 - C. To entertain
 - D. To educate
 - E. To rebuke
18. Impromptu speech entails
- A. Delivering a speech with advance preparation
 - B. Delivering a speech without advance preparation
 - C. Delivering a speech in a hurry
 - D. Writing an informative speech
 - E. Delivering a welcome speech in a meeting

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19. The following are non-verbal behaviours in speech delivery, **EXCEPT**
- A. Eye contact
 - B. Gesture
 - C. Movement
 - D. Facial expression
 - E. Rhetorical question
20. An extemporaneous speech is
- A. A planned, rehearsed speech, delivered in conversational manner using brief notes
 - B. A speech made without prior preparation
 - C. A speech, read aloud by the speaker from a script
 - D. A speech that focuses on temporary issues
 - E. Another version of memorised speech

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 collective noun can be considered as either singular or..... according to its use.
2. "I will travel to Lagos tomorrow." The word 'will' in this sentence is an example of a(n)..... verb.
3. "Adebola kills the dog." The word 'kills' in this sentence indicates an action in the tense.
4. "Tolu is taller than Bola." The word 'taller' in this sentence, is an example of a adjective.
5. The communication process does not commence without a (n).....
6. Another name for body language is.....

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7. Diagrams, flip charts and graphs are all examples of visual
8. Workplace occurs in offices, schools and companies between or among individuals who have disagreements or grievances.
9. The language of a technical report should be but not complex.
10. Non-technical reports are not bound byguidelines.
11. Thepage contains the summary of a report.
12. The background information on a report is found in thesection.
13. The section of a report that contains the extent to which an investigation has been carried out is called
14. Thereport is a means of giving information to an authority or an inquirer, indicating one's presence at the scene of the incidence.
15. A short simplified written communication that instructs, reminds or informs members of an organisation is technically called.....
16. A communication activity involving the exchange of letters is
17. Internal correspondence may be secret or.....
18. External correspondence is not for internal
19. The initiator of a message is known as
20. Correspondence could take place within or.....an organisation.

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SECTION B:

COMPULSORY

COMPREHENSION

(30 Marks)

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

Selecting the best medium for your message can make the difference between effective and ineffective communication. A **medium** is the form through which you choose to communicate a message. You may choose to talk with someone face to face, post to a blog, send an e-mail message, or create a webcast; the range of media possibilities is wide and growing wider all the time. Although media categories have become increasingly blurred in recent years, for the sake of discussion, you can think of media as being oral, written, visual, or electronic (which often combines several media types).

Oral media include face-to-face conversations, interviews, speeches, and in-person presentations and meetings. By giving communicators the ability to see, hear, and react to each other, oral media are useful for encouraging people to ask questions, make comments, and work together to reach a consensus or decision. For example, experts recommend that managers engage in frequent “walk-arounds,” chatting with employees to get input, answer their questions, and interpret important business events and trends.

Of course, if you don’t want a lot of questions or interaction, using oral media can be an unwise choice. However, consider your audience carefully before deciding to limit interaction by choosing a different medium. As a manager, you will encounter unpleasant situations (declining an employee’s request for a raise, for example) in which sending an e-mail message or otherwise avoiding personal contact will seem appealing to you. In many such cases, though, you owe the other party the opportunity to ask questions or express concerns. Moreover, facing the tough situations in person will earn you a reputation as an honest, caring manager.

Written messages take many forms, from traditional memos to glossy reports that rival magazines in production quality. **Memos** are brief printed documents traditionally used for the routine, day-to-day exchange of information within an organisation. In many organisations, instant messaging (IM), e-mail, blogs, and other electronic media have largely replaced paper memos.

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Letters are brief written messages generally sent to recipients outside the organisation. In addition to conveying a particular message, they perform an important public relations function in fostering good working relationships with customers, suppliers, and others. Many organisations rely on form letters to save time and money on routine communication.

Traditional business messages rely primarily on text, with occasional support from graphic elements such as charts, graphs, or diagrams to help illustrate points discussed in the text. However, many business communicators are discovering the power of messages in which the visual element is dominant and supported by small amounts of text. For the purposes of this discussion, you can think of visual media as any formats in which one or more visual elements play a central role in conveying the message content.

Messages that combine powerful visuals with supporting texts can be effective for a number of reasons. Today's audiences are pressed for time and bombarded with messages, so anything that communicates quickly is welcome. Visuals are also effective at describing complex ideas and processes because they can reduce the work required for an audience to identify the parts and relationships that make up the whole. Also, in a multilingual business world, diagrams, symbols, and other images can lower communication barriers by requiring less language processing. Finally, visual depictions can be easier to remember than purely textual descriptions or explanations.

The range of electronic media is broad and continues to grow even broader, from phone calls and podcasts to blogs and wikis to e-mail and text messaging. When you want to make a powerful impression, using electronic media can increase the excitement and visual appeal with interactivity, animation, audio, and video.

The growth of electronic communication options is both a blessing and a curse for business communicators. On the one hand, you have more tools than ever before to choose from, with more ways to deliver rational and emotional content. On the other hand, the sheer range of choices can complicate your job because you often need to choose among multiple media, and you need to know how to use each medium successfully.

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- a. Give a suitable title for this passage (2 Marks)
- b. In **ONE** short sentence, state the **FOUR** media categories mentioned in the passage. (2 Marks)
- c. In **THREE** short sentences, one for each, state the **THREE** usefulness of oral media in an organisation. (6 Marks)
- d. In **TWO** short sentences, one for each, state the **TWO** written media forms the writer mentioned in the passage. (4 Marks)
- e. In **TWO** short sentences, one for each, what, according to the passage, are the functions of letters? (4 Marks)
- f. In **FOUR** short sentences, one for each, state what the writer says are the roles of visual media in an organisation. (8 Marks)
- g. In **TWO** short sentences, one for each, state the **TWO** reasons why electronic media is both a blessing and a curse in business communication. (4 Marks)

(Total 30 Marks)

SECTION C

ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

You have been invited by the Institute of Chartered Accountants of Nigeria (ICAN) to give a lecture on “Training Accountants in a Corrupt Society” to a group of newly- inducted ATS graduates as part of their integration into the Accountancy Profession.

To make your presentation effective, discuss briefly **FIVE** visual aids you will deploy and the impact these visual aids will have on your audience.

(Total 15 Marks)

QUESTION 2

A verb is regarded as the only obligatory part of a sentence; It expresses action or state of being. There are various grammatical properties of verbs that make this word class unique. One of them is tenses.

Required:

- a. What are tenses in English? (3 Marks)
- b. Explain briefly, with an example, each, the **THREE** basic forms of tenses. (6 Marks)

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- c. Write out **TWO** sentences on each of the **THREE** tenses. (6 Marks)
(Total 15 Marks)

QUESTION 3

Your organisation has just recruited new accountants and an orientation programme is planned for them. As the Internal Auditor of your organisation, you have been invited to give a talk during the orientation programme on the topic “The duties of an Auditor in any Accounting Firm”.

Write an essay describing the duties of an auditor. (Total 15 Marks)

QUESTION 4

In the organisation where you work as an Accounts Clerk, it has been reported that a lot of items in the Store have disappeared in recent times. The matter was reported to the Management by the Chief Security Officer, who had carried out a preliminary investigation into the case after receiving an anonymous letter.

The Management has set up a five-man committee of which you are the secretary to investigate the matter. The Committee was given two weeks to carry out the assignment and make recommendations. You have met and concluded your investigation.

Write out your report. (Total 15 Marks)

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SOLUTIONS

MULTIPLE-CHOICE ANSWERS

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

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EXAMINER'S REPORT

This is a compulsory section. All the candidates attempted the questions here. The performance was very good as about 75% of them scored 50% and above of the allocated marks. Candidates can still improve their performance if they familiarise themselves more with the concepts in the syllabus.

SHORT-ANSWER SOLUTIONS

1. Plural
2. Modal/auxiliary/helping
3. Present
4. Comparative
5. Sender/initiator/encoder
6. Kinesics
7. Aids
8. Conflict
9. Formal
10. Strict
11. Abstract
12. Introductory/introduction
13. Terms of Reference
14. Eye-witness
15. Memo/Memorandum
16. Correspondence
17. Open

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18. Consumption

19. Sender/encoder

20. Outside/without

EXAMINER'S REPORT

This is a compulsory section. All the candidates attempted the questions here. The performance was just average as only about 35% of them scored 50% and above of the allocated marks. Candidates have to work very hard to improve their performance in this section.

SECTION B: SUMMARY

- a. i. Selecting the right medium of communication in an organisation
- ii. Selecting the best medium for effective communication
- iii. Media of communication
- iv. Mediums of communication
- b. The four media categories are oral, written, visual and electronic.
- c. i. They are useful in encouraging people to ask questions
- ii. They are useful in persuading people to make comments
- iii. They are useful in getting people to work together

Or

- i. It is useful in encouraging people to ask questions
- ii. It is useful in persuading people to make comments
- iii. It is useful in getting people to work together
- d. i. Either:
The two written media forms are:
 - Memo
 - Letter

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Or

- i. One written media form mentioned in the passage is the memo
 - ii. Another written media form mentioned in the passage is the letter
- e. i. Letters are used to convey particular messages
- ii. They are used to foster good working relationships

NOTE: 'Particular' and 'working' are mandatory in the two sentences

- f. i. Visual media are used to communicate quickly
- ii. They are used to describe complex ideas
- iii. They are used to lower communication barriers
- iv. Visual messages are easier to remember
- g. i. Electronic medium is a blessing because it provides varieties of tools to choose from.
- ii. Electronic medium is a curse when a wrong choice is made.

EXAMINER'S REPORT

This is a compulsory question. All the candidates attempted the questions on the comprehension passage. The performance was poor as only about 20% of the candidates scored 50% and above of the allocated marks.

Candidates' shortcomings included lack of the understanding of the main points in the passage; inability to answer the questions correctly, failure to adhere strictly to instructions and poor use of language.

Candidates should read wide, learn to follow instructions and ensure a proper understanding of the main points in a given passage. They should also make use of ICAN study texts and past questions.

SECTION C:

SOLUTION 1

i. **Diagrams and Charts**

These are visual aids that range from an organizational chart, three-dimensional objects to a series of pictures or diagrams. They serve as illustrative materials that allow the audience to have a pictorial idea of topics under discussion.

ii. **Objects and Models**

While objects are real illustrative materials, models, on the other hand, are simply replicas of original objects. These objects could range from small items like duster, money, life rat to real or model objects like car, ship, aircraft etc. Both are used for presentations so that the audience can see them and have a real-life experience of what they are.

iii. **Overhead Projector (OHP)**

This is an electrical device used to project images through a transparent material unto a screen. The projector can be connected to a computer or television, which prepared materials, audio or video can be projected for the audience to have a visual experience of what is being taught or discussed.

iv. **Video tapes/Video cassette recorder**

These two items are both storage materials that are inserted into a video player to display previously-recorded events to a sitting audience after being connected to a television set. The audience is made to watch a film or documentary as part of a learning experience.

v. **The White Board**

The White board is a learning material that is presently being used to replace blackboard. The board is used with a marker. The writing on it is easy to clean. The board is used for drawing diagrams and even writing words for easier comprehension by the audience.

vi. **Tables and Graphs**

Tables are simply columns of figures that are arranged in an order such that the audience can easily pick out needed information. Graphs, on the other hand, are statistical materials presented in visual form. The three common graphs are bar, line and pie charts.

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Tables and graphs are also illustrative materials used to enhance learning.

vii. **Strips and Slide Projectors**

These are materials used in a cinema or a class setting that requires a darkened room. They are media that use film strips and are projected onto a screen. The pictorial effect has a positive influence on the assimilation of information by the audience.

EXAMINER'S REPORT

This question tests candidates' knowledge of what visual aids are and their use in speech making or public presentation. About 70% of the candidates attempted this question. The performance was poor as about 25% of the candidates scored 50% and above of the marks allocated.

Candidates' shortcomings included inability to identify the correct visual aids used in public presentation and the impact which their use would have on the audience.

For improved performance, candidates should familiarise themselves with the section on non-verbal communication in the syllabus. They should also make use of ICAN study texts and past questions.

SOLUTION 2

- a. Tenses are verb-based words used to indicate the time and sometimes the continuation or completeness of an action or state in relation to the time of speaking.
- b. Verbs come in three basic tenses: Past, Present and Future
 - i. The present tense is used to describe things that are happening right now or things that are habitual.

Examples: From the verb 'eat', we derive the present tense 'eats' as in 'John 'eats' every five hours. However, in English, agreement between the verb and its subject produces such sentences as "He eats" and 'We eat'. Other examples are 'watch', 'cook', 'speaks' etc.

- ii. The past tense is used to describe things that have already happened e.g earlier in the day, yesterday, last week, two years

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ago etc. Examples: 'ate', 'watched', 'cooked', 'spoke' derived from 'eat', 'watch', 'cook' and 'speak'.

iii. The future tense describes things that are yet to happen e.g later, tomorrow, next week, next year, three years from now etc. Examples: 'will eat', 'will watch', 'will cook' etc, derived from 'eat', 'watch' and 'cook'.

- c. i. Present Tense
- I eat lunch in my office everyday
 - John watches movie
 - His wife cooks
- ii. Past Tense
- Mary ate her lunch an hour ago
 - We watched a movie yesterday
 - They went out
- iii. Future Tense
- I will soon eat my dinner
 - Henry and Mary will watch a movie tomorrow
 - His daughter will cook breakfast for him

EXAMINER'S REPORT

This question tests candidates' knowledge of tenses in English. About 85% of the candidates attempted the question. Candidates' performance was good as about 50% scored 50% and above of the allocated marks.

Candidates' shortcomings included inability to define 'tenses' correctly and giving present continuous tenses as examples of present tense. Candidates can perform better, if they familiarise themselves with the section dealing with word classes in the syllabus and use ICAN study texts and past questions.

SOLUTION 3

The duties of an Auditor in any Accounting Firm

An auditor is a person who officially examines financial records of an organisation. He is specially trained for this special assignment. He must have self-control and be firm and fair.

The duties of auditors in any accounting firm are numerous and important. The duties are sensitive and delicate. Thus, a good auditor should separate personal relationships from business relationships. Integrity and probity should also be his watchwords.

There are two types of auditors: These are internal and external auditors.

Internal auditors are employees within the organisation where they work and they receive their salaries and other benefits within such organisation. They help the Management of the organisation in ensuring compliance with the internal financial control of the organisation. For example, they ensure that funds are disbursed and spent judiciously by the various departments and units of the organisation. They also ensure wage control within the organisation. For example, they ensure that officers within the organisation are paid their correct salaries at the end of the month, that is, no short payment or overpayment of salaries. They also ensure that tax deductions and cooperative remittances are properly credited to the appropriate quarters.

Internal auditors ensure compliance with asset control and give advice on the necessity or otherwise to dispose any of the organisation's assets. They also report cases of fraud and fund misappropriation to the Management.

Internal auditors carry out special assignments such as review of business activities. For example, they advise the Management to do away with business that is not profitable. In addition, they ensure smooth running of the organisation on matters relating to finance.

External auditors have legal backing to audit other organisations annually and report the outcome of the auditing to both the Management and the shareholders. External auditors must have certain professional qualifications such as belonging to the Association of Chartered Accountants (ACA) and having academic qualifications such as BSc. or

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HND Accounting or in any allied course. They must have also received sufficient training that qualifies them to carry out the duties of external auditors. International auditors also assist external auditors where necessary and this makes their job easy.

With all the duties of auditors mentioned above, it is essential that all the newly employed accountants be trained in the area of auditing because auditing is a very special branch of accounting.

EXAMINER'S REPORT

This question tests candidates' knowledge of descriptive essay writing. About 40% of the candidates attempted this question. The performance was average as about 40% of them scored 50% and above of the allotted marks.

Candidates' shortcomings were the inability to describe the job performed by an auditor and poor expression. To perform well in subsequent examinations, candidates should study the section on essay writing in the study pack, make use of ICAN study texts and past questions.

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SOLUTION 4

ABF Ventures Limited
13, Isolo Way, Bodija, Ibadan

REPORT OF INVESTIGATION ON MISSING ITEMS FROM THE STORE OF ABF VENTURES LIMITED

1.0 Introduction

The Chief Security Officer of ABF Ventures Limited had received an anonymous letter intimating with the fact of some missing items from the store of the company. After a discreet investigation, the Chief Security Officer (SCO) reported the matter to the Management, who in turn, set up a five-man committee to investigate the matter.

2.0 Terms of Reference

The committee was given the following terms of reference:

- a. To investigate all involved in the case;
- b. To determine the number of missing items;
- c. To determine the extent of involvement of all concerned;
- d. To make appropriate recommendations;
- e. To submit a report within two weeks.

3.0 Committee Membership

- | | | |
|-----------------------|---|-----------|
| a. Mr. Suleiman Bello | - | Chairman |
| b. Mr. Owolabi Ojo | - | Member |
| c. Mrs. Olu John | - | Member |
| d. Mallam Musa Adamu | - | Member |
| e. Miss Helen Mate | - | Secretary |

4.0 Procedure of Investigation

The committee decided, at its maiden meeting, to invite some key suspects for interview based on the CSO's report. The following were listed for interview:

- a. The Chief Security Officer
- b. The Chief Stores Manager
- c. The Purchasing Officer
- d. The Requisition Officer
- e. The Store Keeper
- f. The Day and Night Guards

The six people were interviewed individually and later brought together for confirmation or denial of facts of the matter. This led to

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the invitation of the Chief Internal Auditor for interview. His evidence revealed a lot of other facts.

5.0 Findings

- a. All the invited persons were implicated in the case, except the Chief Internal Auditor, the Chief Security Officer and the Requisition Officer.
- b. The Purchasing Officer colluded with the Chief Stores Manager to defraud the company by inflating prices of items.
- c. The Chief Stores Manager owns private companies which sell fake products to ABF.
- d. The Purchasing Officer is compelled to buy from the Chief Stores Manager's companies, despite his awareness that these companies sell fake products.
- e. The Purchasing Officer benefitted financially from every purchase made.
- f. The Store Keeper knew about the inflation of the prices of items to be supplied but kept quiet.
- g. The two guards ensured easy transfer of the items from ABF. They received financial benefits from the Chief Stores Manager and the Purchasing Officer.
- h. Missing items included 10 laptops, 5 printers, 5 keyboards, 2 digital cameras, 15 cartons of printing paper, 10 cartridges of toner. All these in one month.
- i. The fraud had been for about three years.
- j. The CIA and the Requisition Officer helped in uncovering the fraud.

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5.0 Recommendations

- a. The CIA, the CSO and the Requisition Officer should be commended for their commitment to the company.
- b. All the others involved should be dismissed without benefits.

Signed

.....

Mr. Suleiman Bello
Chairman

Signed

.....

Miss Helen Mate
Secretary

Signed

.....

Mr. Owolabi Ojo
Member

Signed

.....

Mr. Olu John
Member

Signed

.....

Mr. Musa Adamu
Member

EXAMINER'S REPORT

This question tests candidates' knowledge of report writing. About 10% of the candidates attempted the question. The performance was very poor as less than 5% of them scored 50% and above of the allocated marks.

Most candidates wrote letters or essay instead of a report. For the candidates to perform better in subsequent examinations, they should study the section on report writing in the syllabus. They should also make use of ICAN study texts and past question papers.