EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

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

A) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH PAPER; AND

B) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH SECTION.

INADEQUATE COVERAGE OF THE SYLLABUS

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

FOREWORD

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

(i) Candidates preparing to write future examinations of the Institute of Chartered Accountants of Nigeria (ICAN) at an equivalent level;

(ii) Unsuccessful candidates in the identification of those areas in which they lost marks and need to improve their knowledge and presentation;

(iii) Lecturers and students interested in acquisition of knowledge in the relevant subject contained therein; and

(iv) The profession in improving pre-examination and screening processes, and so the professional performance.

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

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

NOTE

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

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AT/121/PI.1 Examination No…………

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
PART I EXAMINATIONS - MARCH 2012
BASIC ACCOUNTING PROCESSES AND SYSTEMS

Time allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A - (Attempt all questions)

PART 1 MULTIPLE-CHOICE QUESTIONS (30 MARKS)

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

1. Which of the following is the bedrock of financial reporting ethics?

   A. Concept of obligation
   B. Double entry concept
   C. Monetary concept
   D. Business Entity concept
   E. Balance sheet concept

2. Which of the following Items is **NOT** a liability?

   A. Rental income received in advance
   B. Creditors
   C. Rental expense in advance
   D. Bills payable
   E. Overdraft

3. In which of the following accounts is the cost of carriage of goods purchased found?

   A. Purchases account
   B. Sales Account
   C. Creditors control Account
   D. Trading Account
   E. Profit & Loss Account

4. Which of the following is **NOT** a book of prime entry?

A. Sales ledger
B. Returns Inward Book
C. Sales Journal
D. Cash Book
E. Purchases Journal

5. Narration as used in accounting entries is commonly found in

A. Balance sheet
B. Ledger accounts
C. Journal proper
D. Cash book
E. Income Statement

6. When “5/25” is written on an invoice, it means that

A. Goods must be delivered between 5 and 25 days
B. Goods will be delivered at maximum 25 days after the invoice date
C. Goods must be paid for within 5 to 25 days from the invoice date
D. Cash discount of 5% will be allowed where payment is received within 25 days
E. Cash discount of 25% will be allowed for payment within 5 days

7. Which of the following provides an arithmetical check on the postings in the ledger?

A. The Journal
B. The General Ledger
C. Control Account
D. The Trial Balance
E. The Balance Sheet

8. Which **ONE** of the following is **NOT** regarded as a convention in the preparation of the financial statements of an enterprise?

A. Conservatism
B. Materiality
C. Entity
D. Substance over form
E. Objectivity

9. Which of the following is **NOT** part of the double entry bookkeeping?

A. Cash account
B. Bank account
C. Petty cash account

D. Income Statement
E. Carriage account

10. Which of the following book-keeping entries for recording sales returns is correct?

A. Debit sales; Credit Sales Returns
B. Debit Debtors; Credit Sales Account
C. Debit Returns Inwards Account; Credit debtors.
D. Debit Sales Account; Credit Returns Inward Account
E. Debit Creditor`s Account; Credit Returns Outwards

11. Which of the following factors has accelerated the development of accounting in West African Countries?

A. The emergence of African Union
B. The enactment of the Companies Legislation
C. The establishment of the Accounting Standards Board
D. The growth in the size and separation of ownership from business
E. The development of sophisticated political system

12. The following items are shown in payroll of employees **EXCEPT**

A. Bonus and Commission
B. Loan Repayment
C. Basic Salary
D. Pension Fund contribution
E. Commission on Transaction (COT)

13. A partner who does **NOT** participate in the day-to-day management of a partnership is referred to as

A. Limited Partner
B. General Partner
C. Active partner
D. Nominal partner
E. Dormant Partner

14. The features of a Sole Proprietorship include the following **EXCEPT**

A. Ownership and decision making is by an individual
B. It is a common type of business
C. It is usually of small size
D. It is a joint stock business organisation
E. The Liability of its owners is unlimited

15. In a computerised payroll system, which of the following could be regarded as output?

A. Time sheet

B. Clock sheet
C. Cost card
D. Payroll
E. Promotion Letter

From the following information, you are required to answer questions 16 and 17. The following is the payroll information for an employee.

Basic Salary	-	₦480,000 per annum
Utility allowance	-	25% of his annual salary
Union Dues	-	$2^1/_2$% of his monthly salary

16. Calculate the monthly Gross Pay

A. ₦15,000
B. ₦40,000
C. ₦50,000
D. ₦51,000
E. ₦55,000

17. How much is the monthly Take Home Pay? (Ignore Tax)

A. ₦250
B. ₦1,000
C. ₦49,000
D. ₦50,000
E. ₦75,000

18. Which of the following accounts is debited when Furniture and Fittings are sold for cash?

A. Sales Account
B. Purchases Account
C. Furniture and Fittings Account
D. Profit and Loss Account
E. Cash Account

19. In a manufacturing concern, which of the following will be regarded as part of prime cost?

A. Factory expenses
B. Salary
C. Royalty
D. Sales commission
E. Work-in-Progress

20. Which of the following is a statutory deduction?

A. Pension contribution
B. Union Dues
C. Loan repayment
D. Co-operative society contribution
E. Salary advance

21. Which of the following groups are referred to as External users of accounting information?

A. Management
B. Employees
C. Board of Directors
D. Industrial Relations department
E. Potential shareholders

22. An asset is to be depreciated over its economic useful life of 5 years on a fixed equal annual instalment basis. The cost of the asset is ₦200,000,while its estimated disposal value at the end of the fifth year is ₦50,000. How much should be charged as depreciation each year to the profit and loss account?

A. ₦10,000
B. ₦30,000
C. ₦40,000
D. ₦50,000
E. ₦60,000

23. The payroll cost to an Employer is

A. Basic pay
B. Gross pay
C. Deductions
D. Net pay
E. Gross pay less deductions

24. Which of the following is **NOT** a Public Enterprise?

A. Power Holding Company of Nigeria
B. Sierra-Leone Mining Corporation
C. Liberian Ports Authority
D. Virgin Nigeria Airline
E. Ghana Railway Corporation

25. Which of the following is **NOT** a factor to be considered when deciding on which application package to buy?

A. Systems manager
B. Hardware
C. Reliability
D. Flexibility
E. Cost

Use the following information to answer questions 26 and 27.

	L$
Trade Receivables as at 1/6/2010	400,450
Trade Receivables as at 31/5/2011	625,110
Specific bad debts during the year	45,000
Provision for bad and doubtful debts as at 1/6/2010	14,500

The provision for bad and doubtful debts is maintained at a level of 5% of Trade receivables as at 31/5/2011:

26. What is the value of Trade Receivables as at 31/5/2011 to be shown in the balance sheet?

A. L$505,114.50
B. L$551,104.50
C. L$580,110.00
D. L$585,101.50
E. L$590,114.50

27. What is the increase in the bad and doubtful debts account for the year ended 31 May 2011?

A. L$14,405.00
B. L$14,405.50
C. L$14,505.50
D. L$15,505.50
E. L$29,005.50

28. Which of the following is regarded as non-current asset?

A. Rent prepaid
B. Trade mark
C. Bills receivable
D. Cash advance
E. Commission receivable

29. Which of the following is **NOT** part of the double entry?

A. Trading account
B. Cash book
C. Statement of Financial Position
D. Wages account
E. Purchases account

30. Which of the following is **NOT** a reason why there could be differences between bank statements and cash book balances?

    A. Bank charges
    B. Standing order
    C. Presented cheques
    D. Timing differences
    E. Credit Transfers

SECTION A

PART II -SHORT ANSWER QUESTIONS (20 MARKS)

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

1. The ethical concept in accounting that deals with honesty and having strong moral principles is referred to as...

2. The traditional role of Accounting where management lays a report of performance before the owners of a business is known as...................

3. Pending the location of error, the difference disclosed in the Trial Balance is normally posted to…………………………………………………………..

4. Which concept in accounting states that a business has a separate and distinct identity from its owners?

5. List **TWO** broad categories into which ledger accounts are classified.

6. A credit note from a supplier for damaged goods would first be entered in the …………………………….

7. A partner who only contributes his name towards the formation of the partnership is referred to as..

8. A charge for the wear and tear of a fixed asset is called……………………………

9. The fixed amount of money set aside for petty expenses is called…………………

10. A Petty Cashier who operates an imprest system had an initial amount of L$10,000. His expenses for the week are postages L$1,500; Taxi fare L$2,500. How much reimbursement will he be given at the end of the week?

Use the following information to answer questions 11 and 12.

Bobo Enterprises acquired a Plant and Equipment for the sum of ₦450,000. Depreciation rate is 20% per annum at reducing balance method.

11. What is the Net book value at the end of the second year?

12. What is the amount of depreciation charged for the first two years?

13. Which arm of IFAC produces the IFRS?

14. Provision made for bad and doubtful debts is an application of....................................concept.

15. In a partnership business, which document states the terms and conditions guiding the operations of the partnership?

16. In a limited liability company (incorporated), the document that regulates the internal workings and members is referred to as.............................

17. The Cash Book balance of a sole trader stood at ¢490,000. It was discovered that cheque issued for ¢85,000 was entered in error as receipt. Bank charge of ¢20,000 was omitted. What is the adjusted cash book balance?

18. The difference between Current Assets and Current Liabilities is called................

19. The assets of Zulu Enterprises are worth ₦1,040,125, while the capital is ₦500,000. What is the amount of its liability?

20. If closing stock is over-stated, gross profit will be……………..

SECTION B Attempt Any FOUR Questions (50 Marks)

QUESTION 1

It is a common feature in most countries to find State-owned Enterprises operating side by side with private companies.

You are required to:

a. Explain the term State-Owned Enterprises as a form of business organisation. (3½ Marks)

b. Explain **THREE** distinguishing features of Public Enterprises. (9 Marks)

(Total 12½ Marks)

QUESTION 2

Dide Lasisi & Co has three employees in its payroll. Its accounting year is from January to December.

The following data relate to each employee:

	Bisola	Timi	Ahmed
	₦'000	₦'000	₦'000
Basic Salary per annum	90	84	72
Transport allowance per annum	24	24	24

Housing allowance per annum	50	50	40
Furniture allowance per annum	40% of basic salary		
Leave allowance per annum	25% of basic salary		

Additional information:

(i) Leave allowance is paid once in a year and the management has decided to pay all the staff leave allowances in the month of June.

(ii) The housing allowances are paid at the end of the second and fourth quarters.

(iii) Other allowances are paid on a monthly basis.

(iv) PAYE is 25% of Gross pay.

You are required to prepare the staff payroll for the month of June 2010 showing:

a. Gross Pay (9 Marks)
b. Net Pay (3½ Marks)
(Total 12½ Marks)

QUESTION 3

It is common to find Automatic Teller Machines (ATM) in most commercial centres in the world today.

a. **You are required to:**
i. Explain the meaning of ATM (2½ Marks)
ii. List **FIVE** functions of ATM (5 Marks)

b. The Cash Book balance of Dodo Business stood at L$412,156Dr on 31 May 2010. The bank statement for the same period showed a balance of L$1,101,255 Cr at the end of the month.

It was discovered that bank charges and interest on fixed deposits for the sum of L$11,201 and L$17,550 respectively has not been reflected in the cash book.
Cheque number 4126 issued in favour of Oduro Esquire for L$682,750 was presented for payment on 3 June 2010.

You are required to prepare:

i. Adjusted Cash Book of Dodo Business and (2½ Marks)
ii. A Bank Reconciliation Statement as at 31 May 2010. (2½ Marks)
(Total 12½ Marks)

QUESTION 4

The following transactions were recorded in the books of Tomi Enterprises in the month of January 2010:

(i) January 4: A motor vehicle was purchased on credit from SCOA Motors Limited for the sum of ₦550,000
(ii) Maxwell Dark, a debtor owing ₦80,000, offered a generator in full settlement of the debt on January 9
(iii) A machine was bought on credit from Uzoma Enterprises for ₦268,000 on 20 January;
(iv) Igho is a creditor. His business was taken over on the 22 January by Wood Enterprises and the amount of ₦70,000 owed is to be paid;
(v) On 27 January, it was discovered that ₦150,000 paid for the purchase of IPAD Computer was charged to Office expenses.

Required:
a. Record the above transactions in the Journal Proper/General Journal (5 Marks)
b. Explain the meaning of Journal Proper/General Journal (2½ Marks)
c. List **FIVE** uses of Journal Proper? (5 Marks)
(Total 12½ Marks)

QUESTION 5

Mary Ovo Enterprises
List of Balances as at 31 December 2011

	cedi	
Cash		76,155
Bank		149,835
Trade Debtors	11,970	
Capital	330,000	
Motor Vehicles		90,000
9% Treasury Bills		36,000
Rent		10,800
Furniture & Fittings		21,000
Purchases		57,405
Interest Income		1,500
Salary		4,980
15% Loan Debenture	30,000	
Carriage Inwards		600
Carriage Outwards		2,100
Insurance		900
Discount Allowed		900
Discount Received		390
Interest on Debentures		225
Bad Debts		2,100
Drawings		3,600
Return Inwards		240
Return Outwards		330

Trade Creditors	19,200
Sales	96,570

From the list of balances above, you are required to prepare the Trial Balance as at 31 December 2011. **(Total 12½ Marks)**

QUESTION 6

The need for accuracy and timely processing and presentation of Accounting Information demands the use of Computer Accounting Packages.

You are required to:

a. Give **FIVE** common areas where the use of Accounting Packages is required. (2½ Marks)

b. Explain **THREE** advantages and **TWO** disadvantages of Accounting Packages? (10 Marks)

(Total 12½ Marks)

SUGGESTED SOLUTIONS
SECTION A
PART I MULTIPLE-CHOICE QUESTIONS

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

26. B

27. C

28. B

29. C

30. C

Workings

Questions 16 & 17

	₦	Q
Basic Salary	40,000	
Utility Allowance	10,000	
GROSS PAY	50,000	(16)
Union Dues	(1,000)	
Take Home Pay	49,000	(17)

Question 22

$$\text{Depreciation} = \frac{Cost - SalvageValue}{Economic\ life\ of\ \ Asset(years)}$$

$$\text{Annual Depreciation} = \frac{N200{,}000 - N50{,}000}{5years} = N30{,}000$$

Question 26

	L$
Trade Receivables 31/5/2011	625,110
Less: Specific bad debts	45,000
	580,110
Provision for the year – N580,110 x 5%	29,005.50
Less: Provision as at 1/6/2010	14,500.00
Increase in provision for the year	14,505.50

Question 27

Balance Sheet (Extract)

CURRENT ASSETS

	L$
Trade Receivables	580,110.00
Less: Provision for bad debts	29,005.50
Trade Receivables	551,104.50

EXAMINER'S COMMENT

But for questions 10 and 27, this section of the paper is well structured and of the required standard. However, question 10 is capable of multiple solutions and so candidates were marked right not minding their chosen option. None of the options in question 27 is the correct one. This is suspected to be typographical error. Candidates were also compensated with a bonus mark each for this question.

Necessary corrections are to be reflected in the INSIGHT. Candidates scored above average in this section.

SHORT-ANSWER QUESTIONS

1. Integrity
2. Stewardship
3. Suspense Account
4. Entity Concept
5. (a) Personal Ledger (b) Impersonal Ledger
6. Returns Outward Journal or Returns Outward Day Book
7. Nominal Partner
8. Depreciation
9. Cash Float
10. L$4,000
11. ₦288,000
12. ₦162,000 (₦90,000 + ₦72,000)

13. No Arm (IFRS is produced by IASB)
14. Prudence or Conservatism Concept.
15. Partnership Articles or Deed
16. Articles of Association
17. ¢300,000
18. Working Capital
19. ₦540,125 i.e. ₦(1,040,125 – 500,000)
20. Overstated

Workings

Question 10

	L$
Original Float	10,000
Less: Expenses L$(1,500+2,500)	4,000
Cash at hand	6,000
Reimbursement	4,000
Cash Float c/d	10,000

Questions 11 and 12

		Q	Depreciation
	₦		₦
Cost	450,000		
Depreciation:			
Year 1 at 20%	(90,000)		90,000
NBV C/f	360,000		
Depr. Year 2 @ 20%	(72,000)		72,000
NBV End of year 2	288,000	(11)	
Depreciation for years 1 & 2		(12)	162,000

Question 17

ADJUSTED CASH BOOK

	¢	¢
Opening balance		490,000
Cheque issued recorded as receipt (85,000 x2)	170,000	
Bank charges	20,000	(190,000)
Adjusted Cash Book Balance		300,000

EXAMINER'S COMMENT

Question No. 13 was found to be somewhat defective or tricky. No arm of IFAC produces the IFRS. The solution was therefore given as "No ARM". Only candidates who are well acquainted with the workings of IFAC can know this. Question 7 was also restructured for inclusion in the INSIGHT. This does not affect the solution, though.

Aside the foregoing, the SAQs are good and have a reasonable spread across the syllabus.

Candidates' performance is just average.

SOLUTION 1

(a) State-owned Enterprises are economic and social organizations set up and controlled by Federal or State governments to provide public goods and services for their citizens. Examples of State-owned or public enterprises are the Nigeria Ports Authority (NPA), Nigeria Railway Corporation (NRC), the Power Holding Company of Nigeria (PHCN), etc.

(b) The features of Public Enterprises include:

i. Government Ownership:- Public Enterprises are usually owned by government at federal, state or local government levels. In some instances, a public enterprise is wholly owned or partly-owned with controlling share.
ii. Provision of Public Goods:- The overriding consideration of establishing public enterprises is to provide social amenities and employment for the citizens. Most public enterprises are not-for-profit organizations.
iii. Government Financed:- Public Enterprises are financed by way of grants, subventions and subsidies from government, though, they very often have some measure of internally generated revenue of their own.
iv. Enabling Law:- The Public enterprises usually come into being through appropriate enabling laws – an Act of Parliament published in the government gazette.
v. Size:- Public Enterprises are usually large in size when compared to other forms of business organization, such as sole proprietorship, partnership or limited companies.
vi. Supervision:- All public Enterprises are supervised by and report to some appropriate Ministries.

EXAMINER'S COMMENT

This question tested candidates' understanding of the nature and features of public enterprises. Not less than 85% of the candidates attempted the question. While most of the candidates were able to explain the nature of public enterprises, their distinctive features were not adequately highlighted. They kept repeating the same point in different ways. Of course, valuable marks were lost.

SOLUTION 2

DIDE LASISI & CO.
STAFF PAYROLL FOR JUNE, 2010

EMPLOYEE	BISOLA	TIMI	AHMED	TOTAL
	₦	₦	₦	₦
Basic pay for month	7,500.00	7,000.00	6,000.00	20,500.00
ALLOWANCES				
Transport	2,000.00	2,000.00	2,000.00	6,000.00
Housing (w.1)	25,000.00	25,000.00	20,000.00	70,000.00
Furniture (w.3)	3,000.00	2,800.00	2,400.00	8,200.00
Leave (w.2)	25,500.00	21,000.00	18,000.00	61,500.00
TOTAL ALLOWANCE	52,500.00	50,800.00	42,400.00	145,700.00
TOTAL GROSS PAY	60,000.00	57,800.00	48,400.00	166,200.00
DEDUCTION (S)				
PAYE (25% of Gross Pay)	(15,000.00)	(14,450.00)	(12,100.00)	(41,550.00)
NET PAY	45,000.00	43,350.00	36,300.00	124,650.00

w.1 Housing Allowance

	Bisola	Timi	Ahmed
	₦	₦	₦
Housing Allowance per annum	50,000	50,000	40,000
Housing Allowance per month			
1st and 2nd Quarters 50%	25,000	25,000	20,000

w.2 Leave Allowance

	Bisola	Timi	Ahmed
	₦	₦	₦
Basic Salary per annum	90,000	84,000	72,000
Leave Allowance (25%)	22,500	21,000	18,000

w.3 Furniture Allowance

	Bisola	Timi	Ahmed
	N	N	N
Basic Salary per annum	90,000	84,000	72,000

Furniture Allowance (40%) per annum	36,600	33,600	28,800
Furniture Allowance per month ($^1/_{12}$)	3000	2,800	2,400

EXAMINER'S COMMENT

Payroll preparation is one of the key areas where ATSWA graduates are to function. This question is meant to test their ability to prepare a payroll. Every payroll must show - Employees' names, Basic Pay, Allowances, Gross pay, Deductions and Net pay, for individual employees and for the establishment as a whole.

Not less than 70% of candidates attempted the question as expected. Quite a reasonable number of the candidates produced good answers but a small percentage (say 20% of the candidates who attempted it) merely did some arithmetical calculations without following the proper layout of a payroll. They lost valuable marks for this failure.

SOLUTION 3

A

i. Automatic Teller Machine (ATM) is an electronically operated cash dispenser used by banks and other large companies. It dispenses cash to customers without personal contacts with cashiers. The ATM is user-friendly and operates through a pre-programmed set of instructions.

An ATM card is usually issued to a customer on application together with a Personal Identification Number (PIN) known to him alone. The customer uses his card to withdraw cash from the machine after he has inputed his PIN correctly.

The Automatic Teller Machine (ATM) also has the capability to receive cheque and cash lodgments if programmed to do so.

ii. Functions of the ATM

- It is used to dispense cash to customers without contact with the cashiers.
- It provides an up-dated balance to a customer on request.
- The ATM can be used to print statement of accounts.
- It is used for fund transfers
- Promotional messages and advertisements can be made with the ATM.
- It can be used to deposit cash into customers' accounts, if so programmed.
- It facilitates making of regular bills payment

B.

i. Dodo Business

Adjusted Cash Book

		₦			₦
31/5/10	Bal. b/d	412,156	31/5/10	Bank charges	11,201
	Int. on fixed deposit	17,550		Bal c/d	418,505
		429,706			429,706

Bal b/d	418,505

ii. Bank Reconciliation Statement

	₦
Balance as per adjusted Cash Book	418,505
Add	
Unpresented cheque	682,750
Balance as per Bank Statement	1,101,255

EXAMINER'S COMMENT

Question 3(a) tested candidates' understanding of the meaning and functions of the ATM. Practically all (not less than 98%) candidates attempted the question. Good enough, the candidates were able to tell the meaning of the ATM correctly but apart from the withdrawal of cash many candidates appeared not to know other functions of the ATM. Again candidates should be educated on the proper use of the expression ATM. It's either they say ATM or Automated Teller Machine and NOT ATM machine.

Question 3(b) is on Bank Reconciliation Statement. Practically all the candidates are quite familiar with the topic and did well by producing good answers to the very simple Bank Reconciliation Statement.

SOLUTION 4

TOMI ENTERPRISES
JOURNAL JANUARY 2010

Date	Particulars	DR	CR.
		₦	₦
(i)	Motor Vehicles A/c DR SCOA Motors Being purchase of motor Vehicle on credit from SCOA Motors	550,000	 550,000
(ii)	Plant & Machinery (Generator) DR Sundry Debtors – Maxwel Dark Being settlement of debt owing with a Generator valued N80,000	80,000	 80,000

Date	Particulars	DR	CR.
		₦	₦
(iii)	Plant & Machinery DR Uzoma Enterprises Being purchase of a machine on credit	268,000	 268,000
(iv)	Wood Enterprises DR Cash/Bank Being settlement of debt owed to Igho to the new owner of his business, wood Enterprises.	70,000	 70,000
(v)	Computer Equipment DR Office Expenses Being reversal of amount paid for Purchase of IPAD computer wrongly charged to office Expenses.	150,000	 150,000

B. The Journal is a book or other record containing details of non-routine ledger transfers. The journal is not part of the double entry – It is a record of double entries made in ledger accounts. A properly prepared journal should provide the following information:

- The date of the transaction
- The debit and credit entries and to which specific accounts.
- A brief explanation (Narration) of the transaction.

A Journal entry is simply a clear and comprehensive way of setting out a book-keeping double entry that is to be made.

C. Uses of a Journal Proper

A Journal proper can be used:

- To record opening and closing entries.

- To record the purchase of a fixed asset on credit
- To record the sale of a fixed asset on credit
- To record drawings – cost of goods taken by the owner of a business for personal use.
- To correct Errors.
- To record transfers from one account to the other.
- To record end of period adjustments.

EXAMINER'S COMMENT

The General Journal or Journal Proper is a very important Accounting Book. All would be accountants should therefore be able to know its uses and be able to properly apply the underlying principles. Question 4 was supposed to test candidates' understanding and ability to prepare a JOURNAL. At least 75% of candidates attempted the question. While all candidates appear familiar with the layout, they woefully failed to properly identify the correct accounts (personal or impersonal) to be debited or credited. Many did not even bother to give narrations to their answers. Candidates should be mindful of this requirement. They should endeavour at ALL times to pay attention to the study of the double entry principles.

SOLUTION 5

MARY OVO ENTERPRISES
TRIAL BALANCE AS AT 31 DECEMBER, 2011

	DR	CR
	Cedi	Cedi
Cash	76,155	
Bank	149,835	
Trade Debtors	11,970	
Capital		330,000
Motor vehicles	90,000	
9% Treasury Bills	36,000	
Rent	10,800	
Furniture & Fittings	21,000	
Purchases	57,405	
Interest Income		1,500
Salary	4,980	
15% Loan Debenture		30,000
Carriage Inwards	600	
Carriage Outwards	2,100	
Insurance	900	
Discount Allowed	900	
Discount Received		390
Interest on Debentures	225	
Bad debts	2,100	
Drawings	3,600	
Return Inwards	240	

Return Outwards		330
Trade Creditors		19,200
Sales		96,570
Suspense Account	9,180	
	477,990	477,990

NOTE

There is a difference in the totals of the trial balance and this amount has consequently been transferred to a suspense account.

EXAMINER'S COMMENT

Candidates were required to simply draw a Trial Balance from a list of balances at the reporting period end. This is supposed to be a simple problem for the candidates if they have grasped the principle behind the preparation of a Trial Balance. As expected, over 90% of candidates attempted the question and did well. However, there were still some candidates who displayed absolute ignorance of the principle as they

- Prepared ledger accounts instead of a trial balance.
- Transposed the entries – a debit balance recorded as credit balance and vice versa. They missed very valuable and cheap marks!

SOLUTION 6

A.

Common areas in which Accounting Packages are required include:

(i) Sales Ledger accounting/Receivables

(ii) Purchases Ledger Accounting/Payables

(iii) Payroll

(iv) Fixed Assets

(v) Cash management

(vi) Bank Reconciliation

(vii) Control Accounts

B.

i. Advantages of Accounting Packages

1. Efficiency in terms of speed, storage requirements and accuracy

2. Make implementation of an application software to be quicker

3. Relatively cheap
4. Provide a common approach to various applications
5. Substantial reduction in processing and systems efforts.
6. Save programming efforts
7. Automatic financial statements are generated.

ii. Disadvantages of Accounting Packages

1. Problem of maintenance support where the vendor or manufacturer of package ceases to exist.
2. Inefficiency may be experienced due to inclusion of features that are not particularly relevant to the needs of the user in the Package.
3. Experts may not be available at point of need for help.
4. Set up cost may be high.
5. Packages may not be updated with latest legislation, etc.
6. In-house amendment of the software may not be feasible and this may render the package obsolete.

EXAMINER'S COMMENT

The examiner in this question tested the candidates on their appreciation of the uses or application of Accounting Packages and the advantages of using them. Only about 30% of candidates attempted the question. The performance is below average. Candidates merely wrote on computer in accounting and NOT Accounting Packages.

AT/121/PI.2 **Examination No....................**

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
PART I EXAMINATIONS – MARCH 2012
ECONOMICS

Time Allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A (ATTEMPT ALL QUESTIONS)

PART I – MULTIPLE-CHOICE QUESTIONS (30 MARKS)

Write only the alphabet (A, B, C, D, and E) that corresponds to the correct option in each of the following questions:

1. The view that economics is "the study of mankind in the ordinary business of life " belongs to

   A. Alfred Marshall
   B. Lionel Robbins
   C. Adams Smith
   D. Thomas Malthus
   E. James S. Mill

2. Most West African economies can be classified as

   A. Socialist economies
   B. Capitalist economies
   C. Centrally Planned economies
   D. Mixed economies
   E. Free-market economies

3. A shift in the supply curve to the right illustrates
   A. A decrease in supply
   B. A decrease in quantity supplied
   C. A price elastic supply
   D. An increase in supply
   E. A decrease in the own price of the product

4. If the price of a commodity increased by 5% and as a result, the quantity of the commodity demanded decreased by 10%, the price elasticity of demand for the commodity is

   A. ½
   B. 15
   C. 3
   D. 2
   E. ¼

5. If supply curve is vertical, the price elasticity of supply is

   A. Zero
   B. Greater than O but less than 1
   C. Equal to 1
   D. Greater than 1 but less than infinity
   E. Infinite

6. The rate at which a consumer can substitute one commodity bundle for another while still deriving the same level of satisfaction is known as

   A. Marginal Rate of Technical Substitution
   B. Elasticity of substitution
   C. Marginal Rate of Consumption Substitution
   D. Return to Scale
   E. Marginal Physical Product

7. Which of the following sources of finance is **NOT** open to a partnership form of business organization?
   A. Debenture
   B. Trade credit
   C. Retained profit
   D. Overdraft
   E. Capital contribution

8. A market structure characterized by a complete absence of rivalry among the individual firms is called

   A. Pure monopoly
   B. Perfect competition
   C. Oligopoly
   D. Duopoly
   E. Monopolistic Competition

9. Limited Liability Company implies

   A. That a company has limited shares

B. That a shareholder loses only what he invested at liquidation
C. The separation of management of company from shareholding
D. Greater ease in raising funds for company expansion
E. The ability of a joint stock company to raise funds

10. Assume that when a product's price is ₦20, quantity demanded is 9 units and when price is N19, quantity demanded is 10 units. What is the Marginal Revenue resulting from an increase in quantity demanded from 9 units to 10 units?

A. 1
B. 9
C. 19
D. 10
E. 20

11. Given that total cost is the sum of total fixed cost and total variable cost while total revenue is the multiplication of average revenue and quantity, then profit is

A. Total revenue plus total variable cost
B. Total revenue minus total fixed cost
C. Total revenue minus total cost
D. The ratio of the product of total cost and quantity to average revenue
E. Total cost minus total revenue

12. A country's gross national product at market price is N1,000 million. The depreciation is N50 million, indirect taxes are N30 million. Subsidies are ₦20 million. So the national income is

A. ₦1,040 million
B. ₦900 million
C. ₦940 million
D. ₦960 million
E. ₦1,100 million

13. Which item of the following is an example of transfer payment?

    A. Wages and salaries from a foreign firm
    B. Salaries from government
    C. Unemployment benefit allowance
    D. Rent paid by a boarder
    E. Dividend of a shareholder

14. Which of the following is an injection in the circular flow of income?

    A. Investments on capital goods
    B. Savings
    C. Imports
    D. Personal taxes
    E. Indirect company taxes

15. The fixed payment accepted by the insurance company from the insured to enable it in return undertake to make payments if certain events occur is called

    A. Dividend
    B. Premium
    C. Profit
    D. Bond
    E. Interest

16. An expansion of the money supply affects the economy by

    A. Lowering the interest rate and encouraging investment
    B. Raising the interest rate and encouraging investment
    C. Making firms more optimistic and encouraging them to invest
    D. Raising the interest rate and discouraging investment
    E. Lowering the interest rate and discouraging investment

17. The control of a country's money supply and monetary policy is the primary responsibility of the

    A. Ministry of Finance
    B. Commercial Banks
    C. Development Banks
    D. Monetary Policy Committee
    E. Central Bank

18. Tax holidays are given to firms to enable them to

A. Give their employees leave and leave allowance
B. Operate in an unstable economy
C. Use the holidays to collect taxes
D. Plan the use of national holidays for extra production
E. Establish themselves in the early stage of production

19. A situation whereby the government revenue is greater than government expenditure is referred to as

A. Budget surplus
B. Budget deficit
C. Balanced budget
D. Unfavourable budget
E. Zero-base budget

20. Tax evasion means

A. Refusal to pay tax
B. Tax payment according to ability to pay
C. Paying huge amount of money as tax
D. Making false declaration of taxable income
E. Reporting tax defaulters to the government

21. Which **ONE** of the following is an effect of inflation?

A. Lenders gain
B. Price level stabilises
C. Reduction in price of most items
D. Borrowers gain
E. Scarcity of currencies

22. Inflation caused by increase in aggregate demand can be curbed by

A. Exporting more goods and services
B. Hoarding of goods
C. Increasing the level of output
D. Increasing the level of money supply
E. Reducing importation

23. Stagflation is a situation where a country experiences

A. Inflation and poverty at the same time
B. Inflation and depression at the same time
C. Overproduction of goods and services
D. Inflation and overpopulation at the same time
E. Both inflation and unemployment at the same time

24. Which **ONE** of the following is **NOT** an argument in support of trade restrictions?

A. Protect infant industries
B. Protect and expand domestic employment
C. Correct balance of payment deficits
D. Encourage trade liberalization
E. Prevent dumping

25. Which of the following is applicable to internal trade?

A. Same currency, same language, different countries
B. Long distances, same language, different currencies
C. Same currency, same trade laws, within a national boundary
D. Within a national boundary, same trade laws, different currencies
E. Different tariffs

26. Terms of trade shows the

A. Ratio of index of export prices to index of import prices in percentage
B. Rate at which export exchange for import
C. Sum total of price index of export and import
D. Percentage increase in imports and exports
E. Rise in price of imports and exports

27. Organization of Petroleum Exporting Countries (OPEC) has been able to achieve the many results **EXCEPT**

A. Regulation of oil prices and thereby maintaining price stability
B. Participation of its members in oil exploration and exploitation
C. Bringing together all oil producing countries by providing financial assistance
D. Protecting member states' interests by providing financial assistance
E. Adopting uniform policies towards importing nations

28. The goal set out for borrowing nations to qualify for IMF loan are described as

    A. IMF Conditionalities
    B. Special Drawing Rights
    C. IMF Organs
    D. IMF Objectives
    E. IMF Functions

29. Which of the following countries is **NOT** a member of the Organisation of Petroleum Exporting Countries (OPEC)?

    A. Nigeria
    B. Libya
    C. Kuwait
    D. Iran
    E. Togo

30. Which of the following is **NOT** a contributing factor to economic growth?

    A. An increase in working population
    B. An increase in ageing population
    C. An increase in stock of capital
    D. Discovery of new raw materials
    E. An increase in level of investment

PART I – SHORT ANSWER QUESTIONS (20 MARKS)

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

1. The intrinsically worthless or almost worthless commodity that serves the functions of money is called..........................

2. The price at which the quantity demanded and quantity supplied of a commodity is the same is called...............................

3. Under the indifference curve approach, consumer equilibrium is achieved at the point where the indifference curve is tangential to the..................................

4. The technical relationship between the quantities of various inputs used and the maximum quantity of the commodity that can be produced per period of time is called...............................

5. An economic unit that makes decisions regarding the production and sale of goods and services is known as................................

6. The cost savings that accrue directly to the firm from the expansion of its plant size is called..............................

7. At the output level where a firm's total revenue (TR) is at maximum, the marginal revenue (MR) is..............................

8. If total consumption changes by 25% as a result of 75% change in national income, the value of marginal propensity to consume is...........................

9. Personal disposable income is obtained as................................

10. A market for short-term loans is called.......................................

11. Trade by barter requires that each party to the transaction wants what the other has to offer. This requirement is called...........................

12. Taxation is one of the instruments of................................policy.

13. The branch of economics concerned with government revenue and expenditure as well as the public debt is called............................

14. Unemployment that results from the fluctuation in economic activities is known as......................................

15. The exchange rate system under which the exchange rate of a currency is determined by the market forces is called....................................

16. An established arrangement by which currencies are bought and sold is called ....

17. When a sustained increase in a country's per capita output leads to a significant reduction in the levels of unemployment, inequality and poverty the situation is called................................

18. Inflation that results from an increase in money wage rates or in the money prices of raw materials is called..........................

19. The International Finance Corporation (IFC) is a member of the.........................

20. The concept of elasticity of demand that is applied to determine whether a commodity is a normal good or inferior good is..............................

SECTION B

PART I – MICROECONOMICS (Attempt Any TWO Questions)

QUESTION 1

The following Table gives the total utility schedule for the consumption of sachets of water and boxes of matches by a hypothetical consumer.

Quantity	Total Utility (Units)	
	Sachets of water	Boxes of matches
1	10	42
2	70	72
3	115	96
4	155	114
5	185	126

You are required to:

a. Complete the table for the marginal utility of sachets of water for each quantity.

b. Complete the table for the marginal utility of boxes of matches for each quantity.

c. Complete the table for the marginal utility per naira of sachets of pure water for each quantity, if a sachet of pure water is ₦5,

d. Complete the table for the marginal utility per naira of boxes of matches for each quality, if a box of matches is ₦3.

e. Determine the combination of the quantity of water and boxes of matches the consumer will consume to maximize utility if his income is ₦37.

(Total 12½ Marks)

QUESTION 2

A researcher estimates the demand and supply functions of a brand of tin milk as:

$$Qd = 600 - 100p$$
$$Qs = -150 + 150p$$

Where P is the unit price of milk in L$ while Qd and Qs stand for quantities demanded and supplied respectively.

You are required to determine the:

a. Market price (4 Marks)
b. Quantity traded on the market (3½ Marks)
c. Magnitude of the excess supply or demand if the price fixed by the government price regulatory agency is L$5.00 (5 Marks)

(Total 12½ Marks)

QUESTION 3

Whenever goods are produced, the individual firms that produced them, and the society in which the goods have been produced, incur costs.

You are required to:

a. Explain what you understand by total cost (TC), total variable cost (TVC), and total fixed cost (TFC). (4 Marks)

b. Show how these cost concepts are related, (with the aid of an appropriate diagram). (4 Marks)

c. Explain, using appropriate mathematical expression, the view that the short-run marginal cost (SMC) is the ratio of change in total variable cost to change in quantity. (4½ Marks)

(Total 12½ Marks)

PART II - MACROECONOMICS (Attempt Any TWO Questions)

QUESTION 4

Given the information below for an economy (amount in Le million):

Net income from abroad	= -1.5
Gross Domestic Product (GDP)	= 101
Indirect business taxes	= 10.2
Consumption of fixed capital	= 17
Company tax	= 1.1
Personal tax	= 1.5
Social insurance contribution	= 3.5
Undistributed profits	= 2.6
Transfer payments	= 2.4
Subsidy	= 2.0

You are required to find:

a. The Gross National Product (GNP);
b. The Net National Product (NNP);
c. The National Income (NI);
d. The Personal Income (PI); and
e. The Personal Disposable Income (PDI).

(12½ Marks)

QUESTION 5

Globalization is multi-dimensional, affecting all aspects of life: economy, cultural and social environment, and relations among nations of the World.

From the economic perspective, you are required to:

a. Explain what is meant by globalization? (3½ Marks)
b. Outline any THREE essential requirements for globalization (9 Marks)

(Total 12½ Marks)

QUESTION 6

For many developing countries, economic growth is a necessity if they are to remove mass poverty.

You are required to explain:

a. What you understand by economic growth. (3½ Marks)

b. Any **THREE** major factors contributing to achievement of economic growth in any society. (9 Marks)

(Total 12½ Marks)

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

22. C

23. E

24. D

25. D

26. B

27. C

28. A

29. E

30. B

EXAMINER'S COMMENT
All the questions are set within the purview of the syllabus and are devoid of any ambiguity. The performance of the candidates is generally fairly good. About 60% of the candidates scored pass marks. All the topics of the syllabus are covered in this part.

PART II SHORT-ANSWER QUESTIONS

1. Microeconomics and (b) macroeconomics

2. Equilibrium price

3. Budget line

4. Production function

5. A firm

6. Internal economies of scale

7. Zero

8. $^1/_3$ or 0.33

9. Personal income less personal taxes

10. Money market

11. Double coincidence of wants

12. fiscal

13. Public finance

14. Cyclical unemployment

15. Floating or flexible exchange rate

16. Foreign exchange market

17. Economic development

18. Organisation of Petroleum Exporting Countries (OPEC)

19. World Bank Group

20. Income elasticity of demand

EXAMINER'S COMMENT

All the questions in this part are straight forward, and none is outside the syllabus. All the topics in the syllabus are reasonably fairly represented. Not more than 42% of the candidates scored pass marks in this part.

SOLUTION 1

Quantity	Total Utility of water (TUW)	Total Utility of matches (TUM)	(a) MU_W 2½	(b) MU_M 2½	(c) $\frac{MU_w}{P_w}$	(d) $\frac{MU_m}{P_m}$
1	10	42	10	42	2	14
2	70	72	60	30	12	10
3	115	96	45	24	9	8
4	155	114	40	18	8	6
5	185	126	30	12	6	4

$MU_{water} = \frac{\Delta TU_{water}}{\Delta_{qty\ of\ water}}$

$MU_{matches} = \frac{\Delta TU_{matches}}{\Delta_{qty\ of\ matches}}$

At equilibrium $\frac{MU_w}{P_w} = \frac{MU_m}{P_m}$

e. Alternate solutions are;

i. 4 sachets of water and 3 boxes of matches
= 4 (₦5) + 3 (₦3)
= ₦29

ii. 5 sachets of water and 4 boxes of matches
= 5 (₦5) + 4 (₦3)
= ₦37

Therefore, consumer maximise utility where $\frac{MU_w}{P_w} = \frac{MU_m}{P_m}$ and the income is exhausted. This occurs when he consumes 5 sachets of water and 4 boxes of matches.

(a) ½ mark for each value of MU_w
(b) ½ mark for each value of MU_m
(c) ½ mark for each value of $\frac{MU_w}{P_w}$
(d) ½ mark for each value of $\frac{MU_m}{P_m}$

EXAMINER'S COMMENT

The question requires the computation of marginal utility schedules of two commodities and the determination of the combination where consumer's utility is maximized given unit prices of the two commodities and the consumer's money income. The question was attempted by about 80% of the candidates, and about 50% of those who attempted the question scored pass marks. The common pitfall was the inability of most of the candidates to identify consumer equilibrium condition to determine utility maximization combination.

That is, the combination of the two commodities that satisfies:

$\frac{MU_w}{p_w} = \frac{MU_m}{p_m}$ ----------------------(1) (£) [necessary condition}

Subject to:

$y = P_w\ P_w\ + P_m\ Q_m$ ----------------- (2) [Sufficient Condition]

Equation (2) describes the budget constraint.

SOLUTION 2

a. At equilibrium, the quantity demanded is equal to quantity supplied

Qd = Qs

600 – 100P = -150 + 150P

Collect like terms

600 + 150 = 150P + 100P

750 = 250P

P $= \frac{750}{250}$

P = \$3.00 (Market price)

b. To get the quantity traded on the market, substitute the value of P = \$3.00 into either the demand or supply equation.

Qd = 600 – 100

= 600 – 300

Qd = 300 tins

or

Qs = -150 + 150

= -150 + 450

Qs = 300 tins

c. To find the magnitude of excess supply or demand, substitute P=\$5.00 into the demand and supply equation.

At \$5.00

Qd = 600 – 100

= 600 – 500

= 100 tins

At P = \$5.00;

Qs = -150 + 150

= -150 + 750

Qs = 600 tins

Excess supply = Qs – Qd = 600 – 100

= 500 tins

EXAMINER'S COMMENT

The question tested candidates' understanding of the computations of market price, equilibrium quantity, excess demand or excess supply given demand and supply functions. Not less than 92% of the candidates attempted this question while about 60% of them scored pass marks. Most of the who scored poor marks confused the calculation of excess demand or excess supply with that of price elasticity of demand/supply coefficient.

SOLUTION 3

a. Total Cost:- This is the sum of the total fixed cost (TFC) and total variable (TVC) at any given level of output. Total cost also varies with the level of the firm's output.

TC = TFC + TVC

b. Total Variable Cost (TVC) is the total cost incurred by the Firm for variable inputs. In other words, it is the sum of the amounts a firm spends for each of the variable inputs employed in the process of production. TVC increases as the level of output increases, and vice versa.

TVC = f (Q)

c. In the short-run:

TC = TFC + TVC

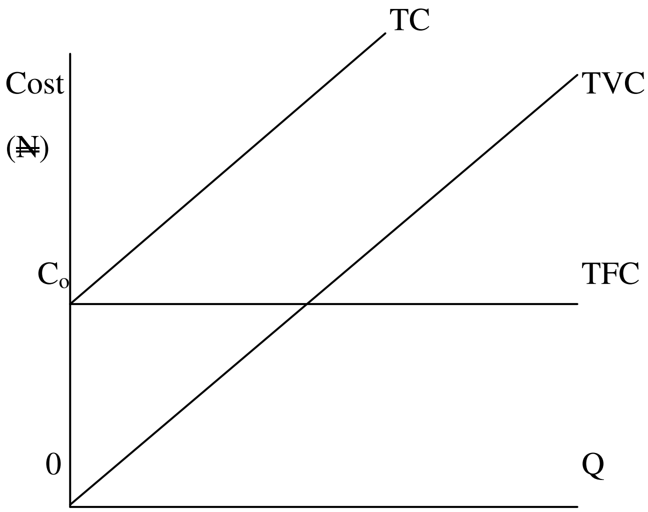
$MC = \frac{\Delta TC}{\Delta Q} = \frac{\Delta TFC}{\Delta Q} + \frac{\Delta TVC}{\Delta Q}$

Therefore,

$MC = \frac{\Delta TVC}{\Delta Q}$, since $\frac{\Delta TFC}{\Delta Q} = 0$

It follows that in the short-run marginal cost (MC) is the ratio of change in total variable cost (ΔTVC) to change in quantity ΔQ).

d. Total Fixed Cost (TFC) is the sum of all costs incurred by the firm for fixed inputs. The total fixed cost will be the same at any level of output. It is sometimes referred to as overhead cost.



Total cost, Total fixed cost and Total variable cost

EXAMINER'S COMMENT

The question on theory of the firm was poorly attempted (less than 40%). Most of the candidates who attempted the question got it wrong and therefore scored poor marks.

The common pitfall is the inability of most of the candidates to illustrate graphically the relationship between, Total Cost(TC), Total Fixed Cost(TRC), and Total Variable Cost (TVC). About 95% of them also scored zero in part (b) of the question.

SOLUTION 4

(a) GNP = GDP + Net income from abroad
= L_e101 million + (-L_e1.5)
= L_e99.5 million

(b) NNP = GNP – Consumption of fixed capital (Depreciation)
= L_e99.5 million - (L_e17 million)
= L_e82.5 million

(c) NI = NNP - Net Indirect Business Tax
= NNP – (Indirect business tax – subsidy)
= L_e82.5 million – L_e(10.2 – 2) million
= L_e82.5 million - L_e8.2 million
= L_e74.3 million

(d) PI $= \left[NI - \text{Company tax} - \underset{\text{Contribution}}{\text{Social insurance}} - \underset{\text{Profit}}{\text{Undistributed}} + \underset{\text{Payment}}{\text{Transfer}} \right]$

$= L_e74.3 \text{ million} - L_e1.1 \text{ million} - L_e3.5 \text{ million} - L_e2.6 \text{ million} + L_e2.4 \text{ million}$

$= L_e69.5 \text{ million}$

(e) PDI = Personal Income – Personal Income Taxes

$= L_e69.5 \text{ million} - L_e1.5 \text{ million}$

$= L_e68 \text{ million}$

EXAMINER'S COMMENT

The question tests candidates understanding of national income accounting. Candidates are required to compute some related concepts of national income: GNP, PI and PDI. The question is straight forward and very relevant to the syllabus of the paper.

Only very few candidates, less than 35%, attempted the question and the pass rate was poor, not up to 48% obtained pass marks. It is a technical question that requires precise answer. Candidates are advised to read relevant textbooks, on introductory macroeconomics, paying particular attention to the basic concepts of national income accounting.

SOLUTION 5

a. From the economic perspective, globalization may be defined as the increasing interaction arising, and integration of, the economic activities of nations around the world.

Specifically, globalization is characterized by an intensification of cross-border trade and increased financial and foreign direct investment flows, promoted by rapid liberalisation and advances in information technology

b. The essential requirements for globalization are:

i. Intensify promotion of free trade by removing trade barriers, adopting appropriate exchange rate policies and diversify into export of manufactured products

ii. Promote increased inflow of financial and foreign direct investments by liberalizing investment laws, offering tax incentives, easing restrictions on entry and profit remittances, strengthening the financial system and improving security system to protect lives and property.

iii. Promoting adequacy and upgrading of existing telecommunications and transportation infrastructures to ease and reduce costs of communication and transportation

iv. Facilitate the movement of people across borders to promote integration through human migration

v. Ensure good governance by promoting macroeconomic discipline, limitation of government's role in the economy, preventing and sanctioning all forms of official and business corrupt practices.

EXAMINER'S COMMENT

Globalisation is a new topic in the syllabus. The question on the concept was avoided by about 65% of the candidates. About 55% of the candidates who attempted the question scored below average mark.

The concept of globalisaton is about a contemporary issue and should be understood by the candidates. Candidates are advised to be current and to neglect any topic in the syllabus.

SOLUTION 6

a. Economic Growth is a steady increase in the per capita income of a country i.e. more output per head due to more input and increased efficiency. A country will experience economic growth when its National income increases faster than its population thereby causing its per capita income to increase.

b. Some of the factors contributing to the achievement of economic growth are:

i. **Technological progress:** This is the effect of research and development (R & D) on the methods of production. Research and development efforts increase scientific and technical knowledge which in return improves existing products and production processes resulting in the creation of new products/services. Improved technology obviously will lead to improved efficiency and higher productivity.

ii. **Capital Accumulation:** Increased capital stock of a nation can be as a result of investment in new factories investment in social and economic infrastructure or investment in human resources.

Investment in any one or more of these factors will ultimately lead to a higher productivity

iii. **Growth in the proportion of labour force to total population:**

When there is an increase in the proportion of labour force to total population, there will be an economic growth provided the system possesses the ability in terms of managerial and administrative skills to harness the increased labour force.

iv. **Efficient Exploitation of resources:** The availability of abundant natural resources is not a guaranty for increased productivity. However, the harnessing of the resources as well as their efficient utilization will invariably increase output of goods and services.

v. **Government Policy:** Government is a major player in the organization of productive resources. The policy formulation and execution rest squarely with government. Government fiscal and monetary policies can be used to accelerate economic growth.

EXAMINER'S COMMENT

The question on economic growth is straight forward. Candidates were required to define and explain the concept, as well as identify the major factors determining economic growth. About 95% of the candidates attempted the question and about 52% of them scored well in the part (a), while they demonstrated poor knowledge of determining factors of economic growth tested in part (b).

ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
PART I EXAMINATIONS – MARCH 2012
BUSINESS LAW

Time Allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A (ATTEMPT ALL QUESTIONS)

PART I – MULTIPLE-CHOICE QUESTIONS (30 MARKS)

Write only the alphabet (A, B, C, D, and E) that corresponds to the correct option in each of the following questions

1. The principle of law on which a judicial decision is based is called

   A. Obiter dictum
   B. Ratio decidendi
   C. Res judicate
   D. Legacy
   E. Stare decisis

2. In a democracy, the highest legislative organ is the
   A. Supreme Council
   B. Parliament/National Assembly/National legislature
   C. House of Commons
   D. Privy Assembly Council
   E. Council of Ministers

3. A strict Interpretation of a Statute is done by

   A. Judicial precedent
   B. Literal rule
   C. Ordinances
   D. Decrees
   E. Revolution Council

4. The relationship between a banker and its customer is that of

   A. Current Account holder
   B. Debtor – Creditor
   C. Customer – Undertaker
   D. Cash and Cheque
   E. Moneylender – Borrower

5. The relationship which subsists between persons carrying on business in common with a view of making profit is known as

   A. Marriage
   B. Agreement
   C. Partnership
   D. Specific business
   E. Association

6. The Court of Appeal(Circuit Court) is headed by

   A. Chief Judge of a State/County
   B. Judge of a Customary Court of Appeal
   C. President of the Court of Appeal/Circuit Court
   D. Attorney-General of the Federation/State
   E. Senate President

7. Where will appeal from Court of Appeal(Circuit Court) be laid?

   A. Higher Court of Appeal
   B. Special Tribunal
   C. Commission of enquiry
   D. Judiciary Task Force
   E. Supreme Court

8. Which of the following is **NOT** a Negotiable Instrument?

   A. Bills of Exchange
   B. Cheques
   C. Banker's drafts
   D. Debentures
   E. Credit cards

9. A bank which wrongfully dishonoured a cheque of its customer can be sued for

A. Contract failure
B. Breach of contract
C. Moratorium
D. Bankruptcy
E. Fraud

9. It is the duty of the Corporate Affairs Commission/Registrar General's office to carry out **ONE** of the following functions

A. Winding-up of companies
B. Protect minority rights
C. Terminate contracts
D. Incorporate new companies
E. Organise company meetings

10. The only court that has original jurisdiction in Constitutional matters is

A. Court of Appeal
B. State High Court
C. Supreme Court
D. Federal High Court
E. National Arbitration Court

11. An agency can be terminated by which of the following?

A. Ratification
B. Obligation
C Acceptance
D. Necessity
E. Acts of parties and operation of Law

12. A remedy that lies for a breach of the contract for the sale of goods is

A. Lien
B. Right to reject the goods
C. Right of resale
D. Withholding delivery
E. Estoppel

13. The act of a person designed to deceive another person in the course of trade, to make the seller's goods look like those of another person, is called

A. Misstatement
B. Negligence
C. Defamation
D. Passing off
E. Faking

15. Ayo promised to sell his car to John at the price of ₦500,000. What does this constitute in Law?

A. Buying and selling
B. Invitation to treat
C. Offer
D. Contract
E. Acceptance

16. Under the Sale of Goods Law, a seller has the following remedies, **EXCEPT**

A. A Lien
B. Stoppage in trasitu
C. Payment
D. Right of resale
E. With-holding delivery

17. Under hire purchase agreement, it is the duty of the hirer to comply with the following, **EXCEPT**

A. Take delivery of the goods from the owner
B. Take care of the goods
C. Pay instalments
D. Redeliver the goods
E. Lease the goods to a third party

18. Which **ONE** of the following is **NOT** a defence to the allegation of defamation

A. Justification
B. Fair comment
C. Intentional publication
D. Privilege
E. Consent

19. **ONE** of the duties of an employer to his employee is

A. Payment of salary
B. Receive payment
C. Discriminate
D. Stand as surety
E. Be a guarantor.

20. Libel is a type of

A. Manslaughter
B. Slander
C. Misrepresentation
D. Murder
E. Defamation

21. *Nemo dat quod non habet* means

A. You caused your own misfortune
B. Justice and equity
C. Contractor's bill
D. You cannot give that which you do not possess
E. Contractual relationship

22. Laws passed by the National Assembly or Parliament/National Legislature are called

A. National Laws
B. Edicts
C. Martial Law
D. Acts/Statutes
E. Decrees

23. **ONE** of the consequences that flows from corporate personality of a company is

A. Statutory
B. Mediation
C. Separate entity
D. Equity
E. Justice.

24. In law, intentionally creating in another person a reasonable apprehension of imminent harmful and offensive contact can best be described as

    A. Trespass
    B. False imprisonment
    C. Assault
    D. Power of arrest
    E. Cohesion

25. A holder who has taken a bill, complete and regular on the face of it, is called

    A. Acceptor
    B. Drawer
    C. Holder for value
    D. Holder in due course
    E. Inchoate bill

26. The maximum number of persons who can form a partnership is

    A. 3
    B. 10
    C. 15
    D. 22
    E. 20

27. Which of the following is **NOT** a means of bringing a partnership to an end?

    A. By agreement
    B. By court order
    C. By expiration of time
    D. By partners protests
    E. By death of any partner

28. Contract of Insurance is an agreement between the insurer and the insured. To be valid, there must be

    A. Share deposit
    B. Payment of premium
    C. Settlement
    D. Injunction
    E. Share capital

29. To establish a valid contract, there must be

    A. Contract
    B. Current account
    C. Offer and Acceptance
    D. Necessity
    E. Fair comment

30. A resolution shall be a special resolution when it has been passed by:

    A. Simple majority
    B. 95% of votes cast by members of the company
    C. Three-fourth of the votes cast by members of the company
    D. 50% of votes by proxy
    E. Two-thirds of the votes cast by members of the company

PART II - SHORT-ANSWER QUESTIONS (20 Marks)

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

1. To be applicable, statute of general application must be in force ………..............

2. The highest court of law in your country is............................

3. A rule which requires the court to look at the general purposes for the passing of a Statute is known as...............................

4. The Supreme Court has original jurisdiction to the exclusion of any other court in dispute between................and............................

5. The perpetual succession attribute of a limited liability company is as a result of..............................

6. To be appointed as a Judge of the Supreme Court of your country, the person must be a legal practitioner for at least................ years.

7. What will warrant the lifting of the veil of incorporation?

8. The doctrine which confines a company only to businesses covered by its memorandum of association (Regulation)is called............................

9. There cannot be revocation of an offer unless the notice of revocation is received by........................

10. Consideration is said to be executory when............................

11. An agreement by which one party covenants to stop his future liberty to practice his trade or business is known as............................

12. A situation whereby a seller transfers a property or ownership in the goods to the buyer for money is called.....................................

13. Goods which are sold by description but not identified or agreed upon at the time of contract, is called...

14. Agency relationship can be created by express appointment and..................

15. A cheque can only be drawn on...............................

16. When the words " Account payee only" is written on the face of a cheque, it means........................

17. The business which subsists between one or more persons carrying on business with a view to making profit is known as.................................

18. A partner who does not participate in the management of the partnership business, but is entitled to share in the profit and losses of the partnership contract, is called.........................

19. When a bill has been accepted by the drawee, he becomes known as the...................

20. Payment to an employee by the employer following the dissolution of the company, is called............................

SECTION B - Attempt any FOUR questions (50 Marks)

QUESTION 1

It is said that Courts interprete the Laws passed by parliament.

You are required to:

a. Explain **THREE** approaches to the Interpretation of Statutes. (6 Marks)

b. Explain the Doctrine of Judicial Precedent. (2½Marks)

c. State **FOUR** Courts of Superior records (4 Marks)

(Total 12½ Marks)

QUESTION 2

a. On the demise of Chief Ayekooto, his widow under his will was given a duplex building absolutely. John who was a tenant there did substantial repairs to the duplex. Thereafter,

Ayekooto's wife wrote John promising to pay him in consideration for the repairs made by him. The money was not paid and John decided to go to court.
Advise him. (4½ Marks)

b. State **FOUR** differences between Criminal liability and Civil Liability. (4 Marks)

c. Explain the following:

(i) Executory Consideration
(ii) Executed Consideration (4 Marks)

(Total 12½ Marks)

QUESTION 3

a. Mr. Adodo was appointed Manager by Jakinco Limited and was paid ¢250,000 per month. After about a year in office his subordinate staff started inflating monthly vouchers for him to sign. The subordinate staff succeeded in inflating the vouchers for about nine months. Mr Adodo was dismissed by Jakinco Limited for incompetence and negligence. Mr Adodo has decided to sue the Company.
Advise him. (4½ Marks)

b. List **TWO** main duties of both the Principal and the Agent. (4 Marks)

c. State **FOUR** Statutory books that an Insurance Company must keep in its Principal office. (4 Marks)

(Total 12½ Marks)

QUESTION 4

a. Business registration is compulsory in most countries. This enables the business entities to acquire independent legal personality different and distinct from the owners.

Required:
State **FOUR** documents that should be delivered to the Corporate Affairs Commission (Ministry of Foreign Affairs) when incorporating a new company.
(4 Marks)

b. Write Short notes on each of the following:

(i) Statutory Meeting
(ii) Annual General Meeting
(iii) Extra-Ordinary General Meeting (6 Marks)

c. State **FOUR** conditions under which a Bank can disclose information about its Customer's Account without incurring liability. (4 Marks)

(Total 12½ Marks)

QUESTION 5

a. Mr. Oloye travelled to Ijaye village known for the production of good quality cocoa beans. Mr. Oloye at Ijaye was shown 40 bags of cocoa by Mr. Lere who requested Mr. Oloye to inspect the cocoa bags. Mr. Oloye ignored the request to inspect the cocoa beans but purchased all the 40 bags of the cocoa beans. Mr. Oloye later discovered that the cocoa beans were bad and of low quality. Mr. Oloye made attempt to recover his money from Mr. Lere but to no avail.
Advise Mr. Oloye. (6½ Marks)

b. Write brief notes on each of the following:

(i) Insurable Interest
(ii) Subrogation
(iii) Negotiable Instrument (6 Marks)

(Total 12½ Marks)

QUESTION 6

Companies are formed with the expectation that they will exist in perpetuity.

You are required to:

a. In what situations may a company be voluntarily wound up. (4 ½Marks)

b. State **FOUR** of those who may petition that a company be wound up by the Court. (4 Marks)

c. Give **FOUR** circumstances that will amount to an unfair termination of employment (4 Marks)

(Total 12½Marks)

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

26. E
27. D
28. B
29. C
30. C

EXAMINER'S COMMENT

These are compulsory questions which attracted 100% attempt. The performance level was very high as the average was about 70%

SHORT-ANSWER QUESTIONS

1. In England on January 1, 1900
2. Supreme Court
3. Golden rule
4. The Federation and a State
5. Incorporation
6. 15 years
7. When it is used to evade tax or for acts detrimental to public interest
8. *Ultra Vires* Doctrine
9. Offeree
10. Both parties are to perform their obligations in future
11. Contract in restraint of trade
12. Sale of Goods
13. Unascertained goods
14. By Ratification/Necessity/Operation of law/Estoppel/Conduct
15. A banker
16. The cheque must be paid only into the account of the named payee
17. Partnership

18. Dormant or sleeping partner

19. An acceptor

20. Redundancy pay

EXAMINER'S COMMENT

These are also compulsory questions and the performance was slightly above average.

SOLUTION 1

The approaches to the interpretation of statutes are:-

i. The Literal Rule is giving words their ordinary and plain meaning if they are clear and unambiguous. If the words are used in relation to a trade or business, they are to be given their usual meaning in the trade or business.

ii. The Golden Rule requires the judge to adopt the interpretation which produces the least absurd result. Where the words to be interpreted are ambiguous, it is the court's duty to interprete the words in such a manner as to avoid the absurdity.

iii. The Mischief Rule requires the judge to look at the law before the passing of the Act and the mischief or defect which the Act is intended to remedy. The law should then be interpreted in such a way as to suppress that mischief and advance the remedy intended by the Act.

iv. The *Ejusdem generis rule* is applied where particular words of the same class are followed by general words. The general words must be construed to be similar in meaning to the particular words.

B. Judicial precedent is the principle of law on which a judicial decision is based. Only the pronouncement on law in relation to the material facts before the judge constitutes a precedent and must be followed in similar cases by courts below the higher court in the hierarchy of courts.

C. The following Courts are Courts of records;

- i. High court
- ii. Court of Appeal
- iii. Supreme Court
- iv. Customary Court of Appeal

v. Sharia Court of Appeal

v. National Industrial Court

EXAMINER'S COMMENT

This question divided into three parts was very popular as it was attempted by about 85% of the candidates' majority of who performed extremely well.

SOLUTION 2

(A) Any promise which is made after the performance of the act which prompts the promise is past consideration

Such a promise is independent of the act or service performed. It is not binding and is unenforceable.

John is therefore advised not to go to the court because the promise of Ayekooto's wife was a past consideration which cannot be enforced against her.

B.

i. A crime is an unlawful act or default which is an offence against the public or state and renders the person who is guilty of the act or default to legal punishment.

ii. The civil law deals with the private rights and obligations which arise between individuals.

iii. The major aim of criminal law is to punish an offender

iv. In civil law, the purpose of the action is to remedy the wrong that has been suffered and to compensate the victim.

v. In criminal liability the prosecution must establish two essential requirements *actus reus* (prohibited act) and *mens rea* (guilty mind)

vi. The standard of proof in civil law is preponderance of evidence

vii. In criminal law the standard of proof is beyond reasonable doubt.

C.

i. Executory consideration means a situation where both parties to a contract are to perform their obligations in future.

ii. Executed consideration means a situation where one party has performed in return for the promise of the other.

EXAMINER'S COMMENT

This question which is basically on the law of contract was also very popular. However, the performance is just average as many of the candidates did not marshall and present their points clearly thus leading to loss of marks.

SOLUTION 3

A. An employer may summarily dismiss his employee where the employee has conducted himself in a manner that is not compatible with his duty of fidelity owed to his employer or where he carries out his duties in an incompetent manner. In this case Mr. Adodo displayed a high degree of incompetence and negligence by allowing the staff under him to defraud the company for a period of nine months. Mr. Adodo was rightfully dismissed by Jakinco limited.

B.(a) Duties of Principal

i. To pay the agent for his service
ii. To indemnify the agent for legitimate expenses
iii. To provide safe and conducive environment for the Agent

b. Duties of an Agent

i. To follow instructions of his principal
ii. To be loyal
iii. Not to delegate authority
iv. To give account whenever the principal demands for such.
v. To avoid conflict of interest
vi. Not to make undisclosed profit or commission.

C. An insurer must keep and maintain at its principal office the following books:-

i. The memorandum and articles of association
ii. A record containing the names and addresses of owners of the insurance business.
iii. The minutes of any meeting of the owners
iv. A register of claim containing material particulars of such claims
v. Register of Assets
vi. Cash book
vii. Current account book
viii. Management report by external auditor

EXAMINER'S COMMENT

This question was divided into three parts and it was fairly popular. Apparently, the performance was not very good due to lack of understanding of the issues as well as superficiality of the answers which did not address the issues adequately.

SOLUTION 4

A. Documents to be delivered to Corporate Affairs Commission when incorporating a new company are:

i. Memorandum of Association and Articles of Association
ii. Notice of the address of the registered office of the company

iii. Statement of the authorised Share Capital signed by at least one director
iv. Statement in the prescribed form containing the list and particulars together with the consent of persons who are to be the first directors
v. A Statutory declaration in the prescribed form by a legal practitioner that those requirements of the Act for the registration of a company have been complied with.
vi. Returns on allotment of shares.

B(i) Statutory Meeting:- Section 211 of the Companies and Allied Matters Act (CAMA) provides that every public company shall, within a period of six months from the date of incorporation hold a general meeting of the members and the purpose is to give the members a statutory report. The report will be certified by at least two directors or by a director and the secretary of the company and it must be delivered to the Corporate Affairs Commission for registration.

ii. Annual General Meeting:- Section 213 of Act provides that every Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notice calling it and not more than 15 months shall elapse between the date of one annual general meeting and the next. The meeting may be called ordinarily, that is, by the directors of the company but where this is not done, the Commission may call or direct its being called on the application of any member of the company.

iii. Extra-Ordinary General Meeting:- Any general meeting other than an annual general meeting is an extra-ordinary general meeting. It is usually called by the Board of Directors to deal with urgent matters which cannot wait until the next annual general meeting. A single director may also call the meeting if there are not enough directors in Nigeria to form a quorum of the Board. The directors must convene an extra ordinary general meeting on requisition by members holding not less than one-tenth of the share capital.

All business transacted at an extra ordinary general meeting shall be deemed special.

C. The conditions under which a bank can disclose the affairs of account of his customer to the public are:-

i. Where the bank is compelled by law or court to disclose
ii. Where there is a duty to the public to disclose.
iii. Where the disclosure is required to protect the interest of the bank
iv. Where the customer has given his consent either expressly or impliedly to the Bank to disclose.

EXAMINER'S COMMENT

This question is very popular and the performance was very impressive in respect of the (b) and (C) parts. Many candidates were however confused about the (a) part of the question even though it is fairly simple and straight forward.

SOLUTION 5

A. Where goods are sold by description, there is an implied condition that the goods will correspond with the description. However, with regard to the quality of the goods, the general rule is *caveat emptor*. In this case Mr. Oloye had the opportunity to inspect the goods to ascertain the quality but failed to take the chance to do so. Therefore, he is bound to take the goods the way he had found them. He cannot recover his money back from Mr. Lere.

Bi. A person has an insurable interest in something when he stands to gain a profit in its preservation and to suffer loss or damage in its destruction. Furthermore, a person shall be deemed to have insurable interest in the life of any other person or in any other event where he stands in any legal relationship to that person or other event in consequence of which he may benefit by the safety of that person or event or be prejudiced by the death of that person or loss from the occurrence of the event.

ii. Subrogation is a corollary to the principle of indemnity. In a contract of indemnity, the insurer is entitled after paying for the loss of the insured to be placed in the position of the insured against a third party in respect of the subject matter of insurance and be entitled to any rights and remedies accruing to the insured.

iii. A negotiable instrument is a chose in action, the full and legal title to which is transferable by mere delivery of the instrument with the result that complete ownership of the instrument with all the property it represents pass free from equities to the transferee provided the latter takes the instrument in good faith and for value.

EXAMINER'S COMMENT

The (a) part of this question was on sale of goods while the (b) part covered some principles in insurance law and negotiable instrument.

The performance varied from impressive to fairly good and then to a few who scored very low marks.

SOLUTION 6

A. Section 457 of the Act provides that a company may be wound-up voluntarily in the following situations:-

   i. When the period, if any, fixed for the duration of the company by the articles expires, or the event, if any occurs, on occurrence of which the articles provide that the company is to be dissolved and the company in general meeting has passed an ordinary resolution requiring the company to be wound-up voluntarily.

   ii. If the company resolves by special resolution that the company should be wound-up voluntarily.

B. Those who can petition that a company be wound-up by the court are:-

   i. The company itself
   ii. A creditor, whether contingent or prospective
   iii. The official receiver
   iv. A trustee in bankruptcy
   v. A personal representative.
   vi. A contributory

C. Circumstances that will amount to an unfair termination of employment include the following:

   i. Dismissal during strike action
   ii. Dismissal as a result of involvement in trade union activities
   iii. Dismissal over pregnancy
   iv. Unjust selection for redundancy.
   v. Dismissal due to pressure on the employer

EXAMINER'S COMMENT
This question was popular although the performance was not very good as about 55% of those who attempted the question scored below average. This can only be attributed to poor preparation as the three parts of the question are not difficult.

AT/121/PI.4 **Examination No....................**

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRTICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA

ATSWA PART I MARCH 2012

PART I EXAMINATIONS – MARCH 2012
COMMUNICATION SKILLS

Time Allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A (ATTEMPT ALL QUESTIONS)

PART I – MULTIPLE-CHOICE QUESTIONS (20 MARKS)

Write only the alphabet (A, B, C, D, and E) that corresponds to the correct option in each of the following questions

1. All the following are important for an effective speech delivery, **EXCEPT**

   A. Audience
   B. Subject
   C. Time frame
   D. The speaker's social clout
   E. Setting

2. Which of the following is **NOT** a component of the SQ3R reading method?

   A. Question
   B. Survey
   C. Questionnaire
   D. Read
   E. Recall

3. Conflicts in organisations may occur in the following forms, **EXCEPT**

   A. Between individuals and groups
   B. Between individuals and foreign nations
   C. Between management and staff unions
   D. Between a member and another member
   E. Among different organisations

4. Amina walked into the auditorium majestically. What is the name given to the underlined word in this sentence?

   A. Complement
   B. Object
   C. Subject
   D. Adverbial
   E. Predicate

5. The fricative /ʃ/ features in all the following words, **EXCEPT**

   A. Mansion
   B. Nation
   C. Measure
   D. Passion
   E. Motion

6. In writing a formal letter, only **ONE** of the following will not be required

   A. Title
   B. Acknowledgement
   C. Addresses
   D. Salutation
   E. Subscription

7. Which of the following describes information flow in an upward communication system?

   A. Employers to Employees
   B. Superiors to Subordinates
   C. Colleagues on the same level
   D. Subordinates to Superiors
   E. Managers to Managers in other organisations

8. "The greedy old man was sent out from the hall". The underlined expression is a (n)

   A. Noun clause
   B. Noun phrase
   C. Adjectival phrase
   D. Adjectival clause
   E. Adverbial clause

9. Special meeting could be convened if

   A. Matters do not require immediate attention
   B. It has been scheduled

C. There is need to rub minds together
D. There is a specific matter that needs to be addressed
E. The order comes from the top

10. **ONE** of the following is **NOT** an example of non-verbal communication

A. Pie chart
B. Tables
C. Bar graph
D. Pictograms
E. Journal

11. Which of the following is **NOT** a barrier to effective communication?

A. Clarity
B. Distortion
C. Distraction
D. Lack of concentration
E. Distance

12. "To show the white feather" means

A. To have something to be proud of
B. To show sign of cowardice
C. To abuse one's privileges
D. To be angry
E. To avoid disgrace

13. Which of the following is **NOT** a bad reading habit?

A. Vocalization
B. Sub-vocalization
C. Speed
D. Head movement
E. Regression

14. The gestures used by a traffic warden in controlling traffic are

A. Kinesics
B. Proxemics
C. Semiotics
D. Paralanguage
E. Meta-language

15. The following are the main features of a report**, EXCEPT**

A. Introduction
B. Methodology
C. Findings
D. Recommendations
E. Appendices

16. **ONE** of the following is the record of the proceedings at a meeting

A. Notice
B. Agenda
C. Minutes
D. Circular
E. Memorandum

17. Which of the following presents the essential parts of a formal report in a logical order?

A. Introduction, membership, terms of reference, findings, recommendations/conclusion.
B. Membership, findings, terms of reference, recommendations/conclusion, introduction
C. Terms of reference, introduction, recommendations/conclusion, membership, findings
D. Findings, recommendations/conclusion, introduction, findings, membership
E. Recommendations/conclusion, findings, terms of reference, introduction, membership

18. Which of the following is **NOT** a feature of a formal meeting?

A. Style
B. Format
C. Organisation
D. Order
E. Theme

19. The following are features of a formal letter, **EXCEPT**

A. Sender's Address
B. Receiver's Address

C. Date
D. Subject Heading
E. Acknowledgement

20. **ONE** of the following is **NOT** a purpose of advertising.

A. Persuading
B. Entertaining
C. Informing
D. Condemning
E. Reminding

PART II: SHORT-ANSWER QUESTIONS (20 MARKS)

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

1. Communication through the use of space and distance is called.........................

2. The linear model of 1949 that identifies the channel as the place where noise interferes with communication signal is..............................model

3. The network that facilitates information dissemination to a group from one source is the................network

4. Another name for search reading is.............................

5. Two important communication skills used in meetings are................and ....

6. The punctuation mark used to reflect deliberate omission in a quoted material is ....

7. A sound produced when air issuing from the lungs is obstructed in the mouth is ....

8. Habitual actions are expressed with the use of.................tense.

9. "<u>As they turned the corner</u>, they saw the church." In this sentence, the underlined expression is a (n)........................clause

10. In the sentence: "Obafemi Martins is the player <u>to beat</u>", the underlined infinitive phrase functions as a(n).......................object

11. "They gave him <u>two books</u>." The underlined phrase in this sentence is the ....object.

12. The part of the letter in which the writer signs off with expressions like "Yours faithfully" is the ....

13. The number of members that must be present before a meeting can be said to be properly convened is ....

14. The tasks that an investigation panel is given are set out in the ....

15. Effective listening is usually impaired by a listener's loss of ....

16. One major advantage that the scanning and skimming reading methods guarantee for the reader is.............................

17. The summary of an entire report is the.................................

18. A speaker who is shy to make a presentation to an audience is suffering from ....

19. The outcome of an investigation is usually included in the ....section of a report

20. Items brought up from the minutes of a previous meeting and tabled again for further deliberations are called.............................

SECTION B **(30 Marks)**

QUESTION 1

COMPULSORY

Read the following passage carefully and answer the questions on it.
The second half of the twentieth century is notable for the rise of a materialistic consumer culture in the Western world. Did advertising create this culture or did it simply reflect it? At what point does advertising cross the line between *reflecting* social values and *creating* them? Critics argue that advertising has repeatedly crossed this line, influencing vulnerable groups, such as children and young teenagers, too strongly.

This shape-versus-mirror debate is the most central issue we need to address in considering advertising's role in society. What drives consumers to behave or believe as they do? Is it advertising, or is it other forces? Why do women buy cosmetics, for example? Are they satisfying a deep cultural need for beauty or were they manipulated by advertising to believe in the hope that cosmetics offer? Or have their family and friends socialized them to believe they look better with cosmetics than without?

Can advertising manipulate people? In general, critics of advertising tend to believe that advertising has the power to shape social trends and the way people think and act. Some critics argue that advertising has the power to dictate how people behave. They believe that even if an individual ad cannot control our behaviour, the cumulative effects of nonstop television, radio, print, internet and outdoor ads can be overwhelming.

On the other hand, advertising professionals tend to believe that the best they can do is spot trends and then develop advertising messages that connect with them. If people are interested in saving money, then you will see ads that use frugality as an advertising strategy. Advertisers believe advertising mirrors values rather than sets them.

In fact, advertising and society's values are probably interactive, so the answer to the debate may simply be that advertising *both* mirrors and shapes values. Advertising planners spend huge amounts of money and time trying to identify people's motivations before they develop message strategies. They must, then, be searching for something deeper than the impact of a previous ad.

We also know that advertising planners search for insights into consumer behaviour. Do people save money for their retirement, or spend on more luxurious bathrooms-and why? What leads people to be concerned for their future financial health or encourages them to look upon their homes as "cocoons," a nest or place where they can retreat from the world? How interested are they in the environmental issues? These tendencies are social trends that marketers and advertisers have found from their research and then used to develop advertising strategies.

Required:

a. Give the passage a suitable title. (2 Marks)

b. In **ONE** short sentence, state the serious risk advertising poses to vulnerable groups in society. (4 Marks)

c. In **ONE** short sentence, state how advertising may influence people's behaviour. (4 Marks)

d. State, in **TWO** short sentences, **ONE** for each of the **TWO** sentiments expressed that society is responsible for the kinds of adverts to which it is exposed to.
(8 Marks)

e. In **THREE** short sentences, **ONE** sentence for each, state the **THREE** research findings that marketers and advertisers use to plan their advertising campaigns.
(12 Marks)

SECTION C ANSWER ANY TWO QUESTIONS (30 MARKS)

QUESTION 2

a. Each of the following sentences contains a grammatical error. Write out the error and give the correct form in your answer booklet. Do not copy the sentences.

i. The dog wag it's tail
ii. Share these nine oranges between the three of you
iii. Please, borrow me your book
iv. The patient could neither eat or drink
v. Like I said earlier, I shall not go with you
vi. The candidates should conform by examination rules and regulations
vii. The lady as well as her mother were involved in the accident
viii. Who do you want to see?
ix. My sister is taller than me
x. He failed his examination owing to his laziness

(10 Marks)

b. Write out the subject of each of the following sentences

i. We can use words which make bad news bearable
ii. Some men and women were met at the beach
iii. The jury were arguing on the submission of the prosecuting counsel
iv. None of the players has reported at the camp
v. Neither the Manager nor his Secretary was at the conference last week

(5 Marks)
(Total 15 Marks)

QUESTION 3

a. What is reading? (5 Marks)
b. Discuss skimming and study-type reading techniques (10 Marks)
(Total 15 Marks)

QUESTION 4

Write out the synonym of each of the words underlined in the passage below. Do not copy the passage.

Since man is entirely dependent on the various elements of his physical environment, he cannot afford to destroy any one of them without destroying himself. If a large tract of vegetation is recklessly destroyed through burning or clearing, the soil becomes exposed to erosion and may be blown away or become infertile through leaching. New vegetation will not be able to thrive on barren soil and mean's only source of food will thereby be reduced. Thus, it is very important that man takes proper care of his environment. To do this effectively he must make sure that vegetation and animal life are not wantonly destroyed; that his waterbodies are not obstructed or polluted; that the living ecology of his environment is not upset or damaged by the waste products of industry.

If, on the other hand, man observes how his physical environment can help him and he builds dams to irrigate his land when water is not naturally available and he terraces the hillsides to avoid soil erosion and he adds fertilizers to enrich poor soils, then he is improving his environment by making nature work with him rather than against him.

With the world's population increasing daily, man cannot afford to be wasteful by destroying any part of his surroundings. Conservation programmes are being launched in an attempt to keep the environment whole. (15 Marks)

QUESTION 5

The Management of the organisation where you work set up a Loans Review Committee with the following Terms of Reference:

a. To identify reasons why members are not benefitting from the Furniture and Car Refurbishment loans schemes of the organisation;
b. To examine reasons why the fresh injection of funds into the schemes by Management has not benefitted workers;
c. To investigate reasons why workers believe these loans schemes are no longer welfare packages;
d. To make appropriate recommendations to Management.

As the Secretary of this Committee, write your report. You may invent names and details as you deem fit. (15 Marks)

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

1. E

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

EXAMINER'S COMMENT
This part covers the entire syllabus. About 75% of the candidates scored above average.

PART II SHORT ANSWER QUESTIONS

1. Proxemics
2. Shannon and Weaver
3. Fan
4. Scanning
5. Listening and speaking
6. Ellipsis
7. Consonant
8. Simple present/present
9. Subordinate /dependent
10. Adjective
11. Direct
12. Complimentary close /subscription
13. Quorum
14. Terms of reference
15. Concentration/interest/attention
16. Speed
17. Abstract /executive summary/synopsis
18. Stage fright
19. Findings
20. Matters arising

EXAMINER'S COMMENT

This also covers the entire syllabus. About 30% scored above average.

SECTION B

QUESTION 1

(a) The influence of advertisements /The effects of Advertisements / The role of Advertising / The power of advertising.

(b) Advertisements are responsible for the increase in materialism among young people.

(c) The behavior of members of the society is manipulated by adverts that they are exposed to over a long period.

(d)(i) Advertising practitioners take advantage of consumers' cravings and send messages that promise to satisfy them.

(ii) Advertising is a reflection of the tastes and preferences of society.

(e)(i) Marketing and advertising practitioners consistently probe into the thinking of their would-be patrons.

(ii) They consider the consumer's tendencies for ostentation and comfort

(iii) They also position themselves to guarantee financial security for consumers.

EXAMINER'S COMMENT

This question is compulsory and it is a test of the candidates' understanding of information in a given passage. The performance was very poor. About 30% of the candidates scored average mark. The major pitfalls are candidates' lack of understanding of the passage and inability to follow instructions.

Candidates should pay attention to this aspect of the syllabus by studying the principles of summary writing.

QUESTION 2

(a)

	Error(s)	Correct form(s)
(i)	Wag, it's	Wags, its
(ii)	Between	Among
(iii)	Borrow	Lend
(iv)	Or	Nor
(v)	Like	As
(vi)	By	To/with
(vii)	Were	Was
(viii)	Who	Whom
(ix)	Me	I
(x)	Owning	Due

(b) (i) We

(ii) Some men and women

(iii) The jury

(iv) None of the players

(v) Neither the Manager nor his Secretary

EXAMINER'S COMMENT

This question tests candidates' understanding of common errors and sentence analysis. About 95% of the candidates attempted this question. Out of this number, about 80% scored good marks. The performance was, therefore, good. About 10% of the candidates did not follow instructions as they copied the sentences contrary to the demand of the question.

Candidates can perform better in future examinations by studying this aspect of the elements of grammar.

QUESTION 3

(a) Reading is the art of recognizing written symbols which represent speech to which the person engaged in it responds emotionally or otherwise to the sound and meaning of words. It also involves reasoning and meaningful interpretation of verbal symbols like words, phrases and sentences. It requires thinking, evaluating, judging, imagining and problem solving.

(b)(i) Skimming: This is a reading method which a reader uses when all he needs is to gloss over a written material for the benefit of having a general idea of Its contents and its relevance to his area of interest. If the reader, for example, wants to read a book, he may only take a cursory look at the title, table of contents, preface, foreword, introduction and the blurb.

The chapter headings, summaries, pictures, graphs, glossaries and index are some other aspects of the book he would examine to determine whether or not to settle down to extract details. This type of reading technique is speed conditioned.

(ii) Study-type reading: This is a technique associated with devoted reading preparatory to the writing of an examination. This technique is by no means a casual affair or leisure as in the reading of a novel or a magazine. Even though this technique is difficult and time-consuming, it is very rewarding for a reader who is desirous to get maximum information from a text.

Different approaches that have evolved for study-type reading include:

SQ3R, PROR, PORPE and OK4R. The various approaches require the combination of available reading skills to extract and remember specific information from the text. The skills include surveying, predicting, reciting, reviewing, evaluating, etc.

EXAMINER'S COMMENT

This question tests candidates' understanding of one of the language skills – reading. About 70% of the candidates attempted this question. The performance was poor as about 30% of the candidates who attempted the question scored average marks. Their major pitfall is a lack of understanding of what reading entails.

Candidates should study in detail the four language skills for better performance in future.

QUESTION 4

(i)	entirely	- totally, absolutely, fully, completely
(ii)	elements	- constituents, components
(iii)	tract	- portion, stretch, parcel, expanse
(iv)	vegetation	- plants
(v)	infertile	- barren, arid, unproductive
(vi)	thrive	- survive, flourish
(vii)	reduced	- decimated, diminished

(viii) proper - appropriate, adequate

(ix) environment - surroundings

(x) wantonly - recklessly

(xi) observes - studies

(xii) builds - constructs, erects

(xiii) irrigate - water

(xiv) launched - initiated

(xv) attempt - effort

EXAMINER'S COMMENT

This question tests candidates' understanding of synonyms. About 80% of the candidates answered the question. The performance was poor as about 35% of the candidates who attempted this question scored average marks. Lack of understanding of the concepts of synonyms is a major pitfall.

Candidates should study synonyms and antonyms in context for a better performance in future examinations.

QUESTION 5

REPORT OF AN INVESTIGATION INTO FURNITURE AND CAR REFURBISHMENT LOANS

SCHEMES FOR STAFF OF KORALTE NIGERIA LIMITED.

1.0 **INTRODUCTION**

On 13th January, 2010 the Managing Director of Koralte Nigeria Limited set up a Loans Review Committee to look into the disaffection of workers with the operation of staff loans.

2.0 **MEMBERSHIP**

The Committee was made up of the following members:

(i) Kola Adekunle - Chairman
(ii) Joseph Chukwu - Member
(iii) Gatu Jamare - Member
(iv) Adebola Majekodunmi - Member
(v) Alade Chapi - Member/Secretary

3.0 **TERMS OF REFERENCE**

The Committee was given the following terms of reference:

(i) To identify reasons why workers are not benefitting from the Furniture and Car Refurbishment Loans Schemes of the organization;

(ii) Examine reasons why the fresh injection of funds into the schemes by Management has not benefitted workers;

(iii) Investigate reasons why workers believe these loans schemes are no longer welfare packages;

(iv) To make appropriate recommendations to Management.

4.0 **METHOD OF INVESTIGATION**

The Committee requested memoranda and input from workers as individuals. The Committee also requested memoranda from the two workers' unions in the organization. The committee requested for all the loans' ledgers and extracted relevant data on beneficiaries of the furniture and the car refurbishment loans over the last three years. The Committee also requested and obtained data on workers who applied for each of these loans but failed to get them. It was also provided with the reasons why workers who could not be given the loans were denied them.

The Committee also took oral evidence from workers generally and particularly from those whose applications were not approved. It also obtained information from two organizations, Chasko Foods and Intellus Nigeria Limited, on their loans schemes and how they are being operated.

5.0 **FINDINGS**

The Committee discovered that many workers have obtained loans ranging between five hundred thousand naira only (₦500,000.00) and two million naira only (₦2,000,000.00) from commercial banks.

These loans were being deducted from such workers' salaries on monthly basis and for many workers the deduction was already above 66% which was the maximum that should be deducted from any worker's salary by the company regulations. The Committee also discovered that other loans like housing and welfare loans which exist in other organizations do not exist in the organisation.

The Committee discovered that a number of workers were not familiar with company regulations regarding granting of loans and repayment of such loans.

6.0 **OBSERVATION**

Many workers who did not qualify to obtain loans because of company regulations, which they were ignorant of, believed they were qualified.

7.0 **CONCLUSION**

(i) The operations of the Loans Committee was not well understood by workers;
(ii) Workers who were denied loans believed they were being unjustly denied;
(iii) Some workers believed loans were national cakes that they can obtain without guidelines;
(iv) Workers believed the loan schemes in the organization were too few.

8.0 **RECOMMENDATIONS**

(i) Management should circulate conditions governing the granting of loans to all workers;

(ii) Management should ensure that where a worker is denied a loan, the reason for denying the worker the loan is communicated to him/her in writing;

(iii) Granting of loan to workers should be well organized in such a way that workers know who is qualified and when the loan would be disbursed;

(iv) Management should create more loan schemes like welfare loan and housing loan.

EXAMINER'S COMMENT

The question tests candidates' understanding of report writing. Less than 10% of the candidates answered the question. The performance was average as about 60% scored above average. Candidates' lack of understanding of report format and writing is a major pitfall.

Candidates should familiarize themselves with all aspects of report writing to be able to attempt this kind of question in future examinations.