

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

**Time Allowed: 3 hours**

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

**ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1.     The full meaning of GAAP is
  - A.     Globally Acceptable Accounting Practices
  - B.     Globally Accepted Accountancy Principles
  - C.     Globally Acceptable Accounting Principles
  - D.     Generally Acceptable Accounting Principles
  - E.     Generally Accepted Accounting Principles
  
2.     Which of the following is **NOT** an example of a business entity.
  - A.     Sole Proprietorship
  - B.     Partnership
  - C.     Club or Association
  - D.     Private Limited Company
  - E.     Public Limited Liability Company
  
3.     When cash taken from the till is banked, the transaction is recorded as a
  - A.     Bank entry
  - B.     Till entry
  - C.     Cash entry
  - D.     Contra entry
  - E.     Debit entry

4. The following are different types of companies, **EXCEPT**
- A. Private Unlimited Liability Company
  - B. Public Limited Liability Company
  - C. Unlimited Liability Company
  - D. Private Limited Liability Company
  - E. Company Limited by Guarantee
5. The amounts written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability and for which the amount cannot be determined accurately is called
- A. Doubtful debts
  - B. Provisions
  - C. Reserves
  - D. Amortization
  - E. Retained earnings

**Use the following information relating to Biobaku Ventures to answer question 6 and 7**

	₦
Revenue	250,000
Opening inventory	40,000
Closing inventory	20,000
Purchases	100,000
Return outwards	15,000
Carriage inwards	10,000
Carriage outwards	18,000

6. Determine the cost of goods sold
- A. ₦100,000
  - B. ₦115,000
  - C. ₦160,000
  - D. ₦175,000
  - E. ₦203,000
7. What is the gross profit of Biobaku Enterprise?
- A. ₦47,000
  - B. ₦75,000
  - C. ₦90,000
  - D. ₦135,000
  - E. ₦150,000

8. The concept which requires that an income should not be recognised until it is earned and losses fully written off is referred to as
- Materiality concept
  - Prudence concept
  - Business entity concept
  - Accrual concept
  - Matching concept
9. Which of the following is the effect of purchase of goods for credit on assets, liabilities and capital of a business
- |    | Assets    | Liability | Capital   |
|----|-----------|-----------|-----------|
| A. | No effect | Increase  | Increase  |
| B. | Increase  | Increase  | No-effect |
| C. | Increase  | No-effect | Decrease  |
| D. | Increase  | Decrease  | No-effect |
| E. | Increase  | No-effect | No-effect |
10. Goods sent back to the seller by a customer is described in the books as
- Sales returns
  - Return outwards
  - Discount allowed
  - Carriage outwards
  - Purchases Returns
11. The accounting entries to record goods drawn from a business by its owner for his personal consumption are
- Dr Capital account                      Cr Inventory account
  - Dr Cost of sales                              Cr Inventory account
  - Dr Drawing account                      Cr Inventory account
  - Dr Drawing account                      Cr Capital account
  - Dr Sales Account                              Cr Drawings account
12. Using the accounting equation, if a firm's capital is L\$500,000, plant L\$300,000, cash at hand L\$75,000 and bank overdraft L\$25,000 while the balance represents inventories. The value of the inventories is
- L\$500,000
  - L\$150,000
  - L\$125,000
  - L\$105,000
  - L\$100,000

13. The effect of items that are recorded on the credit side of a bank statement but not on the debit side of the cash book is.....
- A. No effect
  - B. Bank balance will be overstated
  - C. Bank balance will be understated
  - D. It results in loans to the organisation
  - E. Bank balance will totally agree with cash book balance
14. A cheque issued for payment by the drawer and remains with the payee for a year without being presented for payment is called
- A. Dishonoured cheque
  - B. Deposit cheque
  - C. Annual cheque
  - D. Late cheque
  - E. Stale cheque

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

**PETTY CASH BOOK (EXTRACT)**

Debit	Date	Credit
Le		Le
1,400	1/4/2019	Balance b/d
18,600		Sundry Expenses
	30/4/2019	Balance c/d
		2,800

15. What is the monthly cash float?
- A. Le 1,400
  - B. Le 17,200
  - C. Le 18,600
  - D. Le 19,000
  - E. Le 20,000
16. On 1 May 2016, the petty cashier will be reimbursed with
- A. Le 1,400
  - B. Le 2,800
  - C. Le 11,800
  - D. Le 17,200
  - E. Le 18,600

17. Computer errors could be located and eliminated, through which of the following?
- A. File copying
  - B. Dump
  - C. Tracing
  - D. Sorting
  - E. Debugging
18. The linkage of computers through net-working to share information is called?
- A. Sorting
  - B. Browsing
  - C. Goggling
  - D. Page maker
  - E. Internet
19. The consistency concept stipulates that
- A. Managers of business entities are free to change accounting methods used anytime, if their methods will increase profit
  - B. Managers of business entity can choose any accounting concept to treat similar item from period to period
  - C. Both cash and accrual basis of accounting should be adopted concurrently
  - D. Once a method has been chosen to treat and record an item in the account, it should be maintained in other periods
  - E. Financial statements should disclose the items that are significant in the books
20. Which of the following does **NOT** appear in a statement of profit or loss?
- A. Discount received
  - B. Carriage outward
  - C. Carriage inward
  - D. Discount allowed
  - E. Trade discount
21. The cost of the gate to a premises should be treated as
- A. Capital project
  - B. Capital receipt
  - C. Revenue receipt
  - D. Revenue expenditure
  - E. Capital expenditure

22. Which of the following is **NOT** a typical component of an employee's consolidated salary?
- A. Stress allowance
  - B. Hazard allowance
  - C. Overtime allowance
  - D. Leave allowance
  - E. Transport allowance
23. A standard time for a job is 500 hours, while the actual time taken is 440 hours. If the basic wage rate per hour is GMD30. You are required to calculate the bonus allowance using the Rowan plan
- A. GMD792
  - B. GMD1,084
  - C. GMD1,484
  - D. GMD1,584
  - E. GMD1,854
24. Which of the following payroll deductions is influenced by statutory legislation?
- A. Loan refund
  - B. Salary advance
  - C. Pay as you earn
  - D. Union dues
  - E. Pension funds
25. An employee's monthly "take home pay" can also be referred to as
- A. Statutory income
  - B. Disposable inflow
  - C. Net pay
  - D. Gross pay
  - E. Total pay
26. In preparing the manufacturing account, if the market value of cost of production is higher than the actual cost of production, the difference represents
- A. Gross profit
  - B. Net loss
  - C. Net profit
  - D. Manufacturing profit
  - E. Manufacturing loss

27. Which of the following should **NOT** be credited to the statement of profit or loss?
- A. Reduction in the provision for doubtful debts
  - B. Irrecoverable debt recovered
  - C. Increase in the provision for doubtful debt
  - D. Discount received
  - E. Commission receive
28. In manufacturing account, the sum of direct material cost, direct labour cost and other direct costs represent the
- A. Factory overhead
  - B. Production overhead
  - C. Prime cost
  - D. Cost of production
  - E. Total cost of operation

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

	GH¢
Cost of raw materials	9,000
Manufacturing wages	5,200
Manufacturing overheads	4,600
Payment of royalties	1,600
Work in progress 1/1/2019	1,600
Work in progress 31/12/2019	600
Closing inventories of finished goods	900
Manufacturing goods transferred to Sales department at cost plus 25%	

29. Calculate the Prime Cost
- A. GH¢13,300
  - B. GH¢ 15,125
  - C. GH¢ 15,200
  - D. GH¢ 15,800
  - E. GH¢19,500

30. Calculate the manufacturing profit/loss

- A. GH¢ 3,725
- B. GH¢ 4,000
- C. GH¢ 4,100
- D. GH¢ 5,125
- E. GH¢ 5,350

**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. A business entity that has perpetual succession is called .....
2. The body responsible for developing International Financial Reporting standards is .....
3. An enterprise owned by and controlled by the government is called .....
4. Any company that has no Share Capital is called .....
5. Undistributed profits of companies over the years is referred to as .....
6. The economic resources of a business that are expected to bring immediate and future benefits to the business is .....
7. The concept that assumed that a business entity will continue in operation for the foreseeable future is .....
8. The accounting concept that justifies the charging to expense of the cost of a small bucket, though the bucket has a useful life of many years is referred to as .....
9. The book of original entry that can be described as a ledger is the .....



10. A document relating to goods returned by the buyer or refunds to him when the buyer has been overcharged is called .....
11. A plant cost ₦620,000 with five years life span. Its yearly depreciation is ₦120,000. The scrap value is .....
12. The document sent periodically, usually monthly by a seller to his customers showing the position of their accounts up to a certain date is called .....
13. A reduction in the invoiced price for goods that is usually given for bulk purchase and patronages is called .....
14. A dispenser which is designed to enable bank customers enjoy banking services without coming in contact with the Bank Teller is called .....
15. The total remuneration system whereby wages and salaries that is paid to each employee is dependent on his or her level of output, performance or services rendered is called .....
16. .... is the book in which errors made in a cash customer account is recorded, is called
17. .... is the book in which error made in the customer account will be recorded and make trial balance to disagree
18. The computer system that generates transactions in respect of purchase holding and issuing of inventories is called .....
19. The proportion of profit to sales is 20%, calculate the proportion of profit to the cost of sales
20. A computer system that connects incompatible networks is called .....

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

**QUESTION 1**

- a. "As part of developments in accounting profession, certain efforts have been made for the growth of the profession globally".

You are required to state **FIVE** developmental growth that can be identified so far. (5 Marks)

- b. i. Explain the term “business” (2½ Marks)
- ii. State the **THREE** main types of business and explain **TWO**. (5 Marks)
- (Total 12½ Marks)**

**QUESTION 2**

- a. i. Explain the concept of money measurement. (2½ Marks)
- ii. State **TWO** limitations of money measurement concept. (2 Marks)
- iii. Distinguish between entity and materiality concepts. (3 Marks)
- b. State **TWO** duties of the International Financial Reporting Interpretations Committee. (IFRIC). (5 Marks)
- (Total 12½ Marks)**

**QUESTION 3**

- a. Fill in the gaps to show the ledgers/accounts to be debited and credited respectively in the table below:

	Transactions	Account to be debited	Account to be credited
i.	The proprietor of a business introduced his personal car into his business		
ii.	The allowance for doubtful debts have been reduced		
iii.	Irrecoverable debts recovered		
iv.	Bought goods on credit from C. Kweku		
v.	Sold goods for cash		
vi.	Returned goods to C. Kweku		
vii.	Took cash and paid to the bank		
viii.	Paid rent by cheque		
ix.	Sales overcast		
x.	Goods sold on credit returned by the customer		

(10 Marks)

- b. List **FIVE** items that the bank may require from James Nkrumah who wishes to open a current account with the bank. (2½ Marks)
- (Total 12½ Marks)**

**QUESTION 4**

- a. i. State **TWO** characteristics of non-current assets. (2 Marks)
- ii. List **THREE** components of the cost of a non current asset (3 Marks)
- b. The following Trial balance was extracted from the books of Verona a trader as at December 31, 2019.

	DR Le (000)	CR Le(000)
Purchase and Sales	25,110	32,886
Capital		11,230
Discounts	580	440
Repairs to building	460	
Motor vehicle	540	
Car expenses	180	
Freehold land and building	5,400	
Balance at bank	320	
Furniture and fittings	800	
Wages and salaries	4,640	
Rates and insurance	140	
Irrecoverable debts	200	
Allowance for doubtful debts		80
Drawings	1,500	
Trade receivables and payables	2,600	2,200
General expenses	860	
Inventories	3,400	
Carriage inwards	106	
	<u>46,836</u>	<u>46,836</u>

**Additional information:**

- i. Inventories as at December 31, 2019 worth Le4,760,000
- ii. Wages and salaries in arrears Le160,000
- iii. General expenses in advance Le60,000
- iv. Depreciation on furniture and fittings Le50,000

**You are required to prepare:**

- a. The statement of Profit or Loss for the year ended 31 December 2019. (4½ Marks)
- b. The statement of Financial Position as at 31 December 2019. (3 Marks)
- (Total 12½ Marks)**

### QUESTION 5

Allah-Dey Enterprises controls his trade activities by drawing up the trade payables ledger control account in two parts (X and Y) on monthly basis.

The following figures are available at January 31, 2019 when there is a difference on the total balance.

	X	Y
	GH¢	GH¢
Jan 1 Balances b/f credit	184,000	136,000
Jan 1 Balances Debit	1,500	1,840
Jan 1 - 30 Purchases	1,145,120	173,720
Jan 1 – 31 Returns	110,000	16,520
Jan 1 – 31 Suppliers charges	12,000	1,440
Jan 1 – 31 Payment to suppliers	179,800	134,200
Jan 1 – 31 Discount received	14,200	11,800
Jan 31 Balance c/d Debit	1,500	1,320

The book-keeper in charge of the ledger X makes his accounts total GH¢1,037,120, while the clerk in charge of the Y ledger makes his ledger balances total GH¢168,120.

#### You are required to prepare:

- a. The **TWO** control accounts and determine if there is any discrepancy. (7½ Marks)
  - b. What is a source document? (2 Marks)
  - c. List **SIX** source documents that can be used to record transactions in total receivables control account. (3 Marks)
- (Total 12½ Marks)**

### QUESTION 6

- a.
  - i. Explain the term “cash” for the purpose of control account (2 Marks)
  - ii. State **THREE** reasons why it is expedient for a business manager to control cash in his entity (3 Marks)

- b. The following are the extracts of the payroll of Holly Bakery for the month of November 2019.

	N'000
Basic salary	10,000
Rent allowance	1,000
Transport allowance	600
Hazard allowance	800
	<u>12,400</u>
<u>Less</u> Statutory and other deductions	
Taxation	1,400
Staff loan	1,000
Private pension/social security	500
Co-operatives	<u>1,500</u>
Total	<u>4,400</u>
Net pay	<u><u>8,000</u></u>

From the above, you are required to raise journal entries to record the above payroll transactions for;

- i. Expense of payroll cost (3 Marks)  
ii. Making appropriate payroll payments (4½ Marks)
- (Total 12½ Marks)**

## **SOLUTIONS**

### **SECTION A**

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

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

Working Notes - MCQ

Q6. Computation of cost of goods sold

	₦	₦
Opening Inventory		40,000
<u>Add:</u> Purchases	100,000	
Carriages Inwards	<u>10,000</u>	
	110,000	
Less: Returns outwards	<u>15,000</u>	<u>95,000</u>
		135,000
Less: Closing Inventory		<u>20,000</u>
		<u>115,000</u>

Q7 Computation of gross profit

Revenue	₦250,000	
Less cost of goods sold	<u>₦115,000</u>	
	<u>₦135,000</u>	

Q12 Capital + liability = Assets

$$\begin{aligned}
 \text{₦}500,000 + \text{₦}25,000 &= \text{₦}300,000 + \text{₦}75,000 + X \\
 \text{₦}525,000 &= \text{₦}375,000 + X \\
 \text{₦}525,000 - \text{₦}375,000 &= X = \text{Inventory} \\
 \text{₦}150,000 &= \text{Inventory}
 \end{aligned}$$

15 Cash monthly float = N1,400 + N18,600  
= N20,000

16 Reimbursable expenses is the actual expenses to

be paid for in the month = N17,200

23 Computation of the Bonus allowance using Rowan plan

$$\frac{60}{500} \times N440 \times N30 = \text{GMD } 1,584$$

29 Prime Cost = GH9000 + GH15200 + GH1600  
= GH¢ 15800

30 Prime Cost + over head + Net Work in progress

$$\text{GH } 15800 + \text{GH¢ } 4600 + \text{GH¢ } 1000$$

$$= \text{GH¢ } 21400 \text{ cost}$$

Sales/Revenue - Cost of manufactured goods

$$1.25 \times 21400 - \text{GH}21400$$

$$\text{GH¢ } 26750 - \text{GH¢ } 21400$$

$$= \text{GH¢ } 5350$$

### **EXAMINER'S REPORTS (MCQ)**

The question tests candidates' knowledge on various aspects of the syllabus. All the candidates attempted the question and their performance was good.

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

Candidates' are advised to always prepare well for the future examination.

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

#### **SOLUTIONS**

1. Limited Liability Company
2. IASB (INTERNATIONAL ACCOUNTING STANDARD BOARD)
3. Public Enterprise/Utility/Corporation
4. Limited by Guarantee
5. Retained Earnings
6. Assets
7. Going Concern



8. Materiality
9. Cash book
10. Credit Note
11. ~~N~~20,000
12. Statement of Account
13. Quantity/Trade Discount
14. Automated Teller Machine (ATM)
15. Performance Related System
16. Cash over/short
17. Bonus
18. Inventory sub-system
19. 25%
20. Gateway

**WORKING NOTES FOR SAQ**

**Q11**            Depreciation =  $\frac{\text{Cost} - \text{Scrap value}}{\text{Life span}}$

$$120,000 = \frac{620,000 - X}{5}$$

$$600,000 = 620,000 - X$$

$$X = 620,000 - 600,000$$

$$X = \text{N}20,000$$

**19**            Margin = 20%

$$\text{Mark-up} = \frac{20}{100-20} = \frac{20}{80} = \frac{1}{4} = 25\%$$

## EXAMINER'S REPORT (SAQ)

The question tests candidates' knowledge on some areas of the syllabus. All the candidates attempted the question and their performance was good.

Candidates' major pitfall was their inability to get the answers to some questions correctly. They are advised to prepare very well for the future examination.

### SOLUTION TO QUESTION ONE

a) The following are the developmental growth so far;

- Development of Generally Accepted Accounting Principles (GAAP)
- Continues review of GAAP
- Development of Accounting Standards to treat major finance, business and accounting challenging areas
- Development of new methods to separate ownership of a business organization from the management
- Putting in place both softwares and hardwares for easy accounting process in order to aids preparation of firm's final accounts
- Establishment of Accounting Professional bodies all over the world
- Creating and promoting interrelationship among Accounting Professional Bodies
- Training and Development of potential Accountants and qualified Accountants in order to meet the environment and economic dynamism

b(i) A business is a commercial outfit which sells goods or provide services with the motive for profit. 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

(ii) Types of business enterprises;

- Sole Proprietorship
- Partnership
- Limited liability company.

**Sole-proprietorship:** It is a business owned by an individual. He bears the responsibility for running the business and he alone takes the profits or loss. The sole-proprietorship is not regulated by special rules of law.

- b **Partnership** are businesses that subsists between two or more persons who contribute finance and technical knowledge in order to share the risks and rewards. Partnership are formed with the view to making profits.
- c **A Limited Liability company** is a form of business entity that has a personality distinct from those of the owners. The attraction of this form of business enterprise is its access to capital larger than what its promoters can provide. Because of its distinct legal personality, it can sue and be sued in its name and enter into contracts for which it is solely liable.

## EXAMINER'S REPORT

The question tests candidates' knowledge on accounting his forecast development of accounting in Nigeria and also tests their knowledge on business accept. About 60% of the candidates attempted the question and their performance was poor in part (a) of the question and good in the part (b).

Candidate's major pitfall was their poor understanding of the part (a) of the question.

Candidates are advised to prepare well for future examination.

## SOLUTION 2

- a (i) Money serves as the common denominator for measuring the various assets and liabilities of an entity, therefore accounting transactions are expected in monetary values. e.g Naira and the cedis represent unit of value which have the ability to command goods and services in Nigeria and Ghana respectively.
- (ii) The following are the limitations of money measurement concept;
- The value of money does not always remain stable particularly in an inflationary economy.
  - Another limitation is the value of money today is greater than the value of money in any future time, due to cost of funds
  - There are some activities of an organization that are not recorded because monetary value cannot be attached to them. e.g good management, employees' morale etc. Business.
- (iii) **Business Entity Concept:** in legal sense, businesses are regarded as legal entities separate from their owners. In accounting, however, all forms of businesses are regarded as being separate from their owners.
- Materiality:** The principles of materiality holds that financial statements should separately disclose items which are significant enough to affect evaluation or decision. It refers to the relative importance of an item; Therefore some level of judgment may be required in determining what is

material to an organization as what is material to a sole trader may be immaterial to a big company.

- b The duties and role of International Financial Reporting Interpretations Committee are;
- (i) Interpreting the application of IFRSs and providing timely guidance on financial reporting issues not specifically addressed in IFRS, in the context of the IASB's framework and undertaking other tasks at the request of the IASB.
  - (ii) In carrying out its work under (i) above, have regard to the IASB's objective of working actively with national standard-setters to bring about convergence of national accounting standards and IFRS to high quality solution
  - (iii) Publishing after clearance by the IASB draft interpretations for public comments and consider comments made within a reasonable period before finalizing its interpretation
  - (iv) Reporting to the IASB and obtaining the approval of nine of its members for final interpretation if there are fewer than sixteen members or by ten of its members if up to sixteen members.

### EXAMINER'S REPORT

The question tests candidates' knowledge on accounting concepts and conventions and their limitations. About 5% of the candidates attempted the question and their performance was average.

Candidate's major pitfall was their poor understanding of the question's requirements. Candidates are advised to cover the syllabus very well before writing future examination.

### SOLUTION 3

(a)

TRANSACTIONS	ACCOUNT TO BE DEBITED	ACCOUNT TO BE CREDITED
i	Motor vehicles/car	Capital
ii	provisions for doubtful debt	Profit or loss
iii	Cash/Bank	Profit or loss or debits recoverable debit recovered
iv	Purchases/Inventory	C. Kweku/Creditor/payable
v	Cash	Sales/Revenue
vi	Payable/creditor/C. Kweku	Returns/onward/Purchases Returns
vii	Bank	Cash
viii	Rent	Bank
ix	Sales/Revenue	Suspense
X	Sales Return/Returns inward	Debtor/Trade Receivable

(b) Items to be requested by bank from the customer are

- i Completion and submission of an account opening form
- ii Two or more reference letters from bank customers
- iii Complete mandate cards
- iv Two or more pass port photographs
- v Utility Bills
- vi Tax personal identification number (TIN)
- vii Acceptable means of identification

### **EXAMINER'S REPORT**

The question tests candidates' knowledge on the principle of double-entry and requirements for opening a bank account. About 65% of the candidates attempted the question and their performance was average.

Candidates major pitfall was their poor understanding of the rule of double entry. Candidates are advised to prepare well for the future examination.

### **SOLUTION 4**

- a (i) Characteristic of Noncurrent assets are;
  - They are tangible assets that can be touched.
  - They are subject to depreciation through the wear and tear of the assets.
  - Their life span spread more than one year
  - They are used for the purpose of business.
  - The amount involved to acquire the assets are usually large.
  
- (ii) Components of the cost of a non-current assets;
  - Purchase price of non-current assets
  - Extension or any improvement of a permanent nature to any such assets
  - Legal fees of acquiring land or building.
  - The cost incurred in bringing any non-current assets to its present location.
  - Any other costs that must be incurred in getting the non-current assets ready for its intended use.

VERONICA:

b. STATEMENT OF PROFIT OR LOSS FOR PERIOD ENED DECEMBER 31, 2019

	Le (000)	Le (000)'	Le (000)
Sales			32,886
<u>Less</u> Cost of Sales:			
Opening inventories		3400	
Purchases	25110		
Carriage	<u>106</u>	<u>25,216</u>	
		28,216	
Closing inventories		<u>4,760</u>	
			<u>23,856</u>
Gross Profit			9030
Discounts			<u>440</u>
			9470
<u>Less</u> Expenses: Discounts		580	
Repairs to building		460	
Car expenses		180	
Wages and salaries (4640+160)		4800	
Rates and Insurance		140	
Bad debts		200	
Gen. expenses (860-60)		800	
Depreciation: (F & F)		<u>50</u>	
			<u>7210</u>
Net Profit			<u>2260</u>

**VERONICA:**

**ii STATEMENT OF FIANCIAL POSITION AS AT DECEMBER 31, 2019**

	COST Le (000)	DEP Le (000)	BOOK VALUE Le (000)
Non current assets			
Freehold land & Building	5400	-	5400
Moto vehicle	540	-	540
Furniture & fittings	<u>800</u>	<u>(50)</u>	<u>750</u>
	<u>6740</u>	<u>(50)</u>	6690
Current assets:			
Inventories		4760	
Receivables (2600-80)		2520	
Prepaid (Gen exp)		60	
Bank balance		320	
			<u>7660</u>
			<u>14,350</u>
Financed by			
Capital			11230
Add Profit			<u>2260</u>
			13490
Less Drawings			<u>1500</u>
			11990
Current Liabilities			
Trade Payables		2200	
Accruals		<u>160</u>	
			<u>2360</u>
			<u>14,350</u>

**EXAMINER'S REPORT**

The question tests candidates' knowledge on the features of non-current assets and their ability to prepare simple final account,. About 75% of the candidates attempted the question and their performance was above average.

Candidates' major pitfall was their poor understanding of preparation of simple final account. Candidates are advised, to prepare well for the future examination.

**SOLUTION 5**

**ALLAH DEY ENTERPRISES  
(X)**

(a) **TRADE PAYABLES LEDGER CONTROL ACCOUNT**

	₹		₹
Balances b/d	1,500	Balance b/d	184,000
Returns	110,000	Purchases	1,145,120
Discounts	14,200	Charges	12,000
Bank	179,800	Bal c/d	1,500
Balance c/d	<u>1,037,120</u>		
	<u>1,342,620</u>		<u>1,342,620</u>
Balance b/d	1,500	Balance b/d	1,037,120

ii) **TRADE PAYABLE LEDGER CONTROL ACCOUNT**

	₹		₹
Balance b/d	1,840	Balance b/d	136,000
Bank	134,200	Purchases	173,720
Discounts	11,800	Charges	1,440
Returns	16,520		
Balance c/d	<u>148,120</u>	Balance c/d	<u>1320</u>
	<u>312,480</u>		<u>312,480</u>
Balance b/d	1320	Balance b/d	748,120

**Comment** The control Account revealed that there is a difference of ₹ 20,000 between the control account for Y ledger (₹ 168120) given by the book-keeper in charge of ledger Y and what was computed above by ₹ 20,000 (₹168120 – (₹148120))

(b) A source document is any document or manuscript or otherwise that must be in writing that evidenced the occurrence of a business transaction and gives the basis for which an accounting entry has to be raised. It is usually attached to vouchers or kept in some secured files as supporting documents, evidencing the financial transactions of the business.



ii) Documents that can be used to record receivables in total receivables control account are;

- Sales invoices
- Credit Notes
- Debit Notes
- Payment vouchers
- Petty cash vouchers
- Bank pay-in-slips
- Receipts
- Monthly bank statements
- Cheque stubs

### EXAMINER'S REPORT

The question tests candidates' knowledge on ledger control account and explanation of source-documents. About 60% of the candidates attempted the question and their performance was average. Candidates major pitfall was their poor understanding of how to prepare ledger control account. Candidates are advised to practice many questions before sitting for future examination.

### SOLUTION 6

a (i) Cash is defined to include cheques, money-order, coins and paper money that a bank accepts for immediate deposit from a customer and can be used to transact business. Cash is the asset most susceptible to loss through theft and other means.

(ii) The need for control over cash are;

- There will be accurate accounting for cash transactions.
- Management will maintain sufficient amount of cash at all times.
- Management will not keep excessive cash rather they will invest idle cash in profitable ventures.
- It will prevent losses of cash from fraud or theft
- It will save employees from unnecessary suspicion and harassment that result from losses of cash through fraud and theft.

b Holly Bakery. Journal entries to expense the payroll.

	DR	CR
	₦	₦
Salaries and Wages	12,400,000	
Deduction: Taxation		1,400,000

Staff loan	1,000,000
Staff pension	500,000
Cooperative Due	1,500,000
Salary Net Payables	8,000,000
Being staff salaries and wages for the month of November 2019	

ii. Journal entries to make appropriate payroll payments.

	DR	CR
	₦	₦
Net Salaries Payables	8,000,000	
P.A.Y.E	1,400,000	
Staff advanced loan	1,000,000	
Pension	500,000	
Cooperative Societies	1,500,000	
Bank		12,400,000
Being payments through Banks and fund transfers for the payments of staff salaries and deductions for the month of November 2019		

### EXAMINER'S REPORT

The question tests candidate's knowledge on accounting entries for pay roll and cash and reasons for its control. About 10% of the candidates attempted the question and their performance was poor.

Candidate's major pitfall was their understanding of accounting for payroll and re some for cash control.

Candidates are advised to prepare very well for the future examination.

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

**ECONOMICS**

**Time Allowed: 3 hours**

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

**ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1. The following are functions of any economic system, **EXCEPT**
  - A. Economic stability
  - B. Allocation of resources
  - C. Organisation of production
  - D. Distribution of goods and services
  - E. Production efficiency and equity
  
2. Which of the following is **NOT** a source of funding for a partnership?
  - A. Contribution from members
  - B. Benefit from credit facilities
  - C. Re-investment of profits
  - D. Issuance of shares
  - E. Borrowing from financial institutions
  
3. The reorganisation of a public entity to make it self-accounting outside of government support is
  - A. Commercialisation
  - B. Privatisation
  - C. Nationalisation
  - D. Indigenisation
  - E. Industrialisation
  
4. Which of the following is **NOT** a feature of a private joint-stock company?
  - A. Membership ranges between 2 to 50
  - B. Larger capital compared to partnership
  - C. Shareholders enjoy profit earned
  - D. Sell shares to the public to raise funds
  - E. Only shareholders contribute funds as shares

5. Which of the following is **NOT** a good attribute of division of labour?
- A. Development of greater skills by workers
  - B. Increase in productivity
  - C. Monotony of work
  - D. Saving of time
  - E. Increased use of machines and equipment
6. When the co-efficient of cross price elasticity of demand for two commodities is negative, both products are
- A. Normal goods
  - B. Complementary goods
  - C. Substitute goods
  - D. Inferior goods
  - E. Abnormal goods
7. A complete shift of the demand curve is caused by the following, **EXCEPT** change with the
- A. Consumer's taste
  - B. Consumer's income
  - C. Price of close substitute
  - D. Commodity's own price
  - E. Consumer's expectations
8. The following are likely consequences of government fixing minimum wage above equilibrium wage rate, **EXCEPT**
- A. Excess supply of labour
  - B. Unemployment will worsen
  - C. Higher living standards for workers who retained their jobs
  - D. Emergence of new employment opportunities
  - E. Higher wage rate for workers not retrenched
9. The Marginal Utility is zero when Total Utility is
- A. Zero
  - B. Positive
  - C. Negative
  - D. At the maximum point
  - E. At the minimum point
10. The indifference map concept illustrates the
- A. Consumer's budget constraint
  - B. Consumer's preferences
  - C. Relative price of two goods
  - D. Marginal propensity to consume
  - E. Marginal rate of substitution

11. Which of the following is **NOT TRUE** for short-run profit maximisation position of a firm in perfectly competitive market?
- A.  $MC = AR$
  - B.  $MR = MC$
  - C.  $AC = MC$
  - D.  $MC = \text{Price}$
  - E.  $MR = MC = \text{Price}$
12. A market structure in which many firms sell products that are similar but **NOT** identical is
- A. Monopoly
  - B. Monopolistic competition
  - C. Oligopoly
  - D. Perfect competition
  - E. Duopoly
13. When the total revenue of a monopolistic competitive firm is at the maximum, marginal revenue is
- A. At the maximum
  - B. Negative
  - C. Zero
  - D. Positive
  - E. Constant
14. Which of the following is a major reason for the establishment of Economic Community of West African States (ECOWAS)?
- A. Promotion of international monetary cooperation
  - B. Promotion of economic progress of member countries
  - C. Monitoring the outflow of foreign exchange in the sub-region
  - D. Assisting member countries to overcome their balance of payments difficulties
  - E. Encouraging member countries to pursue their independent trade policies
15. A member of the World Bank Group established to promote the growth of productive private enterprises in the developing countries is
- A. International Monetary Fund (IMF)
  - B. World Trade Organisation (WTO)
  - C. International Development Association (IDA)
  - D. International Financial Corporation (IFC)
  - E. Multilateral investment Guarantee Agency (MIGA)

16. The difference between the Gross Domestic Product (GDP) and the Gross National Product (GNP) is
- A. Net exports
  - B. Transfer payments
  - C. Consumption of fixed capital
  - D. Net National Product (NNP)
  - E. Net Factor Income from Abroad

**Use the information below to answer questions 17 and 18 (all information are in Le\$ million)**

Given the consumption expenditure,  $C=500 + 0.75Y$  and the investment expenditure,  $I = 25$ , for a closed non-government economy.

17. The equilibrium National Income is
- A. Le\$750,000 million
  - B. Le\$102,500 million
  - C. Le\$100,250 million
  - D. Le\$2,100 million
  - E. Le\$2,010 million
18. The marginal propensity to save (MPS) is
- A. 0.75
  - B. 0.70
  - C. 0.57
  - D. 0.52
  - E. 0.25
19. Economic growth is the
- A. Growth in the nation's life population
  - B. Increase in the nation's population
  - C. Rate of increase in aggregate demand in a country
  - D. Sustained increase in a country's level of real output
  - E. Rate of increase in a nation's total infrastructure
20. Which of the following is **NOT** a characteristic of less developing countries?
- A. Low per capita-income
  - B. Small agricultural sector
  - C. Low savings rate
  - D. Rapid population growth rate
  - E. Low level of literacy

21. Supply of money is the
- A. Amount of money printed daily by the government
  - B. Money in circulation plus bank deposits
  - C. Amount of money in circulation minus bank deposits
  - D. Total money paid by buyers of commodities
  - E. Amount of money in the Central Bank's vault
22. Which of the following is **NOT** a form of money?
- A. Savings deposit
  - B. Demand deposits
  - C. Bank teller
  - D. Currency
  - E. Coins
23. Which of the following functions of money makes it possible for any person to provide for old age?
- A. Medium of exchange
  - B. Store of value
  - C. Measure of value
  - D. Unit of account
  - E. Standard of deferred payment
24. A tax system in which the percentage of income paid as tax varies directly with the level of income is called
- A. Proportional tax
  - B. Regressive tax
  - C. Progressive tax
  - D. Income tax
  - E. Tax rate
25. The use of government revenue and expenditure to achieve desired macroeconomic objectives is known as
- A. Physical policy
  - B. Fiscal policy
  - C. Monetary policy
  - D. Interest rate policy
  - E. Commercial policy

26. Public expenditure on education and health is known as
- A. General services
  - B. Social services
  - C. Commercial services
  - D. Economic services
  - E. Political services
27. Inflation caused by rapid growth of money supply is classified as
- A. Cost - push inflation
  - B. Demand -pull inflation
  - C. Creeping inflation
  - D. Mark-up inflation
  - E. Stagflation
28. The quantitative restrictions on volume of imports is called
- A. Quotas
  - B. Exchange control
  - C. Tariffs
  - D. Anti-dumping legislations
  - E. Subsidy
29. Which of the following is **NOT** an item in the current account component of the Balance of Payment statement
- A. Merchandise export
  - B. Merchandise import
  - C. Service income
  - D. Unrequited transfers
  - E. Amortisation
30. The theory of comparative cost advantage was pioneered by
- A. Adam Smith
  - B. Alfred Marshall
  - C. Thomas Malthus
  - D. David Ricardo
  - E. Paul Samuelson



**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. A business organisation which is owned and controlled by the government is called.....
2. The production period within which all inputs are variable is termed.....
3. The process of transferring ownership and control of publicly-owned enterprise from government to a private company is called.....
4. Suggestion of what action should be taken by the government to curb inflation belongs to a type of economic analysis called.....
5. The price at which there is no excess demand or excess supply is called .....
6. A commodity whose demand decreases as consumer income increases is a/an.....
7. A line showing various combinations of two goods that the consumer can afford given his money income and the prevailing market prices of the two goods is.....
8. In the long run, a perfectly competitive firm makes .....profit
9. The practice of a firm charging more than one price for different units of a single product is called .....
10. An organ of African Development Bank (AFDB) group established to provide soft loan window to member countries is .....
11. The difference between Personal Income and Personal Disposable Income is .....
12. Given the savings function  $S = -40 + 0.2Y$ , the investment multiplier is .....
13. Economic growth accompanied by positive changes over a period of time results into.....
14. The principle of taxation which linked the tax burden directly to individual's financial position is known as.....

15. The appropriate type of budget adopted by the government to stimulate economic growth during recession is .....
16. The activities of the stock exchange market is controlled by .....
17. The desire to hold money to meet the daily needs of an individual is.....
18. A situation where the price index of a country's visible exports exceed the price index of her visible imports is known as .....
19. The exchange rate regime under which the external value of a currency is determined by the forces of demand and supply is called.....
20. The type of unemployment for people who are actively searching for new employment is .....

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

**PART 1**

**MICROECONOMICS**

**ATTEMPT TWO QUESTIONS**

**QUESTION 1**

- a. Discuss the view that “economics is a social science concerned with how society allocates scarce resources among competing uses”. (7½ Marks)
- b. Explain briefly the following basic economic concepts:
  - i. Scale of Preference (2½ Marks)
  - ii. Opportunity Cost (2½ Marks)

**(Total 12½ Marks)**

**QUESTION 2**

- a. Define the following:
  - i. Price elasticity of demand (1½ Marks)
  - ii. Income elasticity of demand (1½ Marks)
- b. The following equation represents a consumer's demand function for fish  
 $Q_f = 2000 - 2P_f + 3P_b + 0.02Y$

Where  $Q_f$  = quantity of fish demanded  
 $P_f$  = Price per 1 kg of fish  
 $P_b$  = Price per 1 kg of beef  
 $Y$  = Consumer's income  
 Given  $P_f = \text{₦}900$ ,  $P_b = \text{₦}500$  and  $Y = \text{₦}10,000$

**You are required to calculate:**

- i. The quantity of fish ( $Q_f$ ) demanded by the consumer.
- ii. The price elasticity of demand ( $E_p$ ) for fish and interpret your result.
- iii. The income elasticity of demand ( $E_y$ ) for fish and interpret your result.
- iv. The cross price elasticity of demand for fish with respect to the price of beef ( $E_{fb}$ ) and state the relationship between fish and beef.

(9½ Marks)

**(Total 12½ Marks)**

**QUESTION 3**

- a. Distinguish between the terms “production” and “production function”.  
(5 Marks)
- b. Explain the **THREE** main types of production  
(7½ Marks)

**(Total 12½ Marks)**

**PART II**

**MACROECONOMICS**

**ATTEMPT TWO QUESTIONS**

**QUESTION 4**

- a. Explain briefly the **THREE** main methods of measuring National Income.  
(7½ Marks)
- b. Distinguish clearly between Gross National Product (GNP) and the Net National Product (NNP).  
(5 Marks)

**(Total 12½ Marks)**

**QUESTION 5**

- a. Explain the role of money in any modern economy.  
(8 Marks)
- b. For anything to serve as money in any modern society, it must possess a number of attributes. Highlight **THREE** of these attributes.  
(4½ Marks)

**(Total 12½ Marks)**

## QUESTION 6

- a. Distinguish between Recurrent Expenditure and Capital Expenditure.  
(5 Marks)
- b. Explain **THREE** reasons why government expenditures in West African Countries have been on the increase in recent times.  
(7<sup>1</sup>/<sub>2</sub> Marks)
- (Total 12<sup>1</sup>/<sub>2</sub> Marks)**

## SOLUTIONS

### SECTION A: PART I

#### Multiple Choice Questions (MCQ) SOLUTIONS

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

## Examiners' Report

The questions in this part were drawn from virtually all the topics in the syllabus and the candidates were instructed to attempt all. About 56% of the candidates scored at least 50% of the total marks allocated to this part. A good coverage of the entire syllabus is required for candidates to score well in this part.

## SECTION A: PART II

### Short – Answer Questions – SOLUTIONS

1. Public Corporation or Public Enterprise
2. Long-run
3. Privatisation
4. Normative economics
5. Equilibrium price or Market price
6. Inferior good
7. Budget line
8. Zero economic profit or Normal profit
9. Price discrimination
10. African Development Fund (ADF)
11. Personal Taxes or Personal Income Taxes
12. 5
13. Economic Development
14. Ability-to-pay
15. Deficit Budget
16. Securities and Exchange Commission (SEC)
17. Transactions motive
18. Favourable terms of trade
19. Floating/Flexible exchange rate system
20. Frictional unemployment

## Examiners' Report

This part of the paper is also compulsory. The questions were fairly drawn from the two main branches of economics (micro economics and macro economics) and about 50% of the candidates scored pass marks.

### QUESTION 1 SOLUTION

(a)

- Economics is a **social science** because it adopts **scientific method** to study **human behaviours** concerning the production, distribution and consumption of goods and services.

- **The society** is made of people as individuals, businesses and government with diverse objectives.
- **Resources or factors of production** – land, labour, capital and entrepreneurship which are combined to produce goods or provide services.
- **Scarce resources** implies that the resources are limited in supply in relation to the unlimited human wants.

Therefore, the amount of goods and services that can be produced are inadequate to meet human wants.

- **Competing uses** implies that the available resources have alternative uses. Once some resources are used in one line of production, such resources cannot be available in another line of production. This leads to the problem of choice.

(b i) **Scale of Preference** can be defined as the list of wants or needs that are arranged in order of relative importance or priority. In this case, the most pressing needs or wants are placed on top of the list while the less important needs are at the bottom of the list. For example, if an individual has the following items on the list:

Computer	-	₦400
Mobile phone	-	₦200
Pair of shoes	-	₦80
MP3 player	-	₦30
Bag	-	₦100

If the individual person had only ₦600 to spend, he would be able to purchase computer and the mobile phone only.

(ii) **Opportunity cost** of anything is the best alternative thing forgone when a choice is made. For example, if an individual has N1million and desires to buy a car or travel to USA, but his money income is only enough to either buy a car or travel to USA. If he eventually bought a car, the opportunity cost of the car purchased is the travelling to USA forgone.

### Examiners' Report

The question is about interpretation of a given definition of economics and explanation of two basic economic concepts of scale of preference and opportunity cost. Only about 30% of the candidates attempted the question and about 70% of them scored below average mark. The common pitfall is inability of the candidates to explain why economics is regarded as a social science, and the phrases, scarce resources and competing uses of resources.

## QUESTION 2 SOLUTION

- (ai) **Price elasticity of demand (Ep)** is a measure of the responsiveness of quantity demanded of a good or service to a given change in its own price. 1 mark

This can be simply expressed as:

$$E_p = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in price}}$$

Or

$$E_p = \frac{\% \Delta \text{ quantity demanded}}{\% \Delta \text{ price}}$$

Or

$$E_p = \frac{\partial Q}{\partial P} \times \frac{P}{Q}$$

- (ii) **Income elasticity of demand (Ey)** is a measure of the degree of responsiveness of quantity demanded of a good or service to a given change in the consumer's income. 1 mark

This can be simply expressed as:

$$E_y = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in income}}$$

Or

$$E_y = \frac{\partial Q}{\partial Y} \times \frac{Y}{Q}$$

- (bi) **The quantity of fish demanded ( $Q_f$ ) by the consumer is:**

$$\begin{aligned} Q_f &= 2000 - 2(900) + 3(500) + 0.02(10000) \\ &= 2000 - 1800 + 1500 + 200 \\ &= 2000 - 100 \end{aligned}$$

$$\therefore Q_f = \underline{1900} \text{ units}$$

- (ii) **Price elasticity of demand for fish is**

$$E_{p_f} = - \frac{\partial Q_f}{\partial P_f} \cdot \frac{P_f}{Q_f}$$

$$= -(-2) \cdot \frac{900}{1900}$$

$$= 2 \times 0.4737$$

$$= 0.9474$$

$$\cong \underline{0.95}$$

**Interpretation;**

Since  $E_{p_f} = 0.95$ , that is  $0 < E_{p_f} < 1$ , then demand for fish is price inelastic.

(iii) **Income elasticity of demand for fish ( $E_y$ )**

$$E_y = \frac{\partial Q}{\partial y} \times \frac{y}{Q_f}$$

$$= 0.02 \times \frac{10000}{1900}$$

$$= 0.02 \times 5.26$$

$$= 0.1052$$

$$\cong \underline{0.11}$$

**Interpretation:**

The coefficient of income elasticity of demand is less than 1, that is  $0 < E_y < 1$ . Therefore, demand for fish is income inelastic.

(iv) **Gross price elasticity of demand ( $E_{fb}$ )**

$$E_{fb} = \frac{\partial Q_f}{\partial P_b} \cdot \frac{P_b}{Q_f}$$

$$= 3 \times \frac{500}{1900}$$

$$= 3 \times 0.2631$$

$$= 0.7893$$

$$\cong \underline{0.79}$$

**Interpretation:**



Since the coefficient of cross price elasticity of demand for fish with respect to the price of beef is positive, then the two goods are substitutes.

### Examiners' Report

This question tested candidates' knowledge of the concepts of price elasticity of demand, income elasticity of demand and cross – price elasticity of demand, including their computations and interpretation of the coefficients. About 30% of the candidates attempted the question while less than 45% of them scored at least 50% of the total marks allocated. Poor knowledge of calculation and interpretation of elasticity of demand coefficients was generally responsible for the poor performance of candidates in this question.

## SECTION B:

### QUESTION 3 SOLUTION

- (a) **Production** is a process that transforms factors of production or inputs into output of goods or services. It is the act of creating an output, a good or service which contributes to the utility of individuals or economic agents.

**Production function** is a technical relationship between quantities of inputs and outputs of goods or services.

A typical production function may be expressed as  $Q = f(L, K)$ .

- (b i) **Primary Production:** It is the extraction of raw materials from their natural sources. Primary production activities include mining, quarrying, farming, forestry, hunting and fishing.
- (ii) **Secondary Production:** It is the transformation of extractive materials into intermediate , semi-finished or final goods. Examples of secondary production include the transformation of cotton to textile, flour to bread and so on.
- (iii) **Tertiary Production:** It refers to the provision of services. Examples include health care, education, legal, banking, insurance, transportation and so on.

### Examiners' Report

The question on production is straight forward and was attempted by about 95% of the candidates. About 68% of the candidates who attempted the question scored pass marks.

## QUESTION 4 SOLUTION

(a) The three main methods of measuring National Income are:

- (i) Income method
- (ii) Output method
- (iii) expenditure method

(i) **Income method:** This method takes into consideration all incomes received by individuals, firms and the government agencies within a year in an economy. The incomes received are in form of rents, wages, salary, interest and profits. The GDP obtained using this approach is known as the GDP at factor cost. To avoid double counting using this approach, all forms of transfer payments are excluded.

(ii) **Output method:** This is also known as the Net Product Method. To arrive at the GDP using this approach, the value-added at each stage of production in both the real sector and the service sector are added together. The sum of values gives the GDP at current factor cost. The approach measures the national income by adding up the values of the net contribution of the various sectors or enterprises in an economy, using the Value Added Approach. To avoid double counting cost of raw materials or intermediate products should be excluded.

(iii) **Expenditure method:** This approach aggregates all spendings on goods and services by all the economic agents (households, firms and government) in an economy. The GDP obtained via this approach sums up household expenditure, investment expenditure by firms and government purchases of goods and services. By this method,  
$$\text{GDP} = C + I + G + (X - M)$$

Where:

C = private consumption expenditure

I = firms investment expenditure

G = Government spending or purchases

X = Exports

M = Imports

(X - M) = Net Exports

To avoid double counting in this approach, only expenditure on final goods and services are included, while all expenditures on intermediate goods are excluded.

(b) **Gross National Product (GNP)** is the total monetary value of goods and services produced by the citizens or nationals of a country whether they reside in the

country or they reside abroad. It excludes the income earned by foreigners in the country.

$GNP = GDP + \text{Net factor income from abroad}$  where Net factor income from abroad is the difference between the income earned by foreigners in the country and incomes earned by citizen abroad.

The Net National Product (NNP) is the GNP less capital consumption allowance (fixed capital consumption or depreciation). Therefore  $NNP = GNP \text{ minus Depreciation}$ .

### Examiners' Report

This is a straight forward question on national income accounting. About 40 % of the candidates attempted the question and the success rate is about 25%. Candidates are advised to attach importance to every topic in the syllabus.

### QUESTION 5 SOLUTION

- (a) The role of money in any modern society include the following:
- (i) **Medium of exchange:** Money is given in payments and taken in exchange for goods and services. Thus, it facilitates the exchange of goods and services. This enables man to overcome the problem of double coincidence of wants associated with trade by barter.
  - (ii) **Unit of Account/Measure of value:** It serves as a unit of account in terms of which the values of goods and services are measured and recorded. This helps in solving the problem of barter which relates to the determination of exchange rate between different goods.
  - (iii) **Store of Value:** Money is a good store of value because it provides the purchasing power that can be used to meet future needs of goods and services. This has equally solved the problem of storage facility in barter trade.
  - (iv) **Standard of deferred payments:** Money makes it possible for people to enter into contracts, such as lending, borrowing and enjoyment of services for fixed amount payable at a future date.
- (b) Anything that serves as money should possess the following attributes or characteristics.
- (i) **General Acceptability:** Money must be generally acceptable by all economic agents in the country. People must have confidence in the

currency being used and be ready to accept it in payment for goods and services and settlement of debts.

- (ii) **Durability:** Money should be able to last long for a period of time without losing its value or getting spoilt.
- (iii) **Divisibility:** Money should be divisible and available in units to facilitate the purchase and sale of goods and services over a wide range of prices.
- (iv) **Portability:** Money should be easy and convenient to carry about for possible transactions from one place to the another.
- (v) **Homogeneity:** It must be the same in all respects i.e identical everywhere in the country.
- (vi) **Relatively scarce:** Its supply must be relatively scarce so as to protect its value.
- (vii) **Stability:** The value of money must be stable over a given period of time for it to serve its function in business production, lending and borrowing effectively.

### **Examiners' Report**

This question explored candidates' understanding of the role and features of money in every modern society. About 96% of the candidates attempted the question while about 70% of them scored pass marks.

### **QUESTION 6 SOLUTION**

- (a) **Recurrent expenditures** are expenses incurred in the maintenance of government's administrative machinery. Examples of recurrent expenditure include salaries and wages of public servants and members of armed forces, interest on public debts, transport expenses, stationery, etc.

**Capital expenditures** are expenses on developmental projects that enhance the productive capacity of the economy as well as improve the general standard of living of the people. Examples are expenses on the construction of roads, bridges, schools, hospitals, etc.

- (b) Reasons for the increasing government expenditures in most West African countries:

- (i) **Increasing population:** As the population increases, the needs of the people requiring the government to supply increase. Such needs or amenities are schools, hospital, recreational facilities, etc.
- (ii) **Inflation:** Government expenditure usually exhibits a rising trend because of rising price level over time. For example, items of government expenditure become more expensive and contracts and salaries are periodically reviewed upward in line with inflation rate.
- (iii) **Growth in National income:** the increase in government expenditure is positively related to National income.
- (iv) **Crisis and wars:** It costs more to resolve crisis and also to prosecute wars e.g civil and insurgency wars in Nigeria, Liberia, Sierra Leone, etc.
- (v) **Development projects:** After independence, most African governments embarked on development projects like roads, airports, dams, electricity that increased their expenditures.
- (vi) **Public debt servicing:** The servicing of both domestic and external public debts requires large payments of interest and principal as they fall due.
- (vii) **Increased Urbanisation:** Increasing rate of rural - urban migration of people translates into increasing demand for social amenities such as roads, water supply, electricity, and consequently an increase in government expenditure.
- (viii) **Changing political and bureaucratic structure:** Using Nigeria experience, the various changes in the administrative and bureaucratic structure of the country from four regional structure to thirty-six states and the Federal Capital territory (FCT) leads to an upsurge in government expenditure.

### **Examiners' Report**

This question on public finance was attempted by about 70% of the candidates. About 48% of them scored at least half of the total marks allocated to the question. The inability of most of the candidates to clearly explain the reasons why government expenditures in West African countries have been rising explained why they scored below average mark.

On a general note, candidates are advised to make good use of the ICAN study pack and the books recommended in the syllabus, as well as ensure effective coverage of the syllabus.

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

**BUSINESS LAW**

**SECTION A: PART I**                      **Time Allowed: 3 hours**  
**MULTIPLE-CHOICE QUESTIONS**                      **(30 Marks)**

**ATTEMPT ALL QUESTIONS**

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

1. When the constitution of a country is said to be rigid, this means the constitution is
  - A. Fluid
  - B. Written and cannot be changed or amended easily
  - C. Flexible
  - D. Supreme
  - E. Unwritten
  
2. The system of government whereby powers of government have been divided between one level of government and another is called
  - A. Federal system
  - B. Presidential system
  - C. Unitary system
  - D. Assembly system
  - E. Executive system
  
3. The court that is next in hierarchy to the Supreme Court is the
  - A. High Court
  - B. National Industrial Court
  - C. Court of Appellate Jurisdiction
  - D. Court of Appeal
  - E. Federal High Court
  
4. The person empowered to hold inquest on the body of a deceased person who died a violent or unnatural death is known as
  - A. Coroner
  - B. Arbitrator
  - C. Magistrate
  - D. Mediator
  - E. Negotiator

5. Which of the following is classified under the tort of defamation?
- A. Detinue
  - B. Breach of duty
  - C. Libel
  - D. Idle talk
  - E. Commonly used abusive word
6. Which of the following is **NOT** an element of contract?
- A. Money
  - B. Consideration
  - C. Acceptance
  - D. Offer
  - E. Intention to create legal relations
7. A situation in a simple contract where there is a set of promises by the parties to do or refrain from doing some act in the future is known as .....  
consideration
- A. Executed
  - B. Mutual
  - C. Future
  - D. Unilateral
  - E. Executory
8. A stipulation in a contract of sale, which may result in repudiation of the contract is known as
- A. Warranty
  - B. Damages
  - C. Liability
  - D. Condition
  - E. Repudiation
9. Which of the following contracts is enforceable against an infant?
- A. Contract for necessaries
  - B. Contract for lodgement
  - C. Contract for luxuries
  - D. Contract for loan to buy a car
  - E. Contract for gaming
10. A contract can be discharged through the following ways, **EXCEPT** by
- A. Performance
  - B. Refusal
  - C. Agreement
  - D. Frustration

- E. Breach
11. The law of agency basically governs the relationship between principal and
- A. Customer
  - B. Partner
  - C. Agent
  - D. Contractors
  - E. Suppliers
12. Which of the following is **NOT** a duty of an agent to the principal?
- A. Obey principal's lawful instructions
  - B. Act with due care and skills in performance of duty
  - C. Perform his obligations personally
  - D. Discover the intention of the principal
  - E. Act with utmost good faith
13. Under a sale of goods transaction, property can only pass in unascertained goods, when the goods are
- A. Specific
  - B. Ascertained
  - C. Existing
  - D. Described
  - E. In transit
14. Under a sale of goods contract, specific goods are goods
- A. Identified and agreed upon at the time of the contract
  - B. Sold by description
  - C. Not identified at the time of the contract
  - D. Not in existence at the time of the contract
  - E. Meant for specific purpose
15. A hire purchase agreement is between a hirer and the
- A. Buyer
  - B. Owner
  - C. Hiree
  - D. Partner
  - E. Company
16. In a contract of hire-purchase, the owner has the following obligations, **EXCEPT**
- A. Have valid title in the goods subject matter of the contract
  - B. Deliver the goods to the hirer when due
  - C. Keep the goods until the price is paid



- D. Ensure goods are delivered according to buyer's description
  - E. Give hirer quiet possession
17. Termination of the appointment of a servant by the master for any reason or for no reason at all is justified, **PROVIDED**
- A. Termination is in accordance with the terms of the contract
  - B. Parties have furnished consideration
  - C. A motion is moved in court
  - D. Parties are within the same jurisdiction
  - E. Parties have submitted to arbitration by the National Industrial Court
18. A standard form handed by the insurer to the insured, in which details of the risks to be covered are stated is called
- A. Indemnity form
  - B. Contribution form
  - C. Insurance policy
  - D. Subrogation form
  - E. Proposal form
19. Which of the following statements is **TRUE** in respect of a limited partnership?
- A. Liability of all partners are unlimited
  - B. All partners are entitled to participate in the management of partnership
  - C. There is no necessity of registration
  - D. A limited partnership must have one or more partners who are general partners
  - E. A new person cannot be introduced as a partner without the consent of the limited partner
20. The court may decree dissolution of a partnership in the following circumstances, **EXCEPT** when
- A. A partner becomes of unsound mind
  - B. A partnership business can only be carried on at a loss
  - C. A partner other than the partner applying for dissolution has been guilty of conduct capable of prejudicially affecting the partnership business
  - D. The partnership profit is below the minimum contemplated by the partners
  - E. A partner other than the partner applying for dissolution is medically incapacitated in a permanent way from performing his duties under the partnership

21. Where a promoter has breached his duties, which of the following remedies is **NOT** available to a company?
- A. Rescind the contract
  - B. Recover secret profit made
  - C. Sue for compensation or damages
  - D. Sue for breach of duty of utmost good faith
  - E. Sue for dissolution of business
22. A director of a registered company owes the company the following duties, **EXCEPT**
- A. Preservation of the assets of company
  - B. Account to the company for any secret profit
  - C. Exercise care towards the company
  - D. Utilisation of opportunities not used by the company
  - E. Not to accept a bribe, gift or commission from outsiders against the company's interest
23. A business name must be registered if in the case of
- A. An individual, he has more than five names
  - B. An individual, the name does not consist of his true surname without any addition other than his true forenames or initials
  - C. An individual, his surname is a compound name.
  - D. A partnership, the business is carried out in less than five states of the federation
  - E. A partnership, the partners have all contributed to the assets of the partnership
24. Which of the following is **NOT** a banking business?
- A. Receiving money from outside sources as deposits
  - B. Granting of money loans
  - C. Acceptance of credits
  - D. Purchase of bills and cheques
  - E. Making provisions for residency
25. A situation in which a bank requires that the customer obtain the commitment of other persons to pay money advanced and the customer defaults, is known as
- A. Guaranty trust
  - B. Guarantee
  - C. Negative pledge
  - D. Lien
  - E. Indemnity

26. Which of the following is **NOT** an example of a cheque?
- A. Order cheque
  - B. Crossed cheque
  - C. Banker's Draft
  - D. Money Cheque
  - E. Bearer Cheque
27. The major difference between a promissory note and an IOU is that, the former
- A. Is wider while the latter is restricted
  - B. Involves money while the latter does not
  - C. Is a promise to pay while the latter is a mere acknowledgement of a debt
  - D. Can give rise to a legal action while the latter cannot
  - E. Has a life span while the latter endures in perpetuity
28. The type of trust which comes into being by operation of law is known as
- A. Suggested trust
  - B. Express trust
  - C. Implied trust
  - D. Future trust
  - E. Dictated trust
29. A person who takes part in forming a company and raising capital for it is known as:
- A. Forming vessel
  - B. Promoter
  - C. Director
  - D. Auditor
  - E. Inspector of companies
30. Frustration will operate to discharge a contract in the following cases, **EXCEPT** where
- A. The impossibility is caused by a change in the law
  - B. Performance is rendered impossible by accidental destruction of object of contract
  - C. Contract depends upon the happening of a special event which does not occur
  - D. There is wilful refusal to perform a contract
  - E. There is death of either party in the case of a personal contract

**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 statute enacted by the House of Assembly of a State is known as .....
2. The court that has original jurisdiction to settle disputes between the Federal Government and the States is .....
3. The parties to criminal proceedings are the state and .....
4. A tort is ..... type of wrong
5. The liability imposed upon a person on account of the actions of another who is under his control is referred to as .....
6. In law of contract, the principle which states that only parties to an agreement are bound by and may enforce such an agreement is referred to as .....
7. A clause in a contract which relieves a party to the contract from liability is known as.....
8. Where a contract is prohibited either by statute or at common law, the contract is said to be .....
9. In the law of contract, when parties have performed their obligations, the contract is said to be .....
10. An agent, who in return for a higher commission, undertakes to indemnify the principal in case of default by a third party is a .....
11. In sale of goods contract, the principle of *caveat emptor* means.....
12. The payee in a bill of exchange is the ..... of the bill.
13. In employment law, the suspension of an employee from the work place pending the determination of a criminal charge against him is called .....



**Required:**

Advise Chukwu on the shipping company's claim of agency of necessity.

(5 Marks)

**(Total 12½ Marks)**

**QUESTION 2**

- a. Courts in Nigeria are classified into superior courts and inferior courts.

**Required:**

Apart from the Supreme Court, give another example of a superior court and its composition.

(2½ Marks)

- b. Parties to a contract are in principle free, to limit or exclude the obligations otherwise attached to such undertakings.

**Required:**

Explain briefly 'exemption clauses' and state **THREE** instances when the courts may decline to give effect to such a clause

(5 Marks)

- c. In a contract of sale of goods, some terms may be read into the agreements depending on the nature of the contract.

**Required:**

State and explain briefly **TWO** implied terms in a contract of sale of goods.

(5 Marks)

**(Total 12½ Marks)**

**QUESTION 3**

- a. The Federal High Court is among the courts listed in the hierarchy of courts in Nigeria

**Required:**

State and explain **ONE** matter over which the court has exclusive jurisdiction.

(2½ Marks)

- b. When agreement is invalidated by law, it becomes illegal.

**Required:**

Briefly differentiate between void and voidable contracts.

(5 Marks)

- c. Adama desires to own a car and confided in his friend Aminu who advised and introduced him to Chief Jombo for a hire-purchase agreement. The parties reached an agreement, and Adama commenced the payment of the instalments, which he kept to dutifully. Some months after completion of instalment payments Adama did not return the car. Chief Jombo attempted to repossess the vehicle on the premise that Adama did not invoke the necessary clause in the agreement which should enable Adama keep the vehicle.

**Required:**

Identify the legal issues involved and advise Adama. (5 Marks)

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

**QUESTION 4**

- a. State **THREE** differences between criminal liability and civil liability. (3 Marks)
- b. Mallam Haruna rented a building from Mallam Shehu, the Landlord for a period of ten years. Three years into the tenancy, the Government of the State where the building was situated marked it for demolition in order to expand infrastructural development. The building was eventually demolished and Mallam Haruna wants to sue his landlord, Mallam Shehu for breaching their tenancy contract.

**Required:**

Advise Mallam Haruna. (4<sup>1</sup>/<sub>2</sub> Marks)

- c. The contract of employment is one between unequal parties, called the employer and employee, whose interests are sometimes convergent, but at times conflicting

**Required:**

List **FIVE** rights of the employer under a contract of employment.

(5 Marks)

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

**QUESTION 5**

- a. In certain situations prescribed by law, a master will be liable for the torts committed by his servant.

**Required:**

State and briefly explain **ONE** condition precedent for the vicarious liability of the master. (2<sup>1</sup>/<sub>2</sub> Marks)

- b. Iniobong gave a loan of ₦1.5m to her bossom friend, Ekanem. In order to secure the repayment of her loan, Iniobong decided to take out an insurance policy on the life of her friend, Ekanem. When Ekanem learnt of Iniobong's moves, Ekanem approached the insurance company to protest the arrangement and request the insurance company to decline Iniobong's proposal. Ekanem further said that only he, and nobody else, not even the members of his immediate family, could take out insurance on his life.

**Required:**

Advise Iniobong. (7½ Marks)

- c. A partnership is an association of at least two persons formed for the purpose of business, profit making and profit sharing.

**Required:**

Explain **ONE** feature of Limited Partnership. (2½ Marks)

**(Total 12½ Marks)**

**QUESTION 6**

- a. Ola is a shareholder in XYZ Limited to the tune of 1,000,000 ordinary shares of ₦1.00 each. Calls were made by the company to shareholders by which Ola had to pay ₦500,000 out of his share-holding. A few years later, Ola also earned bonus shares which increased his shareholding to 1,250,000 ordinary shares. Due to economic recession, XYZ Limited could not pay its lawful debts, and winding up proceedings were begun by its creditors. The company called on Ola to pay up the balance unpaid on his shareholding, Ola is unwilling to make any further payment.

**Required:**

Advice Ola on his obligations as a shareholder in XYZ Limited. (7½ Marks)

- b. A bank owes certain duties to its customers. Likewise, the customers owe certain duties to the bank.

**Required:**

Explain briefly **ONE** duty a customer owes to the bank. (2 Marks)

- c. The Auditor shall make a report to members of the company on the balance sheet as well as profit or loss accounts of the company.

**Required:**

Explain briefly **TWO** specific issues which an auditor is expected to investigate and form an opinion in his report to the members of the company.

(3 Marks)

**(Total 12½ Marks)**



## **MULTIPLE –CHOICE QUESTION**

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

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

**EXAMINERS' REPORT**

The questions fairly covered the syllabus. All candidates attempted the questions, and pass rate was over 60%. General performance was good.

**SHORT ANSWER QUESTION**

- 1. Law
- 2. The Supreme Court
- 3. Accused/Defendant
- 4. Civil wrong
- 5. Vicarious Liability
- 6. Privity of contract
- 7. Exemption clause
- 8. Illegal
- 9. Discharged
- 10. Del credere agent
- 11. Let the buyer beware
- 12. Beneficiary
- 13. Interdiction
- 14. Insurance
- 15. Partnership

16. Prospectus
17. Incorporated trustees
18. A reasonable notice
19. A share
20. beneficiary/*cest qui trust*

### EXAMINERS' REPORT

The questions covered a wide spread of the syllabus. Attempt rate was 100%, and over 60% of the candidates scored 60% and above of the marks. General performance was good.

### SOLUTION 1

- a. The main equitable remedies are:
  - i. **Injunction:** This is an order to one of the parties, involved in the case, to do or refrain from doing something.
  - ii. **Specific performance:** This is a court order that a contract should be carried out as agreed.
  - iii. **Rescission:** This is a remedy which aims to return the parties as far as possible to their pre-contracted position.
  - iv. **Rectification:** Under this head, the court will order that where a mistake has been made accidentally in a document, which is not what the parties agreed, that document should be altered to reflect the true intention of the parties.
- b. The following are essential elements of a valid contract
  - i. **Offer:** An offer in the law of contract is made when a person purposes terms to another person and makes communication to the effect that if the person accept those terms, he is willing and ready to contract with him.
  - ii. **Acceptance:** This may be described as the assent of the offeree to the term of the offer as stated by the offeror.

- iii. **Consideration:** A contractual relationship is entered into for a promise or consideration, which is something of value given for a promise.
  - iv. **Intention to create legal relations:** Parties to a contract must have clear intention to be legally bound by the contract.
- c. The issue involved in this case is agency of necessity which arises in emergency situations where a person is obliged to prevent irreparable loss to another's property. The following conditions are necessary for it to arise.
- i. There must be an emergency or a situation of real necessity.
  - ii. It must have been impossible to reach out to the principal for further or necessary directives.
  - iii. The agent must have acted in the best interest of the principal.

Applying these three conditions, Great Western Shipping Company is perceived to be Chukwu's agent and the sale is binding on Chukwu.

Chukwu is therefore advised that the sale is binding on him as the principal and the company is entitled to claim agency of necessity.

### **EXAMINERS' REPORT**

The questions test candidates' knowledge of equitable remedies under equity law, essential elements of valid contract and agency of necessity.

About 70% of candidates attempted the questions and pass rate was about 60%. General performance was good.

### **SOLUTION 2**

- a. Apart from the Supreme Court, Superior courts are; the Court of Appeal, the Sharia Court of Appeal, the Federal High Court, State High Courts, National Industrial Court, and Customary court of Appeal.

Their compositions are as follows;

- Court of Appeal: it is headed by the president and three Justices sitting in court. In constitutional matters, 5 justices sitting will constitute the court.
- Sharia Court of Appeal is headed by the Grand Khadi, and three Justices knowledgeable in Sharia law sitting in court.

- Federal High Court: It is constituted by one Judge sitting in court on all matters
  - State High Courts: It is constituted by one judge sitting.
  - National Industrial Court: It is constituted by a single judge sitting on all matters.
- b. An exemption clause (or limitation clause) is a term used in contract exempting a party to the contract, partially or totally from liability in the event of the occurrence of a certain event.

Examples where court will decline to give effect to exemption clauses are:

- i. When the terms are against public policy or any known law
- ii. Where the exemption terms are not brought to the notice of the other party
- iii. Where the terms exempt/exclude a fundamental breach
- iv. When the terms do not form part of the contract document signed by the parties.

c. Implied terms in sale or goods contract are the following:

- i. **Title:** There is an implied condition on the part of the seller that he has the right to sell the goods and pass properly at the time of sales.
- ii. **Description:** Where goods are sold by description, there is an implied condition that the goods supplied correspond with the description. They must correspond with both the sample and description.
- iii. **Sample:** In a sale by sample, there is an implied condition that the bulk of the goods will correspond with the sample, and the buyer would have reasonable opportunity to compare the sample with the bulk, and the goods are free from any defect which would not be apparent on reasonable examination of the sample.
- iv. **Quality of goods:** The goods must be of satisfactory quality and are fit for the purpose for which they are intended.

- v **Quiet Possession.** In all contract of sale the buyer shall enjoy quiet possession of the goods purchased. If the possession is disturbed by a third party, the seller is in breach of the contract.
- vi **Freedom from Encumbrance.** This means that the goods sold shall be free from any charge or encumbrance in favour of a third party.
- vii **Fitness of purpose.** Where the buyer informed or by implication makes known to the seller the purpose for which the goods are required, and the buyer relies on the seller's skill, the goods must comply with the purpose for which the buyer bought the goods.
- viii **Merchantable Quality.** This is an implied condition that the goods bought shall be of merchantable quality provided that the buyer did not examine the goods before purchase.

### EXAMINERS' REPORT

The questions test candidates' understanding of Superior Courts and Inferior Courts, exclusion (exemption) clauses in contracts and implied terms in sale of goods

About 60% of candidates attempted the questions and about 60% of the candidates scored above pass mark. Performance was generally good.

### SOLUTION 3

- a. The following are matters over which the Federal High Court has exclusive jurisdiction
  - i. **Revenue:** This relates to the revenue of the government of the Federation.
  - ii. **Taxation:** This refers to taxation of companies and of persons subject to federal taxation.
  - iii. **Customs and Excise Duties:** This refers to duties receivable by the Federal government in respect of matters relating to customs, excise and export.
  - iv. **Banking:** This refers to all matters connected with banks and other financial institutions.
  - v. **Admiralty:** This refers to all matters relating to or connected with any admiralty issue

- vi. **Diplomacy:** This refers to matters relates to diplomatic, consular and trade representations.
  - vii. **Citizenship:** This refers to issues of citizenship naturalisation, extradition, passport and visa
  - viii. **Bankruptcy:** This refers to matters connected with bankruptcy of an individual and the insolvency issues of corporate bodies.
  - ix. **Aviation:** This relates to aviation and safety of aircraft.
  - x. **Arms and Ammunition:** This refers to control of weapons, arms ammunitions and use of explosives.
  - xi. **Drugs and Poison:** This relates to control of drugs usage and poison consumption.
  - xii. **Weight and measures:** This refers to uniform measure of standard weight applicable within the country
  - xiii. **Administration of Federal Agencies:** This relates to administration, management and control of government and any of its agencies.
  - xiv. **Treason:** This refers to issue of treason and treasonable felonies.
- b. i. **Void Contract:** A void contract is one which is devoid of legal effect and of which the court will take no notice. Parties cannot sue over it, nor money paid under it recoverable, e.g contract of illegality
- ii. **Voidable Contract:** A voidable contract is one in which one or more of the parties has the power to avoid legal relations imposed by the contract. A voidable contract is biding until the person in whose favour the right of voidance subsist, and take steps to avoid it. e.g contracts entered into by mis-presentation.
- c. The issue involved is the “option to purchase” clause in Hire purchase agreements.

The hirer needs to make this option as an indication that he intends to retain the vehicle upon completion of the agreed price

Failure by Adama to invoke the clause means that he does not intend to keep the vehicle after completion of the instalment payments; hence chief Jombo would be entitled to repossess the said vehicle.

Advice to Adama is that he should promptly invoke the clause to enable him retain the vehicle

### **EXAMINERS' REPORT**

The questions test candidates' knowledge of hierarchy of courts in the court system, void and voidable contracts, and option of hirer to purchase under hire purchase contract.

Attempt rate was about 50% and pass rate was above 60%. General performance was good.

### **SOLUTION 4**

- a.
  - i. The aim of criminal law is to punish offenders by way of imprisonment, fine or both, while civil law aims at compensation for an aggrieved or injured party
  - ii. Prosecution in criminal law is by the state, while it is an aggrieved party that decides to institute an action in civil cases.
  - iii. The standard of proof in criminal law is "proof beyond reasonable doubt" while in civil law, it is the preponderance of evidence or balance of probabilities.
  - iv. In criminal law, there is no limitation of time within which to prosecute the offender, while in civil cases there is a limitation period which ranges from 6 to 12 years, and thereafter, becomes statute barred.
  - v. Parties in a criminal prosecution are the state and the accused person; while in civil matters, it is the plaintiff and the defendant,
- b. The legal issue relates to discharge of contract by frustration which is an act that is outside the control of the parties. An example is subsequent change in law.

The building which was destroyed is outside the control of the landlord being a result of change in law.

Mallam Haruna is advised not to sue his landlord as he is unlikely to be successful

- c. The RIGHTS of an employer under a contract of employment are as follows:
  - i. To employ the maker;
  - ii. To discipline the worker;
  - iii. To transfer the worker;
  - iv. To promote the worker;
  - v. To terminate the employment of the worker;



- vi. To determine the type of products to make or sell;
- vii. To determine the price of its goods and services

### EXAMINERS' REPORT

The questions test candidates understanding of criminal liability and civil liability, frustration in contract, and rights of employer under employment contract.

About 60% of candidates attempted the question, and over 50% of candidates scored above 50% of the marks. Performance was generally good

### SOLUTION 5

- a. The master is not liable for the tort of his servant unless under the following circumstances:
  - i. The tort must have been committed in the course or within the scope of the servant's employment.
  - ii. The act of the servant must be one that has either been expressly or impliedly approved or authorised by the master.
  - iii. The act or duty performed by the servant is one which the master has authorised but which the servant has carried out in a wrongful and unauthorised manner.
- b. The issue is on **insurable interest**. This is a fundamental principle of insurance contract which requires that there must exist some legal relationship between the insured person and subject matter of insurance.  
  
Iniobong has insurable interest in the life of Ekanem for the loan transaction in the sum of ₦1.5 m between them which Iniobong is permitted to insure because as a creditor has an insurable interest in the life of a debtor.
- c. Iniobong is advised to go ahead and insure the life of Ekanem and the insurance company too can insure the risk
  - i. It must be registered as a limited partnership. The law requires that for a limited partnership to be recognised, it must be registered under companies and Allied Matters Act. Failure to do so, the partnership is treated as a general partnership.
  - ii. It has the benefit of a limited liability for the Limited partners. This requirement is to the effect that a partner with limited liability is protected in law to the extent of his contribution, where the partnership incurs liabilities greater than its assets.
  - iii. There must be at least one member who is a general partner.

The general partner bears unlimited liability for the partnership, to the absence of a general partner, the partnership would be deemed to be a general partnership with all partners bearing unlimited liabilities.

### **EXAMINERS' REPORT**

The questions test candidates' knowledge of vicarious liability under law of torts, insurable interest under Insurance contract, and Limited Partnership.

Over 50% of candidates attempted the questions and more than 50% scored above average marks. Performance was generally good.

### **SOLUTION 6**

- a. The issue in the case is on the liability of a member of a company in respect of his shareholding which is limited to the extent of any amount which remains unpaid in respect of those shares.

Since the total shareholding of Ola is 1,250,000 ordinary shares, and he has earlier paid N500,000 on previous call, he is bound to pay the balance unpaid on his shares, which is ₦750,000.

Ola is advised to pay the sum of N750,000 to the company as the balance unpaid on his share holding

- b. A bank customer owes the following duties to the bank:
- i. To draw his cheque with care and diligence with a view to protecting his account from fraudulent dealings and to discourage fraud and all forms of unauthorised transactions.
  - ii. To give instructions in writing to the bank when withdrawing his money in order to make the transaction more formal and to facilitate official record of the transaction.
  - iii. To notify the bank promptly of any knowledge of suspicious dealing on his account as may come to his knowledge. e.g a missing cheque book or a cheque leaf or forgery of his signature.
  - iv. To pay appropriate bank charges such as commission on turnover, interests on loan and sundries other charges as may be prescribed and or recommend by the regulating authority of bank in Nigeria- the Central bank of Nigeria
- c. The auditor is expected to investigate and form an opinion on whether or not
- i the company has kept proper accounting records and the auditor has received proper visit by them.

- ii. The company's balance sheet and its profit and loss account agree with the accounting records and returns.
- ii. The information in the Director's report for the accounting year is consistent with those accounts.

**EXAMINERS' REPORT**

The questions test candidates' understanding of liability of shareholders on called-up shares, duties of bank customer to his bank, and auditors' duties and report.

Attempt rate was below 50% and pass rate was above average. Performance was generally good.

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

**COMMUNICATION SKILLS**

**Time Allowed: 3 hours**

**SECTION A: PART I**

**MULTIPLE-CHOICE QUESTIONS**

**(20Marks)**

**ATTEMPT ALL QUESTIONS**

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

1. Which of the following is **NOT** a method of correspondence?
  - A. Internal correspondence
  - B. Letters
  - C. Memoranda
  - D. Circulars
  - E. Press releases
  
2. Which of the following is **NOT** an example of official letter?
  - A. Application for employment
  - B. Invitation for interview
  - C. Letter of appointment
  - D. Letter of promotion
  - E. Invitation to a wedding ceremony
  
3. Which of following is **NOT** the main part of a personal letter?
  - A. Writer's address
  - B. Addressee's address
  - C. Salutation
  - D. Body
  - E. Complementary close
  
4. Which of the following is **NOT** a part of memo format?
  - A. Sender
  - B. Receiver
  - C. Addressee's address

- D. Subject
  - E. Date
5. A news story distributed to the media by a Public Relations Unit is
- A. Print media
  - B. Television release
  - C. Press release
  - D. Radio release
  - E. Print release
6. Which of the following is **NOT** a disadvantage of written communication?
- A. Disseminates information to dispersed receivers
  - B. Lacks instant feedback
  - C. Is expensive and takes time to produce
  - D. Tends to be formal
  - E. Does not allow for exchange of opinions
7. Large sheets of paper fixed to a stand so that they can be turned over during an oral presentation is
- A. Pie chart
  - B. Flip chart
  - C. Bar chart
  - D. Graphs
  - E. Picaresque
8. Which type of communication is involved when information is conveyed through body language, facial expression or pictures?
- A. Verbal
  - B. Written
  - C. Non-verbal
  - D. Visual
  - E. Physical
9. How many types of verbal communication do we have?
- A. 2
  - B. 3
  - C. 4
  - D. 5
  - E. 6

10. 'That he failed the test did not come as a surprise'. What type of clause is the underlined?
- A. Verb
  - B. Noun
  - C. Adjectival
  - D. Personal
  - E. Adverbial
11. Which of the following is **NOT** a component of a sentence?
- A. Adjunct
  - B. Subject
  - C. Compliment
  - D. Clause
  - E. Predicator
12. Sentence effectiveness can be achieved through the following, **EXCEPT**
- A. Variety
  - B. Subordination
  - C. Application
  - D. Word order
  - E. Emphasis
13. "They left immediately when they saw Koffi!". What type of sentence is this?
- A. Complex - compound
  - B. Compound
  - C. Simple
  - D. Complex
  - E. Compound - complex
14. A statement that appears self-contradictory is
- A. Paradox
  - B. Hyperbole
  - C. Pun
  - D. Idiom
  - E. Parallelism
15. In what section of a report does the writer focus on past and related work?
- A. Abstract
  - B. Introduction
  - C. Statement of Problem

- D. Research Methodology
  - E. Literature Review
16. The part of a report that expresses thanks to all that have assisted in the writing is
- A. Acknowledgements
  - B. Title Page
  - C. References
  - D. Table of Contents
  - E. Findings
17. Which of the following must **NOT** be scrutinized when writing a report?
- A. The inquirer
  - B. Terms of reference
  - C. Methodology
  - D. Language
  - E. Table of contents
18. Reports that cover a prolonged period of time include the following, **EXCEPT**
- A. Routine report
  - B. Special report
  - C. Weekly report
  - D. Impromptu report
  - E. Monthly report
19. Which of the following is **NOT** required for a good summary writing,
- A. Understanding the content of the passage
  - B. Understanding the instructions given
  - C. Looking for specific information
  - D. Giving answers in short form
  - E. Copying from the passage
20. Which of the following is **NOT** a type of question asked in a comprehension test?
- A. Content
  - B. Vocabulary
  - C. Figures of speech
  - D. Vocalization
  - E. Grammar

**ATTEMPT ALL QUESTIONS**

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

1. One of the things a receiver does on receiving a message is to .....it.
2. Before a sender dispatches a message, he must .....it.
3. The pathway through which a handset delivers a message to a destination is the .....
4. Security agents usually convert ordinary language into..... for security reasons.
5. A ..... is the minimum number of members expected to be present at a meeting for it to be considered valid.
6. The ..... is the principal instrument used to decide the majority opinion at a meeting.
7. For any motion moved to be valid, it must be .....
8. The writer's .....is not known in an anonymous report
9. A metrical unit with two consecutive unstressed syllables followed by a stressed one is called .....
10. A figurative expression that transfers the quality of something unto another to indicate similarity is called .....
11. When similar vowels in the stressed syllables of successive words are repeated, then .....results.
12. The act of attributing human characteristics to abstract ideas is .....
13. The act of bringing two opposites close together in order to heighten the contrast is .....



14. A letter may be official or .....
15. All correspondences are ..... in all organisations
16. Correspondence needs a ..... through which it is conveyed
17. Letters and memoranda are two reputable methods of .....
18. Letters distinguish themselves from other texts through a well-defined .....
19. What gives an insight into the content of a piece of writing is .....
20. In an essay, the part that comes between the introduction and the conclusion is referred to as the .....

## SECTION B:

### COMPULSORY

#### COMPREHENSION

(30 Marks)

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

Before explaining the various types of unemployment, it is necessary to define the term unemployment, Everyman's Dictionary of Economics defines unemployment as "involuntary idleness of a person willing to work at the prevailing rate of pay but unable to find it." It implies that only those persons are to be regarded as unemployed who are prepared to work at the prevailing rate of pay but they do not find work. Voluntarily, unemployed persons who do not want to work like the "idle rich, are not considered unemployed. We now analyse the various causes or types of unemployment.

Frictional unemployment exists when there is lack of adjustment between demand for and supply of labour. This may be due to lack of knowledge on the part of employers about the availability of workers or on the part of workers that employment is available at a particular place. It is also caused by lack of necessary skills for a particular job, labour immobility, breakdowns of machinery, shortages of raw materials, etc. The period of unemployment between losing one job and finding another is also included under frictional unemployment.

Seasonal unemployment results from seasonal fluctuations in demand. Employment in ice factories is only for the summer. Similarly ice-cream sellers remain unemployed during winter and chestnut sellers during summer. The same is the case with agricultural workers who remain employed during harvesting and sowing seasons and remain idle for the rest of the year.

Cyclical unemployment arises due to cyclical fluctuations in the economy. They may also be generated by international forces. A business cycle consists of alternating periods of booms and depressions. It is during the downswing of the business cycle that income and output fall leading to widespread unemployment.

Structural unemployment results from a variety of causes. It may be due to lack of the co-operating factors of production, or changes in the economic structure of the society. The word "structural" implies that "the economic changes are massive, extensive, deep-seated, amounting to transformation of an economic structure, i.e. the production functions or labour supply distribution. More specifically, it refers to changes which are large in the particular area, industry or occupation." Shifting

patterns in the demand for the products of various industries have been responsible for this type of unemployment.

The supporters of the structural transformation thesis hold that the number of vacancies is greater than or equal to the number of displaced workers due to structural changes in particular area, industry or occupation, and that unemployment is not due to inadequacy of demand.

Modern production process is essentially dynamic where innovations lead to the adoption of new machineries and inventions thereby displacing existing workers leaving behind a trail of unemployment. When there is automation or displacement of old technology by a new one requiring less workers than before, there is technological unemployment. A special case of technological unemployment is that "which is not due to improvements in the technique of production but in the technique of organisation." It pertains to making management more efficient which may decide upon modernising existing facilities or closing down obsolete plants.

In fact, there is little to distinguish between structural and technology unemployment. One of the causes of structural unemployment is technological change. Technological change itself causes obsolescence of skills thereby leading to structural unemployment. Further, both structural and technological unemployment are related to inadequate demand. Technological change tends to increase output per man-hour which has the effect of raising the potential total output in the economy. If this potential growth in output is not matched by the actual growth in output, there will be unemployment in the economy due to deficiency in demand. Therefore, modern economists are of the view that unemployment is caused by structural changes, technological changes and by inadequacy of demand, taken together.

**(Adapted from M. L. Jhingan Macro-Economic Theory, 11<sup>th</sup> Revised Edition. pp 237 - 239)**

- a. In the context of this passage, who should be referred to as an unemployed person?  
(2 Marks)
- b. What are the **FIVE** types of unemployment the writer mentioned in the passage?  
(5 Marks)
- c. State how each of these types of unemployment is created in **ONE** sentence each  
(5 Marks)
- d. What is the effect of innovations on employment?  
(2 Marks)

- e. What is the view of the supporters of structural transformation in the context of this passage? (2 Marks)
- f. '.....when there is lack of adjustment between demand and supply of labour'
- i. What is the grammatical name given to this expression? (1 Mark)
- ii. What is its function? (2 Marks)
- g. In what way is seasonal unemployment different from cyclical unemployment? (4 Marks)
- h. Give another word to replace each of the following words as used in the passage.
- i regarded
- li voluntarily
- lii generated
- lv transformation
- v thesis
- vi efficient
- vii effect

(7 Marks)

**(Total 30 Marks)**

## **SECTION C**

### **ANSWER ANY TWO QUESTIONS**

**(30 Marks)**

#### **QUESTION 1**

- a. Write the correct form of each of the following sentences:
- i. Whom is the next speaker?
- ii. Come and sit beside we girls.
- iii. He took mother and I for a ride in the car.
- iv. Me and my wife went to the mall.
- v. Who shall I give it to?

(5 Marks)

- b. In the following passage, certain punctuation marks have been omitted. Write out the passage and insert the missing punctuation marks in their appropriate places.

many phone listeners feel the temptation to do other things while listening in some cases it doesn't matter we've all seen movies in which someone takes a call from a doting mother who chatters away the actor does not even bother to listen he puts the phone down and every once in a while picks it up to say yes ma it doesn't often work that way in the real world you need to pay attention.

(10

Marks)

Adopted from Eugene Ehrlich & Gene R. Hawes (2003) 'How to Speak in Public' pp 87

**(Total 15 Marks)**

## **QUESTION 2**

Your Managing Director has mandated you to handle the matter of lateness to work in your department and to suggest ways of curbing the menace.

- a. Write a memorandum to all members of your department warning them of the attendant consequences. (6 Marks)
- b. Write a memorandum to your Managing Director, suggesting how to curb the menace. (9 Marks)

**(Total 15 Marks)**

## **QUESTION 3**

Write an article suitable for publication in the quarterly house journal of your organisation on the topic: "The Roles of an Accountant in National Development."

**(Total 15 Marks)**

## **QUESTION 4**

You have been invited by a group of ATS candidates to address them on the role of communication in a business organisation ahead of their next ATSWA examination. As someone who has successfully gone through the ATSWA examination, much is expected of you by these candidates.

- a. List **FIVE** roles of communication that you would want to discuss. (5 Marks)
- b. Discuss briefly all the roles listed in (a) above (10 Marks)

**(Total 15 Marks)**

**SOLUTIONS – (MCQ)**

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

### **Examiner's Report – (MCQ)**

This is a compulsory section. All candidates attempted this section. The performance was good. Candidates need to get familiar with the concepts contained in the various topics in the syllabus. They should also make use of ICAN study pack on the subject and past question papers for better performance in future examinations.

### **SHORT ANSWER QUESTIONS**

1. Decode
2. Encode
3. Air-waves
4. Codes
5. Quorum
6. Vote
7. Seconded
8. Identity/Name
9. Anapest/Anapaest
10. Metaphor
11. Assonance
12. Personification
13. Antithesis
14. Personal
15. Documented
16. Channel
17. Correspondence
18. Structure/format/layout
19. Topic/Title

## 20. Body

### Examiner's Report – (SAQ)

The section is compulsory for all candidates. Candidates' performance was below average. They should endeavour to familiarize themselves with the various concepts in the syllabus. For better performances in subsequent examinations, candidates should make use of ICAN study pack on the subject and past question papers.

### SECTION B - COMPREHENSION

#### EITHER

- a. An unemployed person is the one who is willing to work at the prevailing rate of pay, but finds no job to do.

#### OR

Unemployed persons are those who are ready to work at the prevailing rate of pay, but do not find work.

- b. The five types of unemployment are:

- (i) Frictional unemployment
- (ii) Seasonal unemployment
- (ii) Cyclical unemployment
- (iv) Structural unemployment
- (v) Technological unemployment

#### EITHER:

- c. (i) Frictional unemployment is created when there is no demand for and supply of labour
- (ii) Seasonal unemployment is created as a result of seasonal fluctuations in demand of goods and services
- (iii) Cyclical unemployment is created when there are fluctuations in the economy



- (iv) Structural unemployment is created when there is no cooperation between factors of production and changes in the economic structure in the society
- (v) Technological unemployment is created when workers' jobs are taken over by technological innovations

OR

Each of the five types of unemployment is created when

- there is lack of adjustment between demand for and supply of labour;
- there are seasonal fluctuations in demand;
- there are fluctuations in the economy;
- there is no cooperation between factors of production or changes in the economic structure of the society;
- technological innovations displace workers.

- d. The effect of innovations on employment is that workers are laid off when machines take over the jobs they do.

EITHER

- e. The view of the supporters of structural transformation is that the number of vacancies is greater than or equal to the number of displaced workers

OR

Structural transformationalists believe that the number of vacancies is greater than or equal to the number of displaced workers.

- f. (i) Adverbial clause (of time)  
(ii) It modifies (the verb) "exists"
- g. The difference is that seasonal unemployment occurs as a result of changes in demand while cyclical unemployment is as a result of fluctuations in the economy.
- h. (i) regarded - considered, taken

- (ii) voluntarily – willingly
- (iii) generated - created, caused, produced
- (iv) transformation – change
- (v) thesis – opinion, view, theory, model
- (vi) efficient – thorough, reliable, dependable
- (vii) effect – result, consequence.

## EXAMINER'S REPORT

This section is compulsory for all candidates. Candidates' knowledge of reading for understanding and vocabulary is being tested in this section. Their performance was good. Their shortcomings were inability to read and understand the content of the passage given and lack of techniques for answering comprehension questions. Candidates should engage themselves in wide reading. They should also study the techniques of answering comprehension questions learn about elements of the English Language and vocabulary. If they want to perform better in subsequent examinations, they should make use of ICAN study pack and past question papers.

## SECTION C: SOLUTION 1

- a.
  - i. Who is the next speaker?
  - ii. Come and sit beside us girls.
  - iii. He took mother and me for a ride in the car.
  - iv. My wife and I went to the mall.
  - v. Whom shall I give it to?
  
- b. Many phone listeners feel the temptation to do other things while listening. In some cases , it doesn't matter. We've all seen movies in which someone takes a call from a doting mother, who chatters away. The actor does not even bother to listen. He puts the phone down and every once in a while, picks it up to say : " Yes ma. " It doesn't often work that way in the real world. You need to pay attention.

## EXAMINER'S REPORT

This question is to test candidates' knowledge of correct forms of sentences and punctuation marks. Candidates' performance was good.

Their shortcomings were inability to

- know sentence forms
- know and apply punctuation marks correctly.

Candidates should study the chapter dealing with Grammar in ICAN study pack, make use of ICAN past question papers for better performances in future examinations.

## SOLUTION 2

(a)

CAXTON & SONS LTD. MEMORANDUM	
FROM: Chief Accountant	TO: All members of Accounts Dept.
SUBJECT: Lateness to work	DATE: 22 <sup>nd</sup> June, 2017
The management has taken particular note of the habitual lateness to work of workers of this department. It has, therefore, decided to take drastic measures against late-comers with effect from 23 <sup>rd</sup> June, 2017. You have been warned!	

(b)

CAXTON & SONS LTD. MEMORANDUM	
FROM: Chief Accountant	TO: Managing Director
SUBJECT: Re: Lateness to work	DATE: 22 <sup>nd</sup> June, 2017
<ol style="list-style-type: none"><li>1. Action has been taken as directed. A copy of the memo to all the staff of this Department is hereby attached.</li><li>2. The cause of lateness is the lack of commercial transportation from the bus terminus to the company-a distance of 5 kilometers.</li><li>3. It is suggested that one of the company's dispatch riders should bring one of our luxury bus drivers to work very early in the morning.</li><li>4. The driver will now bring a luxury bus to the terminus to convey our workers to the office.</li><li>5. Anyone who misses this service can thereafter be regarded as an established late – comer.</li><li>6. A token may be charged workers who utilize this service to defray the cost of fuelling the bus.</li></ol>	

### EXAMINER'S REPORT

This question is designed to test candidates' knowledge of internal correspondence. Not many candidates attempted the question. The performance of those that answered the question was good. Candidates knew the format of and what was to go into writing a memorandum.

They should study the chapter dealing with correspondence in general and the section on memorandum in particular in the ICAN study pack for improved performance in future examinations.

### SOLUTION 3

#### The Roles of an Accountant in National Development

To have a clear understanding of the roles of an accountant in national development, there is the need to first define the concepts: accountant and development. An accountant is a specially trained person whose job is to provide financial information to management by researching and analysing accounting data; prepare reports; assets; liability and capital account entries by compiling and analyzing account information. He documents financial transactions by entering account information as well as ensuring that a balance is maintained between income and expenditure.

Development, on the other hand, is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components. National development then is a gradual growth of a nation so that it becomes stronger and more advanced in all areas of life. There is no doubt that money, as well as money management, is crucial to development.

The roles of an accountant in national development, therefore, cannot be over-emphasized. Proper budgeting is crucial to development. A budget is an estimate of funds available to a person, organization or government and a plan of how it will be spent over a period of time. This is a major function of the accountant.

He ensures that all agencies of development keep to their budget allocations and where there is any deviation from the plan, it is his duty to sound the alarm, so that the course of development may not fail.

The accountant conducts periodic checks on the financial records of other agencies of development to ensure conformity with the approved plan. A proper discharge of this responsibility will expose cases of fraud and help in the recovery of the proceeds of fraud.

To ensure national development, the accountant must keep the financial records of all transactions for the purpose of documentation and probity. Any nation without proper records of transactions is on the path of economic collapse.

A nation cannot develop when persons, organizations and agencies do not remit taxes into the coffers of the nation. Tax generated is relied upon by most government to provide social amenities, jobs and development for the people. It is the responsibility of the accountant to compute the taxes due after diligent scrutiny of the financial records of persons, organizations and agencies.

The accountant ensures that government or management takes correct financial decisions on any issue by providing verifiable information needed for national development.

Another role of the accountant is to ensure bank reconciliations, so that all monies are lodged into banks. This would prevent or minimize theft of funds that are needed to develop the economy.

In summary, the accountant is the policeman of agencies of development. If a nation is to develop, the accountant must demonstrate probity and integrity. Where these attributes are lacking, the nation will be perpetually under-developed.

## **EXAMINER'S REPORT**

This question tests candidates' knowledge of article writing. This question is not popular among the candidates. The performance of the few that attempted the question was just fair.

Candidates' articles were marred by

- lack of knowledge of format of article writing
- inability to enunciate the roles of an accountant in national development clearly;
- poor use of language.

For better performance in future examinations, candidates should study the format of article writing, make use of ICAN past question papers and practice article writing always.

#### **SOLUTION 4**

(a) The roles of communication are to:

- (i) improve the recipient's understanding
- (ii) elicit the receiver's response
- (iii) create good relations
- (iv) create organizational goodwill
- (v) inform
- (vi) entertain

(b) (i) **To improve the recipient's understanding**

When a sender transmits a message, it is his duty to compose the message in a way that the receiver will understand it completely. He does this by selecting and putting together words that are simple, clear and unambiguous. He must avoid using unfamiliar words. To help the recipient's understanding, the sender should give the meaning of any such unfamiliar word in brackets, the first time it is used. Familiar words used in an unfamiliar way should similarly be explained. This will facilitate the receiver's understanding and encourage him to give a feedback.

(ii) **To elicit the received response**

A clear and unambiguous message will elicit an appropriate response from the receiver. In a face-to-face conversation, the receiver can seek for immediate clarification; but in written communication, that

advantage does not exist. This can bring about a delay in response or lead to absolute non-response.

**(iii) To create good relations**

One of the cardinal goals of communication in organizations is to establish a positive relationship among workers of the organization. The sender of a message must ensure the content is rancor-free and the receiver is not forced to read between the lines. Where the sender knows that it is his responsibility to create, encourage and maintain good relations in the organization, he will ensure that his choice of words is proper, positive and encouraging.

**(iv) To create organizational goodwill**

Goodwill is essential for the success of any business or organization. The goodwill of all clients, customers, government and the community where the organization is located is critical to the successful operation of the organization. Every correspondence emanating from the organization to these stakeholders must present a good image of the organization. This will attract goodwill of the stakeholders to the organization. In other words, every external correspondence should be seen as a good ambassador of the organization.

**(v) To inform**

Without information, communication cannot take place. Without information, decisions cannot be taken. The centre piece of every message is information which gives knowledge for taking critical decisions necessary for the success of an organization.

**(vi) To entertain**

Communication can be used for entertainment. A man or a woman of a heavy heart listening to a jester will smile or even laugh, thus creating a temporary or permanent relief. An interesting story read or told gives joy to the heart.

## **EXAMINER'S REPORT**

This question is designed to test candidates' knowledge of the roles of communication generally. Candidates' performance was good. Majority of the candidates who attempted this question did well in (a) part but failed in their discussion of the roles because of

- lack of understanding of what they listed in (a) part of the question.
- poor use of language

Candidates are advised to study the term “communication” in general and the roles it plays in society, make use of ICAN study pack and past question papers.