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ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
BASIC ACCOUNTING PROCESSES AND SYSTEMS

Time Allowed: 3 Hours

SECTION A (Attempt All Questions)

PART I 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. The International Accounting Standards Board (IASB) Is responsible for issuing accounting standards on
 - A. Professional Basis
 - B. Worldwide Basis
 - C. Regional Basis
 - D. Sectoral Basis
 - E. National Basis

2. When the accountant includes sales (or other incomes) in the period when he received the cash or in the period he can be reasonably confident that he will do so, which accounting concept is he applying?
 - A. Going concern concept
 - B. Materiality concept
 - C. Realisation concept
 - D. Money measurement concept
 - E. Entity concept

3. The user group of accounting information that is most interested in the level of dividend payment by the company is
 - A. Lenders
 - B. Employees
 - C. Government
 - D. Public
 - E. Investors

4. The document that captures the period that individual employee spends on each production job is called a
 - A. Time card
 - B. Job ticket
 - C. Personnel Action form
 - D. Labour distribution form

- E. Employee Timing form
5. **ONE** of the following cases shall prevent the agreement of the Trial Balance.
- A. A transaction was completely omitted from the accounts.
 - B. Rent paid of ₦900 misread as ₦9,000 but then debited to the rent account and credited to cash.
 - C. An item of ₦5,000 representing the closing balance of rent paid account was recorded on the credit side of the Trial Balance.
 - D. Mr. A. Omolola was debited with goods supplied to A. Omolola of ₦10,000 and credited to Sales Account.
 - E. The purchase of an office Equipment ₦4,200 was debited to purchases Account and credited to cash.
6. Ade bought Motor Vehicle on credit for ₦560,000 from O. K Dealers. The book of primary entry to record this transaction is
- A. Journal Proper
 - B. Purchases Journal
 - C. Cash Book
 - D. General Ledger
 - E. Bought Ledger
7. **ONE** of the following is a non-current asset
- A. Inventories
 - B. Work –in – Progress
 - C. Rent Prepaid
 - D. Patents and Trade Mark
 - E. Cash at bank
8. The cancelling entry of an amount that is owed to and from the same person is referred to as
- A. Contra Entity
 - B. Contrary Entry
 - C. Cancelling Entry
 - D. Compensating Entry
 - E. Counterbalance Entry
9. The Impersonal Class of account is made up of
- A. The Real and Nominal Accounts
 - B. The Personal and Real Accounts
 - C. The Nominal and Personal Accounts

- D. The impersonal and Personal Accounts
 - E. The savings and Current Accounts.
10. ONE of the following is a component of Prime Cost of Production
- A. Depreciation Payable
 - B. Royalty Payable
 - C. Factory Wages
 - D. Work in progress
 - E. Production Overhead
11. Which of the following is NOT a Revenue Expenditure?
- A. The purchase of photocopying paper for office use
 - B. Electricity bill for the department
 - C. Salary of the office clerk
 - D. Purchase of Duplicating machine for the office.
 - E. Postage expenses for the month
12. Peter Wabara depreciates his new machine costing ₦18,000 at 25% per annum on the diminishing balance method. The depreciation charge for the second financial year will be
- A. ₦3,375
 - B. ₦4,500
 - C. ₦5,400
 - D. ₦6,000
 - E. ₦9,000
13. Which of these statements best describes conservatism as an accounting principle?
- A. Keeps accounting activities separate from owner's activities.
 - B. Gives recognition to expenses and liabilities soonest when there is uncertainty about the outcome of an event.
 - C. Does not recognize revenue and assets even when you are certain they will be received.
 - D. Records an asset, a liability or Equity investment at its original cost.
 - E. Does not recognise a gain even if you have recorded it.
14. The Book that serves the dual role of subsidiary and ledger is
- A. Purchases Day Book
 - B. Cash Book
 - C. Sales Day Book
 - D. Returns outward Book
 - E. Sales Returns Book

15. Which of the following is **NOT** a reason why there could be differences between the bank statement and Cash book balances?
- A. Bank charges
 - B. Standing Order
 - C. Presented cheques
 - D. Timing differences
 - E. Credit Transfers
16. **ONE** of the following is **NOT** related to the entries normally contained in a Debtors Control Account.
- A. Return Inwards
 - B. Bills Payable
 - C. Discount Allowed
 - D. Sales
 - E. Transfer/Set off
17. Kofi works the second shift in a factory, where he earns ₦0.25 per hour as a shift differential, as well as a base wage of ₦12.50 per hour. He worked a standard 40 hours in the month of December, 2010. What is his total wage for the month of December 2010?
- A. ₦200.00
 - B. ₦412.50
 - C. ₦490.50
 - D. ₦500.00
 - E. ₦510.00
18. Which of these errors will **NOT** be passed through a Suspense Account?
- A. Errors affecting the Trial Balance
 - B. Errors not affecting the Trial Balance
 - C. Errors of transposition of figures
 - D. Errors of complete reversal of Entries.
 - E. Errors of Commission
19. Which of these taxes is **NOT** found in the accounts of Not-for-Profit organisations?
- A. PAYE
 - B. VAT
 - C. Company Income Tax/Corporation Tax
 - D. Withholding tax
 - E. Stamp Duties

20. In an Integrated Computer System for Inventory Control, which of these statements is **NOT** correct?
- A. Purchase Order is automatically issued to suppliers without notice.
 - B. The system determines which inventory items are in short supply.
 - C. Just-in-time system or requirement planning system may be involved.
 - D. The computer automatically informs the officer(s) in charge to place order.
 - E. The computer system minimizes physical handling.
21. Payment of staff salaries and allowances may be made using any of the following methods **EXCEPT**:
- A. Automated Payment
 - B. Cash Payment
 - C. Credit Payment
 - D. Cheque payment
 - E. Pay at sight
22. Ageing schedule is usually applicable to
- A. Trade Receivables
 - B. Company Vehicles
 - C. Company workers
 - D. Trade Discount
 - E. Discount Received

Use the following information to answer questions 23 and 24

	N
Trade Receivables at 1 April 2010	20,000
Trade Receivables at 31 March 2011 (including N3,000 specific bad debt)	33,000
Provision for bad and doubtful debts At 1 April 2010	1,000

If a provision for bad and doubtful debts is maintained at the level of 5 percent of the trade receivables as at the end of the year.

23. The increase required in the bad and doubtful debts provision account for the year to 31 March 2011 will be
- A. N500
 - B. N1,000
 - C. N1,500
 - D. N1,650
 - E. N3,000

24. The Trade Receivables balance in the Balance Sheet at 31 March 2011 will be
- A. ₦28,500
 - B. ₦29,000
 - C. ₦30,000
 - D. ₦31,500
 - E. ₦32,000
25. The double entry for discount received that has **NOT** been entered in the accounts should be.
- A. DR. Accounts Payable Ledger Control Account
CR. Discount Receivable Account
 - B. DR. Account Receivable Ledger Control Account
CR. Discount Receivable Account
 - C. DR. Discount Payable Account
CR. Account Receivable Ledger Control Account
 - D. DR. Discount Receivable Ledger Control Account
CR. Account Payable Ledger Control Account
 - E. DR. Account Receivable Ledger Control Account
CR. Discount Payable Account
26. Profits withdrawn by the members of a Limited Liability Company is known as
- A. Savings
 - B. Withdrawal
 - C. Drawings
 - D. Dividend
 - E. Reserve
27. **ONE** of the following **CANNOT** be regarded as a NOT-FOR-PROFIT organization.
- A. Club or Association
 - B. Manufacturing Business
 - C. Trade Union
 - D. Charities
 - E. Local Government Council
28. The concept that assumes that we should only record transactions that can be expressed in terms of an applicable currency is
- A. Entity
 - B. Prudence
 - C. Money measurement
 - D. Going Concern
 - E. Matching

29. The following accounting services **BUT ONE** are provided to an organization.
- A. Bee-keeping
 - B. Financial management
 - C. Auditing
 - D. Taxation
 - E. Bankruptcy and Liquidation
30. Which **ONE** of the underlisted is **NOT** a class of the share capital of a limited liability company?
- A. Issued Capital
 - B. Fully-Paid Capital
 - C. Recognised capital
 - D. Authorised capital
 - E. Paid-up Capital

PART 1 MULTIPLE-CHOICE QUESTIONS

SOLUTION

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

29. A
30. C

WORKINGS

QUESTION 12	COST ₱18,000	
Year 1 Depreciation		
25%	<u>4,500</u>	
Year 2 NBV B/f	13,500	
Depr. 25%	<u>3,375</u>	Answer
Year 3 NBV c/f	<u>10,125</u>	

Question 17 $\text{¢}(12.50 + 0.25) = 12.75 \times 40\text{hrs} = \text{¢}510$

QUESTION 23 OF MCQ	₱
Trade Receivable	33,000
Less: Specific bad debts	
Written off to P & L A/c to 31/3/11	<u>3,000</u>
Trade Receivables	<u>30,000</u>

Provision Required 5% x 30,000	₱1,500
Less	
Provision at 1 st April, 2010	<u>1,000</u>
Increase in provision	<u>500</u>

QUESTION 24 OF MCQ

Balance Sheet (Extract) 31/3/2011

Current Assets:	₱	₱
Trade Receivables	30,000	
Less:		
Prov. For bad & doubtful debts	<u>1,500</u>	<u>28500</u>
		<u>28,500</u>

PART II SHORT ANSWER QUESTIONS (20 marks)

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

- Another name for Subsidiary Books is.....
- Creditors: Amount falling due more than one year can also be regarded as.....
- A small amount of cash kept in the office to pay for incidental expenses is called.....
- The class of users of financial statements that require financial information to compute economic and industrial data for national planning is.....
- Business Enterprise that avoids the risk of sharing ownership with others is referred to as.....

6. On which side of the bank statement is every payment into a bank account reflected?
7. The act of linking together several users to enable them share access to an accounting program is called.....
8. Prime cost of production is also called.....
9. When all statutory deductions have been made from a worker's Total Pay, the balance due to him is referred to as.....
10. The Value of Credit Sales of a business whose records have **NOT** been made on the double entry principle can be derived by preparing a.....Account.
11. The outstanding sales commission at the end of a financial year will be included under the heading.....on the Balance Sheet
12. The accounting equation can be expressed as.....
13. The account that records what a business owner has contributed (or given) to the entity out of his private resources in order to start the business is known as.....
14. What account is used to record the cash (or goods) the owner of a business has taken out of the business for his personal use?
15. Assume that Company A has a Sales Revenue of ₦20,000 for the year. The opening Inventory had a value of ₦4,000 and during the year the company made purchases of ₦12,000. What would be the gross profit if the closing Inventory was valued at ₦3,500?
16. The cost of a company's Plant was ₦50,000. It was estimated that the plant would have a life of 20 years and that it would then be sold for ₦5,000. What would be its Net Book Value at the end of the third year?
17. A collection of information that can be used for many different purposes in a computer environment is referred to as.....
18. A.....is a totalled list of the balances on each of the accounts in a double entry book-keeping system.
19. Capital is to a profit oriented firm as.....is to a not-for-profit organization.
20. Bills Receivable dishonoured is.....to Sales Ledger Control Account.

PART II SHORT ANSWER QUESTIONS

SOLUTION 1

1. Books of Original Entry or Book of Prime Entry.
2. Non-Current Liabilities
3. Petty Cash or Imprest
4. Government.
5. Sole Proprietorship
6. Credit
7. Networking
8. Direct Cost or Variable Cost
9. Net pay
10. Debtors Control or Sales Ledger Control Account.
11. Accrued Expenses.
12. Assets = Capital + Liabilities
13. Capital Account
14. Drawings Account
15. ₦7,500
 $(\cancel{₦}20,000 - (4,000 + 12,000 - 3,500)) = \cancel{₦}7,500$
16. ~~₦43,250~~
17. Database
18. Trial Balance
19. Accumulated Fund
20. Debited.

QUESTION 1

Business firms can be categorised in a variety of ways. This categorisation helps to distinguish one class of firm from the other and to focus attention on the implications of such differences for an individual firm.

Required:

- (a) Distinguish between partnership business and sole proprietorship (3½ Marks)
(b) State **FIVE** advantages of partnership business over sole proprietorship (5 Marks)
(c) Identify **TWO** user groups of accounting information and their needs (4 Marks)
- (Total 12½ Marks)**

SOLUTION 1

- 1a The distinctions between partnership and sole proprietorship are:
Whereas partnership business is formed by two or more persons, sole proprietorship is a business carried out by an individual who may combine efforts with his family members to grow the business;
Partnership business has access to higher capital contribution than a sole trader and
Partnership business has potential to be more efficiently run than sole trading. (3½ Marks)
- 1b The main advantages of a partnership business over sole proprietorship are:
- Share of burden of ownership;
 - Opportunity to specialise as against covering the whole range of activities;
 - Ability to raise capital;
 - Enjoys wider room for expansion and
 - Enjoys higher confidence of the public. (5 Marks)
- 1c. Any two of the following user-groups might be identified:
- Equity investors;
 - Loan creditors;
 - Employees;
 - Government;
 - Business contacts;
 - Business analysts; and
 - The public.

Their information needs are:

Equity Investors Group: These are actual and potential investors. They need information about the performance of the firm, long-term prospect as well as solvency position of the firm.

Loan Creditors Group: Banks and other lenders are primarily concerned with information on the ability of the firm to repay principal and interest amount as at when due.

Employees: Interested in profitability, solvency and long term stability of the company

Government: requires information relevant for computing relevant economic data for planning as well as profitability, solvency and long term stability of the firm for revenue generation and articulation of fiscal policies.

Business contacts: These are customers, suppliers etc that are interested in information regarding liquidity of the firm;

Business Analysts: They need information that would enable them to provide expert opinion on the business;

Public: The public needs information regarding the profitability and long term stability of the company.

(4 Marks)

(Total 12½ Marks)

QUESTION 2

Accounting concepts are postulations guiding the presentation of accounting information.

Required:

- (a) Explain the following concepts of accounting:
- (i) Entity; (2 Marks)
 - (ii) Money measurement; (2 Marks)
 - (iii) Consistency; (2 Marks)
 - (iv) Accrual; and (2 Marks)
 - (v) Matching (2 Marks)
- (b) Explain the following terms as they relate to the preparation of a Bank Reconciliation Statement;
- (i) unrepresented cheques (1¼ Marks)
 - (ii) uncredited lodgements (1¼ Marks)

(Total 12½ Marks)

SOLUTION 2

- a) Entity concept: The concept assumes that the business has a separate legal existence from those who own it, hence separating the business transactions from those of the owners.
Money Measurement: This assumes that only items with monetary value should be recognised in the accounts.
Consistency: This holds that when a company selects a method of recording transactions from the wide range of methods available, it should continue to use that method in subsequent periods to stimulate comparison of accounting information.
Accrual: This concept assumes that income should be recognised as soon as it is earned and expenditure should be recognised as soon as it is incurred not necessarily when received and paid respectively;
Matching: This relates the revenue of the year against the relevant expenditure of the year.
(2 Marks for each)
(Total 10 Marks)
- b) Unrepresented cheques: These are the cheques that have been paid out by the firm but are yet to be presented, by the payees, to the bank for payment;
Uncredited lodgements: These are cheques lodged into the bank account by the firm, but which the bank is yet to credit to the firm's account with the bank.
(2½ Marks)
(Total 12½ marks)

QUESTION 3

Bookkeeping, an important sub-branch of financial accounting, may be regarded as the foundation on which the entire discipline of accounting is built.

Required:

- a. Define double entry bookkeeping. (2 Marks)
- b. Agai & Co purchased a motor vehicle for cedi 200,000 on 1 January 2007.
On 1 January 2010, another motor vehicle was acquired at cedi 300,000.

The company charges depreciation on straight line basis at 20% per annum with no residual value.

The management decides to dispose the old vehicle for cedi 30,000 on 1 January 2011.

Required:

Show the relevant accounts to record the above transactions in the books of the company for the years 2007 to 2011.

(10½ Marks)
(Total 12½ Marks)

SOLUTION 3

- a) Double entry principle is the system of keeping account that takes advantage of two fold aspects of every transaction; whereby one account receiving the benefit is debited and the other account yielding the benefit is credited. (2 Marks)

Motor Vehicle Account			
cedi		cedi	
1/1/07 Cash account	<u>200,000</u>	31/12/07 Balance c/d	<u>200,000</u>
1/1/08 Balance b/d	<u>200,000</u>	31/12/08 Balance c/d	<u>200,000</u>
1/1/09 Balance b/d	<u>200,000</u>	31/12/09 Balance c/d	<u>200,000</u>
1/1/10 Balance b/d	200,000	31/12/10 Balance c/d	500,000
1/1/10 Bank account	<u>300,000</u>		
	<u>500,000</u>		<u>500,000</u>
1/1/11 Balance b/d	500,000	1/1/11 Disposal a/c	200,000
		31/12/11 Balance c/d	<u>300,000</u>
	<u>500,000</u>		<u>500,000</u>
1/1/12 balance b/d	300,000		

(4 Marks)

ii Asset Disposal Account			
cedi		cedi	
1/1/11 Motor vehicle	<u>200,000</u>	1/1/11 Provision for depr.	160,000*
		" Bank	30,000
	<u>200,000</u>	31/12/11 Profit on sale	<u>10,000</u>
			<u>200,000</u>

(2 Marks)

* Provision for depreciation on asset disposed off:

Date of purchase of motor vehicle disposed	1January 2007
Date of disposal	1January 2011
Life span	4 years
Depreciation $200,000 \times 20\% \times 4 \text{ years}$	c160,000 (½Mark)

iii Provision for depreciation on Motor Vehicle			
cedi		cedi	
31/12/07 Balance c/d	<u>40,000</u>	31/12/07 P & L account	<u>40,000</u>
31/12/08 Balance c/d	80,000	1/01/08 Balance b/d	40,000
		31/12/08 P & L account	<u>40,000</u>
	<u>80,000</u>		<u>80,000</u>
31/12/09 Balance c/d	120,000	1/01/09 Balance b/d	80,000
		31/12/09 P & L account	<u>40,000</u>
	<u>120,000</u>		<u>120,000</u>

31/12/10 Balance c/d	220,000	1/01/10 Balance b/d	120,000
	<u>220,000</u>	31/12/10 P & L account*	<u>100,000</u>
			<u>220,000</u>
01/01/11 Disposal a/c	160,000	01/01/11 Balance b/d	220,000
31/12/11 Balance c/d	<u>120,000</u>	31/12/11 P & L account	<u>60,000</u>
	<u>280,000</u>		<u>280,000</u>
		01/01/12 Balance b/d	120,000 (4 Marks)

*Provision for depreciation in 2010 = cedi 500,000 x 20% = cedi 100,000
(Total 12½ Marks)

QUESTION 4

- a) The following are extracts from the records of Abu Bako for the month of December, 2010:

	\$
Debit balance in Sales Ledger	12,500
Debit balance in Bought Ledger	350
Credit balance in Sales Ledger	400
Credit balance in Bought Ledger	10,000
Total Credit Purchases	18,500
Total Credit Sales	50,000

Transactions for the month

Sales return and allowances	260
Purchase return and allowances	230
Cash received from Debtors	8,500
Cash paid to Creditors	6,000
Cheque received from Debtors	2,000
Discount received from Creditors	130
Discount allowed to Customers	420
Bad debt written off	60
Provision for doubtful debts	300
Bill accepted by Debtors	2,300
Dishonoured Bill Payable	213
Cash Purchases	5,000
Debit balance in Bought Ledger	750
Credit balance in Sales Ledger	235

You are required to prepare the Sales Ledger and Bought Ledger Control accounts of Abu Bako for the month of December, 2010. (8½ Marks)

- b. Small items of expenditure in any office are recognised in a special cash book called Petty cash book. List **FOUR** merits of using a Petty Cash Book.

(4 Marks)

(Total 12½ Marks)

SOLUTION 4

a)

Sales Ledger Control Account			
	\$		\$
Balance b/d	12,500	Balance b/d	400
Sales	50,000	Sales Return and allowances	260
Balance c/d	235	Cash received from debtor	8,500
		Cheque received from debtors	2,000
		Discount allowed	420
		Bad debts	60
		Bill receivable	2,300
		Balance c/d	<u>48,795</u>
	<u>62,735</u>		<u>62,735</u>
Balance b/d	48,795	Balance b/d	235

(4 ½ Marks)

ii

Bought Ledger Control Account			
	\$		\$
Balance b/d	350	Balance b/d	10,000
Purchase Return	230	Purchases	18,500
Cash paid to Creditors	6,000	Dishonoured Bill Payable	213
Discount received	130	Balance c/d	750
Balance c/d	<u>22,753</u>		
	<u>29,463</u>		<u>29,463</u>
Balance b/d	750	Balance b/d	22,753

(4 Marks)

b) Advantages of using Petty Cash Book are:

- It saves the time of the Chief Cashier who is busy with large and material transactions;
- It trains young staff to be responsible about money and accurate in accounting for it;
- The value of money involved is small and is unlikely to prove a temptation to the petty cashier, hence it allows the management to direct attention on much larger and material sums in fraud control;
- It saves time in the posting of small items to the ledger account as the total of the analysed item is transferred to the ledger, not individual small amounts. (4 Marks)

(Total 12 ½ Marks)

QUESTION 5

Mr. Isaac Joe is employed by Gastos Plc as a Sales Manager. His salary is payable weekly and any hours worked by him in excess of 50 hours in a week is remunerated at a rate 1½ times his normal wage rate of N300 per hour.

For the week ended, 5 January 2011, he worked 75 hours. He is entitled to weekly allowances of N2,500 for transport and N1,500 for housing. Statutory deductions are N1,000 for tax under Pay As You Earn system; Pension scheme N750 and Social Security Services N900.

You are required to:

- (a) Compute the net pay of Mr. Isaac Joe for the week under review. (6½ Marks)
 (b) Explain the main features of a computerised payroll system. (6 Marks)
(Total 12½ marks)

SOLUTION 5

- a) Isaac Joe's Net Pay Computation
 for the week ended 5 January, 2011

	₦	₦
Basic Pay (50 hours at N300/hour)		15,000
Overtime (25 hours x N300 x 1½)		11,250
Transport Allowance	2,500	
Housing Allowance	<u>1,500</u>	<u>4,000</u>
Gross Pay		30,250
Less Deduction:		
PAYE	1,000	
Pension scheme	750	
Social securities	<u>900</u>	2,650
NET PAY		<u>27,600</u>

(6½ Marks)

- b. The main features of a computerized payroll system are:

- * (i) Input device which includes:
 - * clock cards or time sheets;
 - * amount of bonus
- * (ii) Output device which includes:
 - * payslips;
 - * payroll;
 - * payroll analysis;
 - * cash analysis;
 - * floppy disc with payment details
- * (iii) Files used to store the following:
 - * standing data relating to personal details as rate of pay, details of deduction
 - * transaction data i.e gross pay to date, tax to date, pension contribution to date.

(6Marks)

(Total 12 ½Marks)

QUESTION 6

M. Essien is a manufacturer. The following details for the year ended 30 September 2011 are extracted from his books: cedi

Stocks, 10 October 2010	
Raw materials	162,490
Manufactured goods	192,410
Work in Progress	227,060
Stocks, 30 September, 2011	
Raw materials	182,160
Manufactured goods	174,850
Work in Progress	232,980
Purchase of Raw Materials	1,442,520

Manufacturing wages	882,640
Sales	3,664,870
Factory expenses	218,260
Rent and Rates – office	45,000
- factory	100,000
General Administration expenses	242,690
Motor expenses (delivery)	43,670
Salesmen' salaries	78,360
Depreciation of Plant	90,000
Depreciation of motor vehicles	22,000
Other selling expenses	76,020

Required:

Prepare Asuquo's Manufacturing, Trading, Profit and Loss account for the year ended 30 September 2011. (12½ marks)

SOLUTION 6

M. ESSIEN
Manufacturing, Trading Profit and Loss Account
for the year ended 30 September 2011

	cedi	cedi	cedi
Sales			3,664,870
<u>Material Consumed</u>			
Stock - 1 October 2010		162,490	
Purchases		<u>1,442,520</u>	
Cost of good available for consumption		1,605,010	
Date: Closing stock –30 September 2011		<u>182,160</u>	
Direct Material Cost		1,422,850	
Manufacturing Wages		<u>882,640</u>	
PRIME COST		2,305,490	
FACTORY OVERHEAD EXPENSES:			
Factory expenses	218,260		
Rent and Rates	100,000		
Depreciation – Plant	<u>90,000</u>		
		408,260	
Add: Work in Progress – 1 October 2010		<u>227,060</u>	
		635,320	
Less: Work in Progress – 30 September 2011		<u>232,980</u>	
COST OF MANUFACTURE		2,707,830	
Add Manufactured goods – 1 October 2010		<u>192,410</u>	
		2,900,240	
Less Manufactured goods – 30 September 2011		<u>174,850</u>	
COST OF GOOD SOLD		2,725,390	
Gross Profit			939,480
<u>Less Expenses</u>			
Rent and Rates – office		45,000	
General administrative expenses		242,690	
Motor expenses – delivery		43,670	
Salesman's salaries		78,360	

Depreciation – Motor vehicle
Other selling expenses
NET PROFIT

22,000	
<u>76,020</u>	<u>507,740</u>
	<u>431,740</u>

(Total 12½ Marks)

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA (ATSWA)
ECONOMIICS

Time allowed: 3 Hours

SECTION A: (Attempt All Questions)

PART I 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. The upward adjustment of discount rate by the apex bank in the economy can be classified as
 - A. Contractionary fiscal policy
 - B. Expansionary monetary policy
 - C. Restrictive monetary policy
 - D. Exchange rate policy
 - E. Commercial policy

2. The problem of unemployment in most developing countries can be traced to the following factors **EXCEPT**
 - A. Rapid population growth
 - B. Rural-urban income differentials
 - C. Geographical immobility of labour
 - D. High level of foreign direct investment
 - E. Dependence on capital-intensive technology

3. Man Resources made by man which assist in the production of goods and services that satisfy human wants are called
 - A. Human resources
 - B. Entrepreneur
 - C. Capital
 - D. Labour
 - E. Complementary goods

4. Limited supply of economic resources relative to demand is implied in the concept of
 - A. Scale of preference
 - B. Scarcity
 - C. Choice
 - D. Wants
 - E. Ends

5. Which of the following is **NOT** a feature of a market economy?
 - A. Private ownership of resources
 - B. Limited role of the government
 - C. Consumer sovereignty
 - D. Freedom of choice

- E. Absence of competition
6. Division of labour in a production process is limited by the
- A. Size of the market
 - B. Risk of unemployment
 - C. Monotony of work
 - D. Decline of craftsmanship
 - E. Risk of accident in the use of machines
7. From the experience of most countries in the West-African sub-region, **ONE** of the following has been identified as a cause of inflation.
- A. Rapid growth in money supply
 - B. Excessive government spending
 - C. Persistent appreciation of the local currency
 - D. Rising cost of borrowing in the money market
 - E. The poor performance of the agricultural sector
8. Which of the following is **NOT** an assumption of the theory of comparative cost advantage?
- A. There are only two countries in the world
 - B. Each country is producing only two goods
 - C. There are only two factors of production
 - D. There is full employment in each country
 - E. No transportation cost
9. Which of the following countries is **NOT** a member of the European Union?
- A. Luxembourg
 - B. Canada
 - C. Belgium
 - D. Denmark
 - E. Sweden
10. Manipulation of taxes and government spending to achieve desired macroeconomic objectives is a measure under
- A. Fiscal Policy
 - B. Physical Policy
 - C. Commercial Policy
 - D. Monetary Policy
 - E. Prices and Incomes Policy
11. The source of the monopoly element in a monopolistically competitive market is
- A. Perfect knowledge of market situation
 - B. Product differentiation
 - C. A large number of small firms

- D. Ease of entry and exit
 - E. Homogeneous product
12. The primary goal of development planning in any West African economy is to
- A. Increase the profitability of public enterprises
 - B. Achieve an increase in the level of gross domestic product (GDP)
 - C. Achieve a rapid increase in the standard of living of the people
 - D. Ensure a significant underutilisation of human resources
 - E. Promote rapid growth of the country's population
13. In national income measurement, the value-added at each stage of the production in all sectors of the economy are aggregated under the
- A. Income approach
 - B. Expenditure approach
 - C. Constant factor approach
 - D. Output approach
 - E. Market factor approach
14. Which of the following concepts is usually used to compare the average standard of living among countries?
- A. Gross national product (GNP)
 - B. Net National Income (NNI)
 - C. Gross Domestic Product (GDP)
 - D. Per Capita Income
 - E. Personal Income
15. The slope of a normal demand curve is
- A. Positive and downward sloping
 - B. Negative and downward sloping
 - C. Negative and upward sloping
 - D. Positive and upward sloping
 - E. Horizontal
16. The causal factor of the change in the quantity demanded of a commodity is the change in the
- A. Price of a related good
 - B. Income of the consumer
 - C. Commodity's own price
 - D. Taste and preferences of the consumer
 - E. Consumer's expectation of future price trend
17. Under the indifference curve theory, the point of tangency between the budget line and the relevant indifference curve gives the
- A. Consumer equilibrium
 - B. Consumer's surplus

- C. Equilibrium price
 - D. Marginal rate of substitution
 - E. Diminishing marginal utility
18. In a production process, division of work into a number of stages and each stage is undertaken by one worker or a group of workers is referred to as
- A. Efficiency of labour utilisation
 - B. Occupational mobility of labour
 - C. Geographical mobility of labour
 - D. Structural employment of labour
 - E. Division of labour
19. The component account of Balance of Payments (BOP) statement that records merchandise trade, services and income, as well as unrequited transfers is the
- A. Capital Account
 - B. Current Account
 - C. Cash Account
 - D. Savings Account
 - E. Official Reserves Account
20. The characteristics of a good tax system include all the following **EXCEPT**
- A. General acceptability
 - B. Equality
 - C. Certainty
 - D. Convenience
 - E. Economy
21. Where the value of visible exports exceeds the value of visible imports in a country during a given year, it is called:
- A. Terms of trade
 - B. Favourable balance of trade
 - C. Balance of payments deficit
 - D. Product differentiation
 - E. Foreign reserve
22. In the theory of production, the marginal cost of production is given by the slope of the
- A. Average cost curve
 - B. Total variable cost curve
 - C. Total cost curve
 - D. Total fixed cost curve
 - E. Total product curve
23. **ONE** of the following is **NOT** an objective of establishing the Organisation of Petroleum Exporting Countries (OPEC):

- A. To co-ordinate and unify the petroleum policies of member countries
 - B. To guarantee a fair return on capital of the investors in the petroleum industry
 - C. To provide financial assistance to poor non-oil producing countries
 - D. To prevent regular supply of petroleum to consuming nations
 - E. To promote oil price stability in international markets
24. The horizontal portion of demand for money curve illustrates what is called the
- A. Liquidity trap
 - B. Nature of money
 - C. Deposit money multiplier
 - D. Quantity theory of money
 - E. Optimum quality of money
25. The oldest and most common business organisation is the
- A. Partnership
 - B. Cooperative society
 - C. Public corporation
 - D. Joints stock company
 - E. Sole proprietorship
26. Which of the following organisations encourages exchange rate stability and provides technical guidance to member countries to promote the expansion and balance growth of world trade?
- A. Multilateral Investment Guarantee Agency
 - B. International Monetary Fund
 - C. United Nations Conference on Trade and Development
 - D. International Finance Corporation
 - E. World Trade Organisation
27. The proportion of the disposable income that is not consumed in the current period is called
- A. Saving
 - B. Investment
 - C. Real income
 - D. Marginal Propensity to save
 - E. Marginal Propensity to invest
28. The following are the instruments of monetary policy **EXCEPT**
- A. Open Market Operation
 - B. Reserve Requirements
 - C. Government Expenditure
 - D. Special Deposit
 - E. Discount Rate

29. When the proposed government expenditure exceeds its target revenue we have
- A. Surplus Budget
 - B. Balanced Budget
 - C. Supplementary Budget
 - D. Deficit Budget
 - E. Zero Budget
30. Which of the following pairs of goods can be described as complementary goods?
- A. Peak Milk and Dano Milk
 - B. Beef and Chicken
 - C. Bournvita and Ovaltine
 - D. Pen and Biro
 - E. Pen and Ink

SOLUTION TO MULTIPLE-CHOICE QUESTIONS

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

30. E

SECTION A

PART II - SHORT-ANSWER QUESTIONS

(20 Marks)

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

1. The branch of Economics which is concerned with the behaviours of individual consumers and firms is called
2. The practice of selling a good abroad at a lower price than that charged for the same good in the domestic market is called.....
3. Suppose the total cost of producing 12 units and 13 units of a commodity in a perfect competitive market are ₦182 and ₦198, respectively, it follows that the marginal cost of the 13th unit is
4. When inflation occurs as a result of a sustained increase in the aggregate expenditure in the economy, it is classified as a
5. A sustained sectoral increase in the national output and per capita real national income is termed
6. A member of the World Bank Group established to promote the growth of productive private enterprises in developing countries is
7. If the actual litre price of kerosene equals the equilibrium price, the difference between the quantity of kerosene supplied and quantity demanded will be equal to
8. The technical relationship that exists between the quantities of various inputs and the maximum output of the commodity that can be produced within a given period of time is referred to as
9. In national income accounting, gross national product (GNP) less capital consumption allowance gives.....
10. A document that contains the statements of a central government estimated revenue and projected expenditure for a financial year is called a
11. The ratio of index of export prices to index of import prices expressed as a percentage is referred to as
12. The numerical value of income elasticity of demand co-efficient for an inferior good is

13. At the level of consumption where the marginal utility is equal to zero, the total utility is
14. The operating period of the firm when at least one factor input is fixed while others are variable is termed
15. The view that 'investment depends on the rate of changes in national income and not on the level of national income' is expressed in the theory
16. Money which by law must be accepted in payment for goods and services and in the settlement of debts is called.....
17. The compulsory levy imposed on goods which are manufactured within a country is called.....
18. The acronym ECOWAS stands for.....
19. The motive for holding money against unforeseen happenings such as sudden illness, car accidents and fire disaster is described as.....
20. The transfer of ownership and control of a business enterprise originally owned and controlled by a private firm to the government is called.....

SOLUTIONS TO SHORT-ANSWER QUESTIONS

1. Microeconomics
2. Dumping
3. ₦16.00
4. Demand-pull inflation
5. Economic growth
6. International Finance Corporation
7. Zero
8. The Production function
9. Net National Product (NNP)
10. National Budget
11. Terms of trade
12. Less than zero/Negative
13. Maximum
14. The short-run
15. Acceleration
16. A legal tender

17. Excise Tax
18. Economic Community of West African States
19. Precautionary demand
20. Nationalisation

**SECTION B Attempt any FOUR questions taking two from each sub-section
(50 Marks)**

SUB-SECTION 1: MICROECONOMICS

(Attempts any TWO questions)

QUESTION 1

- (a) Explain what is meant by a mixed economy. (2½ marks)
 - (b) What are the advantages and disadvantages of a mixed economy? (10 marks)
- (Total 12½ Marks)**

SOLUTION 1

- (a) A mixed economy is a combination of a free market economy where the means of production are owned by the individual private persons with the allocation of resources basically through the price system, and the centrally planned economy where the means of production are owned by the state and decision of what, how and for whom to produce is centrally taken. Examples of countries that practise a mixed economic system include most countries in sub-saharan Africa and Latin America. (2½ marks)

(b) Advantages

- (i) It guarantees consumers freedom to buy what they need from wherever they choose to buy from, so long as they have their money for the exchange.
- (ii) It can provide efficiently, vital services like defence, police, the judiciary etc.
- (iii) Production and distribution of goods and services go to where they are most demanded.
- (iv) Producers and consumers are free to change what they produce or buy without any intimidation.
- (v) It avoids extreme inequality of incomes.

(5Marks)

Disadvantages

- (i) The free market element in it could create inequality of income.
- (ii) It sometimes does not provide avenue for satisfying individual consumer's needs because of lumping together groups in the society.
- (iii) Public Sector interference leads to a waste of resources and the existence of bureaucratic practices due to government failure.

(iv) It does not give room for improved productivity particularly the public sector component. (5 Marks)

(Total 12 ½ marks)

QUESTION 2

(a) Make a clear distinction between increase in demand and increase in quantity demanded. (4 marks)

(b) Given that the demand and supply functions of commodity are represented by the following equations:

$$Q_d = 18 - 3P \text{ ----- (Demand equation)}$$

$$Q_s = 3P \text{ ----- (Supply equation)}$$

Where P stands for price, while Q_d and Q_s stand for quantity demanded and quantity supplied, respectively.

You are required to:

(i) Determine the equilibrium price and quantity for the commodity. (3 marks)

(ii) Obtain the price elasticity of demand and interpret your result. (3 marks)

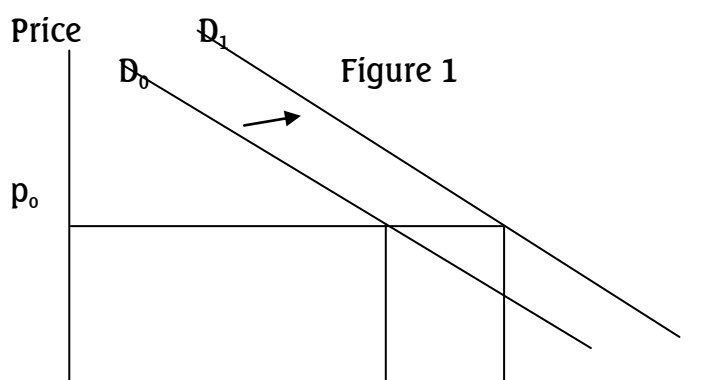
(iii) Identify the incidence of tax, if a Value Added Tax (VAT) is imposed on the commodity. (2 marks)

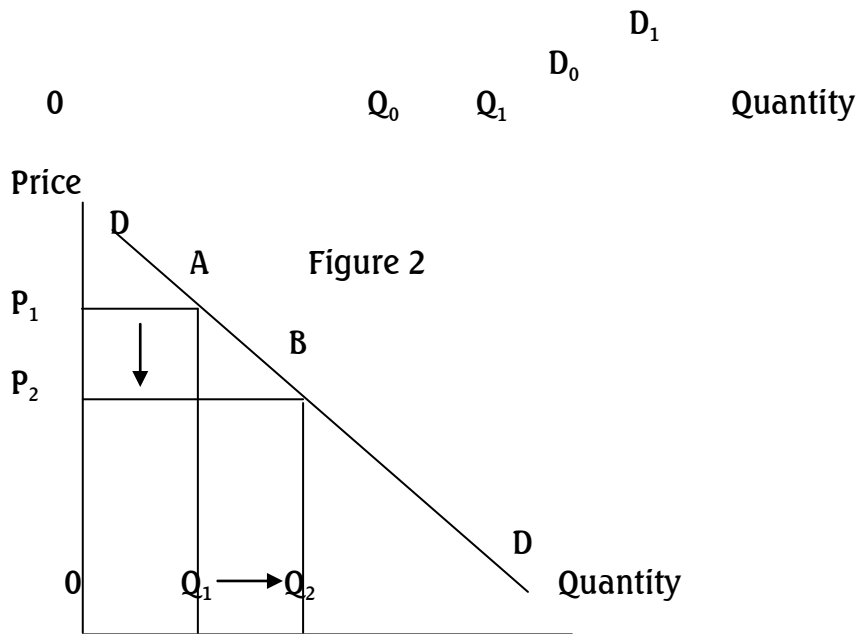
(Total 12 ½ Marks)

SOLUTION 2

(a) Increase in demand occurs as a result of an increase in other factors influencing the demand for a commodity other than the commodity's own price. These factors include: an increase in the consumer's income; an increase in the price of a close substitute or a fall in the price of a complement; a change in consumer's taste in favour of the good or increase in consumer's preference for the product; an increase in the number of consumers of the product; and expectations of future rise in prices. In Figure 1, an increase in demand is shown as outward shift of the demand curve from D_0D_0 to D_1D_1 . At a given price of P_0 , a greater quantity OQ_1 is purchased. (4 Marks)

On the other hand, increase in quantity demanded of a commodity occurs as a result of a fall in the commodity's own price. In Figure 2, a fall in price from P_1 to P_2 leads to an increase in quantity demanded from Q_1 to Q_2 which is a downward movement along the same demand curve from point A to B.





Given:

$$Q_d = 18 - 3P \quad (\text{Demand Curve})$$

$$Q_s = 3P \quad (\text{Supply Curve})$$

At equilibrium $Q_d = Q_s$

$$18 - 3P = 3P$$

$$18 = 3P + 3P$$

$$18 = 6P$$

Price (P) = $18/6 = 3$ (Equilibrium Price)

Q = $18 - 3(3) = 9$ (Equilibrium Quantity)

(3 Marks)

Let E_d stands for price elasticity of demand

$$E_d = (-) \frac{dQ_d}{dp} \times \frac{P}{Q}$$

$$= 3 \times \frac{3}{9}$$

$$= 1$$

Demand for the commodity is unit price elastic. (Interpretation).

(3 Marks)

(i) If a value-added tax is imposed on the commodity, the burden of the tax will be shared equally between the consumer and the producer. The market price paid by the consumer will increase by the same proportion as the fall in price actually received by the producer.

(2½ marks)

(Total 12½ Marks)

QUESTION 3

“Any businessman willing to establish a business concern or firm in West African can source for finance in so many ways”. Explain briefly any FIVE sources of business finance in your country. (12 ½ Marks)

SOLUTION 3

Sources of business finance include:-

- (i) **Personal Savings**
Certain businesses may be established through personal savings which form the capital base of the concern. These personal savings are accumulated over a long period of time.
- (ii) **Loans from family and Friends**
Loans from family and friends are raised in order to augment personal savings. These can also serve as a source of capital for a businessman.
- (iii) **Ploughed – Back profits**
Businessmen can raise capital to finance their business by reinvesting the profits made into the business. This means that part of the profits made can be set aside for further expansion of the existing business or start a new one.
- (iv) **Bank Loan**
Commercial banks provide loan facilities to businessmen to start a business or to finance the existing one. Bank loans are only granted based on certain conditions which are expected to be met by the business. Bank loans are available only for short term business activities.
- (v) **Selling of equity Shares**
Joint stock companies or limited liability companies can raise large capital through the sale of their shares to the public.
- (vi) **Trade Credit**
These are arrangements whereby a businessman receives goods from a distributor on credit. He then pays for the goods only when it has been sold. This, in essence, amounts to providing capital for the business in form of goods which is equivalent to a cash loan.
- (vii) **Money Lenders**
This is a traditional form of providing capital to a businessman. The money lenders provide ready finances to businessmen at exorbitant charges which is likely to be higher than bank charges or interest rate.

(Any 5 x 2½ Marks)

(Total 12 ½ Marks)

SUB-SECTION II: MACROECONOMICS - Attempt any TWO questions

QUESTION 4

A Typical Balance of Payments (BOP) statement is divided into three component accounts.

- (a) State the THREE component accounts of a BOP statement (4½ Marks)
 - (b) State the condition under which the overall BOP of a country will be classified as deficit. (2 Marks)
 - (c) Explain briefly any THREE policy measures relevant in the correction of balance of payments deficit. (6 Marks)
- (Total 12 ½ Marks)**

SOLUTION 4

- (a) The three component accounts of a Balance of Payments statement are:-
 - (i) **Current Account:** This account covers merchandise trade (visible export and import), services and income as much as unrequited transfers.
 - (ii) **Capital Account:** This shows changes in the volume of a country's foreign assets and liabilities through various capital movements and investments.
 - (iii) **Official reserves account:** This is also known as Cash account and it shows how foreign reserves and short-term claims have changed in response to current and capital transactions. It is the balancing item. (1½ Marks each = 4 ½ Marks)
- (b) Balance of payments of a country is classified as deficit when the total payments and transfers to foreign countries exceed total receipts from the foreign countries. (2 Marks)
- (c) The policy measures which can be employed to correct persistent balance of payments deficit include:
 - (i) **Import restrictions:** Import volume can be reduced by imposition of tariffs on non-essential imports while selective quotas or embargo are placed on the importation of goods that can be produced by the country's import substitution industries. This will help to reduce the import value and stimulate domestic production.
 - (ii) **Export Promotion:** The country suffering from the persistent BOP deficit should introduce policy measures that would restructure and diversify the productive base of the economy. These measures will enhance domestic production and exports promotion; thus increasing the country's export value.
 - (iii) **Currency Devaluation:** This is the official reduction in the value of a country's currency relative to foreign currencies. Devaluation of currency reduces the export prices of the affected country and

increasing her import prices. Devaluation will be effective in correcting the BOP deficit if demand for exports and demand for import is price elastic.

- (iv) **Encourage foreign investment:** This will be capable of offsetting the deficit since the inflows of financial resources are credit entry in the BOP account. Thus the government should introduce policies that will attract foreign investment.
- (v) **Improve foreign exchange management:** Foreign exchange management policy must be designed to favour the importation of raw materials and equipment that support local production and discourage importation of finished consumers goods.

(Any $1\frac{1}{2} \times 4$ points) (6 Marks)
(Total 12 $\frac{1}{2}$ Marks)

QUESTION 5

- (a) Define the term 'inflation'. (2 $\frac{1}{2}$ Marks)
 - (b) Outline any **THREE** causes of inflation based on your country's experience. (6Marks)
 - (c) List **FOUR** methods of controlling inflation. (4Marks)
- (Total 12 $\frac{1}{2}$ Marks)

SOLUTION 5

- (a) Inflation can simply be defined as a persistent rise in the general price level of goods and services. This occurs when too much money is chasing few goods. When prices rise by more than 10 percent in a year, inflation becomes a problem. (2 $\frac{1}{2}$ Marks)
- (b) **Causes of Inflation:**
 - (i) **Excessive demand:** This is a situation where the demand for essential goods generally exceeds their supply. In most West African Countries, demand for goods and services has been rising faster than supply because of rapid increases in the population. As a result of this, there will be disequilibrium in the market which will eventually raise the prices of goods in the market.
 - (ii) **Cost-push inflation:** This is a situation where persistent rising costs of production push the price level up. This will eventually be passed on to the consumers in the form of higher prices. High cost of raw materials is also a contributory factor to cost-push inflation.
 - (iii) **Deficit Budgeting:** This is a deliberate policy of the government by which it spends more money than it collects in taxes to finance heavy investment or capital expenditure. This will increase the purchasing power of the consumers without a corresponding increase in the volume of goods. Thus raising the prices of goods and services.

- (iv) **Bad management of resources:** This occurs as a result of large scale fraud and corruption of the leaders which tends to have adverse effect on the prices of goods thereby increasing the tempo of inflation in the country.
- (v) **Imported Inflation:** This type of inflation occurs when a country imports goods from a country or countries that are already experiencing inflation.
- (vi) **Hoarding:** Inflation can occur in a country when there is a large scale hoarding in the hands of major and minor distributors. When the demand for a particular product is greater than its supply, there is bound to be high prices of these products in that economy.
- (vii) **Increase in money supply:** This occurs through printing of money as well as expansionary policy measures where there is no increase in the output of goods and service in the economy

(Any 3 x 2Marks)

(6Marks)

(c) Control of Inflation:

- (i) Increasing the supply of goods and services
- (ii) Through the use of price control
- (iii) Wage control
- (iv) Control of spending pattern through restrictive fiscal policy, e.g., cut in government expenditure.
- (v) Monetary Policy- sales of government securities, etc.
- (vi) Physical policy measures, e.g., total ban on importation

(Any 4 x 1Marks)

(4Marks)

(Total 12 1/2 Marks)

QUESTION 6

Africo International Consults Limited – a private firm of economic and financial consultants-obtained the following national income equilibrium (y) model for a country in Sub-Saharan Africa.

$$Y = C + I + G + (X - M)$$

Where:

C = Consumption Expenditure

I = Investment Expenditure

G = Government Expenditure

X = Export

M = Import

Given:

$$C = \text{LS}124 \text{ million} + 0.75 Y_d$$

$$I = \text{LS} 54 \text{ million}$$

$$G = \text{LS} 60 \text{ million}$$

$$X = \text{LS} 36 \text{ million}$$

$$M = \text{LS} 42 \text{ million}$$

$T = \text{LS } 8 \text{ million (Lump-sum tax)}$
 $Y_d = Y - T \text{ (Disposable National Income)}$

You are required to determine:

- (a) the equilibrium national income (6 marks)
- (b) the government expenditure multiplier for the economy (2½ marks)
- (c) the amount of government spending required to restore equilibrium national income at full-employment level, given that the full employment level of income is LS940 million. (4 marks)

(Total 12 ½ Marks)

SOLUTION 6

(a) $Y = C + I + G + (X - M)$

$$Y = 124 + 0.75Y_d + 54 + 60 + (36 - 42)$$

$$= 232 + 0.75(Y - T)$$

$$Y = 232 + 0.75Y - 0.75(8)$$

$$Y - 0.75Y = 232 - 6$$

$$0.25Y = 226$$

$$Y = \frac{226}{0.25} = \$904 \text{ million}$$

(6Marks)

(b) Government Expenditure Multiplier is defined as $K = \frac{dy}{dG}$

$$= \frac{1}{1-b}$$

$$= \frac{1}{1-0.75}$$

$$= 4$$

(2½ Marks)

(c) To find ΔG , where $\Delta G = \frac{\Delta Y}{K}$.

$$\text{But, } \Delta Y = Y_f - Y_e$$

$$= \$(940 - 908) \text{ million}$$

$$= \$32 \text{ million}$$

$$\text{Hence, } \Delta G = \$ = \frac{32}{4} = \boxed{\$ 8} \text{ million}$$

The amount of government spending required to restore equilibrium national income at the full employment level is \$ 8 million. (4Marks)

(Total 12 ½ Marks)

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
BUSINESS LAW**

Time allowed – 3 hours

SECTION A - (Attempt ALL questions)

PART 1 MULTIPLE-CHOICE QUESTIONS

(30 Marks)

Write only the alphabets A, B, C, D, or E that corresponds to the correct opinion in each of the following questions.

1. The received English law as a source of Nigerian law consists of the common law, doctrines of equity and
 - A. Statutes of general application
 - B. Statutes of limited application
 - C. Statutes of global application
 - D. Statutes of general application in force in England on January 1, 1900
 - E. Statutes of general application in force in England on January 1,1800

2. Where there is a conflict between a statute of general application and a local statute, which one prevails?
 - A. The statute of general application
 - B. The Local statute
 - C. Amended statutes of general application
 - D. The first in time
 - E. The more explicit.

3. The highest court in your country is the
 - A. High Court
 - B. National Industrial Court
 - C. National Judicial Council
 - D. Court of Appeal
 - E. Supreme Court

4. The standard of proof for the purpose of criminal liability is
 - A. Commensurate proof
 - B. Adequate proof
 - C. Proof beyond reasonable doubt
 - D. Preponderance of evidence
 - E. Absolute proof

5. The display of goods in a supermarket is an
- A. Offer
 - B. Invitation to treat
 - C. Acceptance
 - D. Invitation to trade
 - E. Intention to counter an offer
6. An unconditional and absolute agreement with the terms of an offer is known as
- A. Concurrence
 - B. Conjugal
 - C. Cohabiting
 - D. Coincidence
 - E. Acceptance
7. An acceptance "subject to contract" is
- A. A valid countermand
 - B. Not a valid acceptance
 - C. A valid acceptance
 - D. A valid consideration
 - E. An invalid countermand
8. A misdirected acceptance by post is effective when the acceptance is
- A. Made
 - B. Posted
 - C. Actually received
 - D. Deed
 - E. Properly stamped
9. Which of the following has been defined as some right, interest, profit or benefit accruing to the one party or some forbearance, detriment, loss or responsibility given, suffered or undertaken by the other?
- A. Consideration
 - B. Offer
 - C. Acceptance
 - D. Invitation to tender
 - E. Agreement
10. A promise that was made after the performance of an act that prompted the promise is
- A. Existing consideration
 - B. Considered consideration

- C. Past consideration
 - D. Sufficient consideration
 - E. Acceptable consideration
11. Negligent misstatement without intention to defraud is the basis of an action for
- A. Damages
 - B. Specific performance
 - C. Rectification
 - D. Restitution
 - E. Restoration
12. In sale of goods, risk passes with
- A. Ownership
 - B. Cargo
 - C. Consignment
 - D. Future goods
 - E. Asset
13. The right of the agent to retain possession of the goods of the principal until his remuneration is paid is called
- A. Possessory right
 - B. Assignment
 - C. Lien
 - D. Set-off
 - E. Subrogation
14. **One** of the following is **NOT** a classification of goods under the Sale of Goods Act:
- A. Marketable goods
 - B. Future goods
 - C. Ascertained goods
 - D. Specific goods
 - E. Existing goods
15. The foremost obligation of the insured under an insurance contract is
- A. The security of the goods insured
 - B. The payment of premium
 - C. To keep an insurance account
 - D. To secure the services of a loss adjuster
 - E. To procure a police report

16. Who, of the following, may **NOT** participate in managing a partnership business?
- A. Limited partner
 - B. General partner
 - C. Financing partner
 - D. De facto partner
 - E. Incoming partner
17. Which of these is **NOT** a right of the seller of goods?
- A. *Stoppage in transit*
 - B. Lien
 - C. Resale
 - D. Withholding of delivery
 - E. Delivery before due date
18. Which part of the Memorandum of Association contains the business for which a company is set up?
- A. Objects clause
 - B. Subscription clause
 - C. Association clause
 - D. Capital clause
 - E. Compulsory clause
19. The in-door management rule is also known as the rule in
- A. *Salomon v. Salomon*
 - B. *Northwest Railway Company v. Beatty*
 - C. *Foss v. Harbottle*
 - D. *Krammer v. Krammer*
 - E. *Dilkinson v. Dodds*
20. A special crossing of a cheque makes its value recoverable through
- A. the payees account
 - B. any bank
 - C. a particular cashier
 - D. the counter
 - E. the Central Bank
21. A new partner can only be introduced to the firm if
- A. he pays for his shares
 - B. he agrees to manage the firm
 - C. all the existing partners consent
 - D. the Corporate Affairs Commission agree
 - E. he is not incapacitated by illness.

22. The minimum authorised share capital of a public limited company is
- A. ₦5,000,000
 - B. ₦3,000,000
 - C. ₦2,000,000
 - D. ₦1,000,000
 - E. ₦500,000
23. Which **ONE** of these securities is transferrable without restriction?
- A. The shares of a public company
 - B. The shares of a private company
 - C. Naked debentures
 - D. Secured debentures
 - E. Unpaid shares
24. Which **ONE** of the following meetings is mandatory only for a public company?
- A. Statutory Meeting
 - B. Annual General Meeting
 - C. Extraordinary General Meeting
 - D. Emergency Meeting
 - E. Regulatory Compliance Meeting
25. Which of the following is **NOT** a permitted objective of a body with incorporated trustees?
- A. Promotion of Islam
 - B. Promotion of Christianity
 - C. Advancement of Education
 - D. Promotion of Arts and Scientific knowledge
 - E. Commercial banking
26. Title to a negotiable instrument passes upon
- A. Sealing
 - B. Delivery
 - C. Being signed and sealed
 - D. Being signed
 - E. Registration
27. An uncrossed cheque is the same thing as
- A. Unnegotiated cheque
 - B. Open cheque
 - C. Plain cheque
 - D. Unassigned cheque
 - E. Unmarked cheque

28. A bank may disclose the state of its customer's account
- A. On request by another customer to whom he is indebted
 - B. On request by the customer's next-of-kin
 - C. On an order of a court of competent jurisdiction
 - D. To promote the customer's business
 - E. When the customer has issued a dud cheque.
29. Which **one** of these is **NOT** a contract of indemnity?
- A. Fire insurance
 - B. Life assurance
 - C. Car insurance
 - D. Marine insurance
 - E. Oil and gas insurance
30. A holder of a bill for value is also a holder
- A. In due course
 - B. For subrogation
 - C. In trust
 - D. In equity
 - E. For trade

SOLUTIONS TO MULTIPLE-CHOICE QUESTIONS

- 1. D
- 2. B
- 3. E
- 4. C
- 5. B
- 6. E
- 7. D
- 8. C
- 9. A
- 10. C
- 11. A
- 12. A
- 13. C

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

PART II SHORT-ANSWER QUESTIONS

(20 Marks)

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

1. Appeals from the Court of Appeal go to the
2. What is the minimum number of years a legal practitioner must be at the bar to be eligible for appointment to the National Industrial Court?
3. Of the sources of Nigerian law, a treaty is an example of
4. The parties to a civil suit are the and
5. State the generic name of contract in which the parties are required to disclose all material or important facts to each other.
6. State the legal maxim for the principle of law which states that if a contract is rescinded, the parties must be returned to their former positions or as near as possible to those positions.
7. Consideration needs **NOT** be adequate but it must be

8. State the type of influence which is exercised on a person through overt or open acts of improper pressure or coercion even though there is no special relationship between the parties.
9. The right of an agent to withhold the principal's money or goods until his remuneration is paid is called
10. Under the sale of goods law, infants are liable to pay a reasonable price for supplies to them of
11. A term in a contract of sale of goods the breach of which gives rise to a claim for damages but **NOT** a right to reject the goods and treat the contract as repudiated is called a
12. For regulatory purposes, insurance business is usually divided into indemnity insurance and
13. A temporary contract document used in motor vehicle insurance to hold the proposer in the interim period is called
14. What effect has the death of a partner on a partnership?
15. The minimum number of directors of a public company is
16. What is the maximum membership of a partnership that is a cooperative society?
17. Which type of limited company must **NOT** have share capital?
18. Negotiability of a bill means
19. A worker who has suffered lawful losses and expenses in the course of his employment is entitled to
20. What is required where the name of a firm is "Atlantic Oceans Ventures"?

SOLUTIONS SHORT-ANSWER QUESTIONS

1. Supreme Court
2. 10 years
3. International Law
4. plaintiff and defendant
5. Contract *uberrimae fidei*/of utmost good faith
6. *Restitutio in integrum*
7. sufficient.
8. Undue influence
9. Lien
10. necessaries
11. warranty
12. non-indemnity

13. cover-note
14. Automatic dissolution
15. Two
16. Unlimited
17. A company limited by guarantee
18. transferability
19. indemnity
20. Registration of the business name

SECTION B - Attempt any FOUR questions (50 Marks)

QUESTION 1

- (a) State **THREE** maxims of equity. (3 Marks)
- (b) State the minimum qualification of the following judicial officers:
 (i) Chief Judge of the High Court of a State;
 (ii) Judge of the Federal High Court;
 (iii) Grand Khadi of a Sharia Court of Appeal of a State;
 (iv) President of the Court of Appeal; and
 (v) Chief Justice of Nigeria (5 Marks)
- (c) State the court which has exclusive and original jurisdiction to hear and determine the following:
 (i) Any question as to whether any person has been validly elected to the office of the President or Vice-President.
 (ii) Any dispute between two or more states in Nigeria (2 Marks)
- (d) State the type of proof which is required in criminal and civil matters respectively. (2 ½ Marks)
(Total 12½ Marks)

SOLUTION 1

- (a) Maxims of equity include the following:
- (i) Equity will not suffer a wrong to be without a remedy;
 - (ii) Equity follows the law;
 - (iii) Where equities are equal, the law prevails;
 - (iv) Where equities are equal, the first in time prevails;
 - (v) He who comes to equity must come with clean hands;
 - (vi) He who seeks equity must do equity;
 - (vii) Delay defeats equity;
 - (viii) Equality is equity;
 - (ix) Equity acts in *personam*;
 - (x) Equity regards as done that which ought to be done.
- (1 mark each for any 3 =3 Marks)**

- (b) (i) A Legal Practitioner with at least 10 years post-call experience.
(ii) A Legal Practitioner with at least 10 years post-call experience.
(iii) A Legal Practitioner with at least 10 years post call experience as well as a recognised qualification in Islamic Law from an institution acceptable to the National Judicial Council.
(iv) A Legal Practitioner with at least 12 years post call experience
(v) A Legal Practitioner with at least 15 years post call experience (5 Marks)
- (c) (i) The Court of Appeal
(ii) The Supreme Court (2 Marks)
- (d) Proof beyond reasonable doubt and preponderance of evidence respectively. (2¹/₂ Marks)
(Total 12¹/₂ Marks)

QUESTION 2

- (a) Distinguish between condition and warranty in the law of contract (4 Marks)
- (b) Kofi went to a motor vehicle dealer and negotiated to buy a second-hand Toyota Camry car. He tested the car and found it acceptable. He paid the price and arranged that it should be delivered to his office. However, when the car was delivered, he discovered that the engine and chassis had been removed. In fact, the car was towed to Kofi's office.
Advise Kofi. (4¹/₂ Marks)
- (c) Enumerate **FOUR** types of contract *uberrimae fidei* (4 Marks)
(Total 12¹/₂ Marks)

SOLUTION 2

- (a) A condition is a term which goes to the root of the contract and its breach entitles the wronged party to repudiate the contract. A warranty is subsidiary to the main purpose of the contract and its breach entitles the wronged party to damages only. (4 Marks)
- (b) The engine and chassis of the car were conditions upon which Kofi would be bound to accept the car. A condition is fundamental and goes to the root of a contract. A breach of condition entitles the wronged party to repudiate the contract and bring it to an end. He will be entitled to a return of any consideration which he has furnished to the other party.
Kofi may therefore repudiate the contract and get his money back from the motor dealer. (4¹/₂ Marks)
- (c) Contracts *uberrimae fidei* include the following:
- (i) Contracts of insurance;
(ii) Family arrangements;

- (iii) Contracts to take shares in a company;
- (iv) Contracts for sale of land;
- (v) Partnership contracts;
- (vi) Suretyship Contracts.

(1 mark each for any 4 = 4 Marks)
(Total 12½ Marks)

QUESTION 3

This multi-faceted question tests some aspects of Law of Agency, Sale of Goods and Hire purchase. Candidates are required to know how agency relationships may be created, the passage of ownership from buyer to seller in sale of goods transactions and the terms which are implied into hire purchase agreements.

- (a) State the **THREE** conditions for the creation of agency by ratification. (4½ Marks)
- (b) State when ownership of goods will pass in the following circumstances:
 - (i) In an unconditional contract for the sale of specific goods in deliverable state;
 - (ii) In the case of specific goods, where the seller has to do something to put them in deliverable state;
 - (iii) In the case of specific goods, where the seller has to weigh, measure, test or do some other things in order to ascertain the price;
 - (iv) In the case of specific goods sold on the terms of “on sale or return.” (4 Marks)
- (c) Enumerate **FOUR** terms which are implied into a Hire Purchase Agreement whether they are stated in the agreement or not. (4 Marks)
(Total 12½ Marks)

SOLUTION 3

- (a) The conditions for creation of agency by ratification include the following:
 - (i) The agent must *ab initio* hold himself out as acting on behalf of the principal;
 - (ii) The principal must later ratify the act;
 - (iii) There must be complete and not partial ratification;
 - (iv) The principal must be in existence at the time of the act;
 - (v) The principal must have contractual capacity;
 - (vi) The act of the agent must be legal. (1½ marks for any 3 = 4½ Marks)
- (b) Ownership of goods will pass as follows:
 - (i) When the contract is made whether or not the price is paid or delivery is made;
 - (ii) When that thing is done and the buyer is notified;
 - (iii) When the price is ascertained and the buyer is notified;

(iv) When the buyer signifies his approval or retains the goods after the expiration of agreed or reasonable time. (4 Marks)

(c) Terms that are implied into a hire purchase agreement are:

- (i) Any term which allows the owner or his agent to enter the hirer's premises to re-possess the goods;
- (ii) Any term which excludes or restricts the right of the hirer to terminate the agreement;
- (iii) Any term which increases the liability of the hirer over and above the one provided by the Hire Purchase Act;
- (iv) Any term which regards any person acting for the owner as agent of the hirer;
- (v) Any term which imposes a repairer or insurer on the hirer.

(1 mark for any 4 = 4 Marks)

(Total 12½ Marks)

QUESTION 4

(a) Distinguish between a contract of service and a contract for service. (4 Marks)

(b) What is the Share Capital for the following types of insurance business?

- (i) Life insurance business;
- (ii) General insurance business;
- (iii) Composite insurance business;
- (iv) Reinsurance business. (4 Marks)

(c) Audu was the owner of a cocoa farm which he insured in his own name with West African Insurance Plc. in 2010. He sold the farm to Cocoa Products Plc and was paid with five hundred thousand fully paid shares of the company.

A few months ago, a fire outbreak destroyed the whole farm. Audu made a claim on West African Insurance Plc but the Company denied liability.

Advise Audu.

(4½ Marks)

(Total 12½ Marks)

SOLUTION 4

(a) A contract of services involves a relationship of master and servant with a high element of control over the servant by the master.

A contract for service involves a relationship of employer and employee but the employee is not subject to the control of the employer with regard to the method of doing the job. (4 Marks)

(b) The following are the share capital for the underlisted businesses:

- (i) ₦2 billion for life insurance;
- (ii) ₦3 billion for general insurance;

- (iii) ₦5 billion for composite insurance;
- (iv) ₦10 billion for reinsurance.

(4 Marks)

- (c) A person must have insurable interest in the subject matter of insurance. This means that the person must enjoy a benefit from the existence of the subject matter and/or suffer detriment from its destruction.

The cocoa farm belongs to the company which is a legal person in law and no longer to Audu.

Therefore Audu has no insurable interest in the farm and is not entitled to make a claim on the insurer.

(4½ Marks)

(Total 12½ Marks)

QUESTION 5

- (a) Enumerate **FOUR** issues in respect of which a partner has no implied authority. (4 Marks)
- (b) Mensah, Ayo and Dada are directors of Papers Plc. At the 2009 Annual General meeting of the company, each of them was given a specific project to undertake on behalf of the company, and the sum of ₦5 million was approved for each of them. Ayo was able to complete his project with the sum of ₦4.5 million. He paid Four Hundred and Fifty thousand ₦450,000.00 to the account of the company and kept N50,000.00 for himself. The shareholders learnt about this recently and have demanded that Ayo must return the money. Ayo has refused to do so.
Advise the Company. (4½ Marks)
- (c) State **FOUR** of the items that must be included in an application form for registration of business names. (4 Marks)

(Total 12½ Marks)

SOLUTION 5

- (a) A partner has no implied authority in respect of the following:
- (i) Admission of a new partner;
 - (ii) Execution of a deed in the firm's name;
 - (iii) Giving guarantee in the firm's name;
 - (iv) Reference of any dispute involving the firm to arbitration;
 - (v) Accepting shares in a company as satisfaction of a debt owed to the firm;
 - (vi) Compromising or making arrangements in respect of any debt owed to the firm. (4 Marks)
- (b) A director is in a fiduciary position, that is, he occupies a position of trust. He therefore owes a duty to account for the remaining balance of ₦500,000 to the board of directors or to the shareholders in general meeting.

Ayo must refund the ₦50,000.00 to the company.

(4½ Marks)

- (c) Business Name application form must include the following items:
- (i) The business name or names;
 - (ii) The general nature of the business;
 - (iii) The full postal address of the principal place of business;
 - (iv) The full postal address of every other place of business;
 - (v) The full surnames and forenames of the individual or members of the firm as well the age, sex, usual residence and occupation.
 - (vi) Passport photographs of the members
- (1 Mark each for any 4 = 4 Marks)
(Total 12½ Marks)

QUESTION 6

- (a) State **FOUR** types of negotiable instruments (4 Marks)
 - (b) Define Cheque (2 Marks)
 - (c) Enumerate **FOUR** of the circumstances where a banker may not honour the cheques of his customer. (4 Marks)
 - (d) What is the effect of a general crossing on a cheque? (2½ Marks)
- (Total 12½ Marks)

SOLUTION 6

- (a) The following are negotiable instruments:
- (i) Bills of exchange;
 - (ii) Cheques;
 - (iii) Promissory Notes;
 - (iv) Bearer bonds;
 - (v) Bearer Debentures;
 - (vi) Dividend warrants.
- (1 Mark each for any 4) = (4 Marks)
- (b) A cheque is a bill of exchange drawn on banker and payable on demand. (2 Marks)
- (c) A banker may not honour the cheque of his customer in the following circumstances:
- (i) Upon a countermand by the customer;
 - (ii) Upon the banker having notice of the death of the customer;
 - (iii) Upon the customer becoming insane to the knowledge of the banker;
 - (iv) Upon a garnishee order being placed on the account by the court;
 - (v) Upon winding-up proceedings of a company being commenced against a corporate customer notice of which is given to the banker.
- (1 Mark each for any 4 = (4 Marks)
- (d) The effect of general crossing on a cheque is that the proceeds of the cheque may only be collected through a collecting bank, and the proceeds cannot be collected across the counter. (2½ Marks)
- (Total 12½ Marks)

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
COMMUNICATION SKILLS**

Time allowed – 3 hours

SECTION A: Attempt All Questions

PART I: MULTIPLE-CHOICE QUESTIONS

(20 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 **NOT** a barrier to effective listening?
 - A. Lack of cooperation with the speaker
 - B. Inappropriate receptive poise
 - C. Intervening noise
 - D. Cooperation with the speaker
 - E. Lack of concentration

2. **ONE** major advantage of oral communication is
 - A. Easy explanation
 - B. Mutual agreement
 - C. Instantaneous feedback
 - D. Communication interaction
 - E. Intra-personal relationship

3. Scanning is one of the types of reading in English. Its major objective is to encourage
 - A. Speed
 - B. Correctness
 - C. Accuracy
 - D. Literacy
 - E. Thoroughness

4. Which of the following is **NOT** an example of written communication?
 - A. Application letter
 - B. Invitation card
 - C. Manual
 - D. Thank you letter
 - E. Road sign

5. **ONE** of the following aids informal communications in an organisation.
 - A. Flexibility
 - B. Proximity
 - C. Transmission

- D. Facial expression
 - E. Distance
6. The word 'intelligence' is classified as a (n)
- A. Verb
 - B. Adjective
 - C. Preposition
 - D. Noun
 - E. Adverb
7. Which tense is "are eating " in the sentence: They are eating biscuits
- A. Simple present
 - B. Present perfect
 - C. Perfect
 - D. Present continuous
 - E. Past
8. In the sentence, "I arrived from London early yesterday", the underlined expression is an example of a (n)
- A. Adjectival clause
 - B. Adverbial phrase
 - C. Noun clause
 - D. Prepositional phrase
 - E. Infinitive
9. "His robe is as white as snow". What figure of speech is involved in this sentence?
- A. Simile
 - B. Metaphor
 - C. Personification
 - D. Allegory
 - E. Paradox
10. In the word "inculcate", on which syllable is the primary stress placed?
- A. First
 - B. Second
 - C. Third
 - D. Fourth
 - E. Fifth
11. Which of the following is **NOT** a feature of a business letter?
- A. Writer's signature
 - B. Date
 - C. Receiver's name and address
 - D. Subject heading
 - E. Receiver's signature

12. **ONE** of the following is **NOT** an item in the structure of a report.
- A. Title page
 - B. Abstract
 - C. Content page
 - D. Findings
 - E. Historical background
13. The process used by anyone wishing to sell a product or service is
- A. Printing
 - B. Advertising
 - C. Writing
 - D. Broadcasting
 - E. Messaging
14. Which of the following is the purpose of briefing meeting in an organisation?
- A. To gather information
 - B. To provide information
 - C. To voice opinions
 - D. To deliver information
 - E. To make decisions
15. **ONE** of the following is **NOT** a terminology associated with formal meetings.
- A. Agenda
 - B. Matters arising
 - C. Point of order
 - D. Quorum
 - E. Mode of operation
16. The document that is prepared and sent to all members that are qualified to attend a meeting is
- A. Notice of meeting
 - B. Record of attendance
 - C. List of apology
 - D. List of absentees
 - E. Matter arising
17. Which of the following refers to the minimum number of members required to be present before any meeting is validly constituted?
- A. Motion
 - B. Proxy
 - C. Quorum
 - D. Veto
 - E. Null and void

18. **ONE** of the following is **NOT** a major advertising medium.
- A. Newspaper
 - B. Magazine
 - C. Bill board
 - D. Television
 - E. Black board
19. Which of the following combinations best reflects the three basic parts of an essay?
- A. Introduction, Body, and Conclusion
 - B. Introduction, Foreword, and Table of Contents
 - C. Introduction ,Dedication, and Foreword
 - D. Introduction, Appreciation, and Dedication
 - E. Introduction, Body, and References
20. Which of the following is **NOT** a feature of a speech?
- A. Heading
 - B. Greeting/salutation
 - C. Introduction
 - D. Findings
 - E. Body

SOLUTIONS - MULTIPLE-CHOICE QUESTIONS

- 1. D
- 2. C
- 3. A
- 4. E
- 5. B
- 6. D
- 7. D
- 8. B
- 9. A
- 10. A
- 11. E
- 12. E
- 13. B
- 14. B
- 15. E

- 16. A
- 17. C
- 18. E
- 19. A
- 20. D

1Mark x 20=20 Marks

SECTION A

PART II: SHORT ANSWER QUESTIONS

(20 Marks)

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

1. Communication is the process of.....and receiving verbal or non-verbal message that produces a response.
2. ONE major advantage of written communication over oral communication is.....
3. A listener who demonstrates an emotional attachment to the speaker is said to be
4. The type of reading which looks for details in certain parts of material being read is called.....
5. The grapevine is one major route ofcommunication.
6. The synonym of the word “refuse” is.....
7. A noun that is written in initial capital letter is called.....noun.
8. A verb that indicates an action that is carried out on the object of a sentence is a (n).....verb
9. A declarative sentence has aintonation pattern.
10. “A stitch in time, saves nine” is a.....
11. A document that refers to a programme or list of events to be discussed at a particular meeting is.....
12. Areport is written to show observations or development of events, situations and activities over a period of time.
13. The purpose, scope and authority to write a report is called.....
14. The major summation and discoveries of a report is known as.....

15. The address to which a letter is to be delivered is known as.....
16. The sentence in a paragraph which states the central point that is being discussed in the paragraph is thesentence.
17. **TWO** types of reasoning are made use of in argumentative essay. These areand.....reasoning.
18. The document used mostly for communication within an organisation is called.....
19. The **TWO** major types of letter areand.....
20. A collection of sentences which expresses one main idea that is presented in a meaningful order is known as a (n).....

SOLUTION TO SHORT-ANSWERS QUESTIONS

1. Transmitting
2. Permanence
3. Empathic
4. Skimming
5. Informal
6. Decline
7. Proper
8. Transitive
9. Falling
10. Proverb
11. Agenda
12. Analytical
13. Terms of Reference
14. Findings
15. Recipient/addressee
16. Topic
17. Inductive, deductive
18. Memorandum or memo
19. Formal, informal or official, private
20. Paragraph

**1 Mark x 20 =20 Marks
(Total 30 Marks)**

SECTION B:

COMPULSORY

COMPREHENSION

Read the following passage carefully and answer the questions on it.

Advertisements are part of our everyday lives. We meet them in newspapers, on the radio and television, in the street and even in buses and trains. We are so accustomed to them that it would be very strange to wake up one morning and find that they had all disappeared.

Yet advertising by manufacturers only occurs on a large scale in democratic countries, where free enterprise leads to competition and completion to advertisement. In certain totalitarian countries where the state controls production, there is no cut-throat competition but equally there are very few brand names and only a meagre choice of articles. In these circumstances, most of the brand names are naturally well-known. If there is, for instance, only one brand of toothpaste, it is pointless to advertise it.

On the other hand, people often feel that competing manufacturers spend so much money on advertising their various brands that they have to increase the price of their article considerably in order to cover the advertising costs. But although a lot of money is spent on advertising, this only raises the selling price of each mass-produced article by an insignificant amount. And from the manufacturers' point of view, such a small price reduction would be a poor selling device. It might attract a few purchasers who would not otherwise buy the article, but their number would be nothing in comparison with those who are attracted by advertisements.

Even though advertisements are the result of competition, they do have a useful function: that of giving information. Of course, people often complain that – with all their exaggerations, half-truths and distorted facts- advertisements misinform rather than inform. But do any of us actually believe all we are told in an advertisement? Are we really persuaded that a particular soap powder washes whitest of all or that one kind of margarine is better for us than any other? On the other hand, we do often derive valuable information from such advertisements. All of us have probably at some time been helped to find a commodity we were looking for through seeing it advertised. And when we read a whole range of advertisements for similar products, we are least informed that we have a choice.

It is also sometimes argued that, by their advertisements, manufacturers make people buy things they do not really want. But how can they force us into doing this? We are always at liberty to refuse to buy a particular product. Of course, advertisements may sometimes induce people to buy articles which they did not want before they read about them. But even then, the desire for the advantages conferred by these articles (e.g. greater prestige, comfort, popularity, enjoyment) must have already existed or

the reader would not have become a purchaser. And in certain cases, when manufacturers' advertisements suggest to people new possibilities for improving their lives, they may actually help to better society as a whole.

- a. According to the writer, why is there very little advertisements in totalitarian countries? (3 Marks)
- b. What is the fear of people on manufacturers spending huge amount on advertisements? (3 Marks)
- c. What does the writer say is the useful function of advertisements? (3 Marks)
- d. Why are advertisements criticized? (3 Marks)
- e. What does the writer give as justification for giving a range of advertisements for similar products? (3 Marks)
- f. What is the argument the writer says people make against advertisements? (3Marks)
- g. What are the questions asked in paragraph four called? (3 Marks)
- h. "....which they did **NOT** want"
 - i. What is the grammatical name for this expression? (1 Mark)
 - ii. What is its function? (2 Marks)
- i. Give another word for each of the following words as used in the passage
 - a) strange
 - b) cut-throat
 - c) various
 - d) insignificant
 - e) complain
 - f) similar(6 Marks)

(Total 30 Marks)

SECTION B COMPULSORY

SOLUTION COMPREHENSION

- a. It is because there is the absence of serious competition (3Marks)
- b. They fear that the price of the products/commodities will be increased/high. (3Marks)
- c. Advertisements give information. (3 Marks)
- d. Advertisements are criticized because they misinform rather than inform. (3 Marks)
- e. The range of advertisements gives the prospective customer the chance to choose among similar products. (3 Marks)
- f. They make people buy what do not really want. OR They induce people to make a choice they do not want. (3 Marks)
- g. They are rhetorical questions. (3 Marks)
- h. i. It is an adjectival clause (1 Mark)
ii. It modifies the noun "articles". (2 Marks)

- i. a. unfamiliar, unusual, surprising (1 Mark)
- b. intense, extreme, 'do or die' (1 Mark)
- c. different, diverse (1 Mark)
- d. invaluable, insubstantial (1 Mark)
- e. object, make reservation (1 Mark)
- f. the same. (1 Mark)

(Total 30 Marks)

SECTION C : ATTEMPT ANY TWO QUESTIONS (30 Marks)

QUESTION 1

The Chairman of the Accounting Technicians Scheme of West Africa (ATSWA) has just inaugurated a Committee to determine the relevance of taxation to the development of contemporary African society.

The Terms of Reference of the Committee are:

- a) To consult widely on the need for payment of taxes;
- b) To determine benefits derivable to the government and citizens.
- c) To recommend ways by which the government can encourage people to pay their taxes; and
- d) To submit your report within two months.

As the Secretary of the Committee, write your report. (15 Marks)

SECTION C

SOLUTION 1

THE REPORT OF THE COMMITTEE ON THE RELEVANCE OF TAX TO THE DEVELOPMENT OF CONTEMPORARY AFRICAN SOCIETY SUBMITTED TO THE CHAIMAN, ATSWA ON DECEMBER 15, 2011. (1Mark)

- 1.0 There has been a huge public outcry which led to a debate on the issue of the desirability or otherwise for paying taxes in some African countries. In a bid to contribute to this debate, the Chairman of ATSWA has decided to set up a committee to examine the issue. This was why this Committee was set up. (1Mark)

2.0 Terms of Reference

The Committee was given the following Terms of Reference:

- 2.1. To consult widely on the need for the payment of taxes;
- 2.2. To determine benefits derivable to the government and the citizens;
- 2.3. To recommend ways by which the government can encourage the people to pay their taxes; and
- 2.4. To submit the report in four weeks. (1 Mark)

3.0 Methods of Investigation

The Committee adopted the following investigation methods:

- 3.1. Interviewing some tax experts recommended by the Council of the Association of Accounting Bodies in West Africa (ABWA)
- 3.2. Administering questionnaires on some selected groups in the society;
- 3.3. Consulting relevant literature. (2 Marks)

4.0 The Committee came up with the following findings:

- 4.1. That taxes facilitate the provision of social amenities such as electricity and water. It was found that no human existence is possible without these amenities that are better provided by the government. The payment of taxes, therefore, would enable the government to discharge its responsibility.
- 4.2. That taxes ensure the provision and the improvement of social infrastructure such as roads, airports, railways, seaports and bridges.
- 4.3. That taxes serve as a measure of control of harmful products such as alcohol and cigarettes.
- 4.4. That taxes help to protect small scale industries from being driven out of competition.

(4 Marks)

5.0 Conclusion

The Committee agreed on a consensus that:

- 5.1 Payment of taxes is necessary and is, therefore, welcomed by majority of respondents. This, they agreed, will foster greater development in human society; and
- 5.2 taxes would also enable government to discharge her responsibilities in the area of providing security of lives and property. (2 Marks)

6.0 Recommendations

The Committee, based on the data gathered during the course of this report, unanimously recommend that:

- 6.1 Government should ensure a judicious use of tax revenue generated to encourage the citizens to pay other taxes as and when due;
- 6.2 Government should embark on intensive public enlightenment on the need for the citizens to pay taxes. Government should also inform the citizens on what they intend to do with these taxes;
- 6.3 The people must always put the government to task when they feel that their taxes are not being judiciously utilised;

- 6.4 Qualified and experienced tax collectors are the ones appointed by government to collect taxes; and
- 6.5 Government should grant tax relief or exemption, as the case may be, to individuals who, for reasons of permanent disability, sickness, unemployment and so on, could not pay tax. (3 Marks)

MEMBERSHIP

Paudlin Alagbe –oke	Chairman
Rundown Kukuye	Member
Adiso Tutusi	Member
Solax Acheempong	Member
Kendus Taylor	Member/Secretary

(1 Mark)

(Total 15 Marks)

QUESTION 2

Each of the following sentences contains an error.

You are required to:

- Identify the error in each sentence.
- Give the correct form of the error identified.

Do not copy the entire sentence in each case.

- He hasn't much idea of Physics, as far as I can understand.
- I offered to lend him some money, but he refused, insisting that he already had much.
- Neither the two boys are qualified for the scholarship.
- They substituted the old bag with a new one.
- The Committee are having trouble understanding the report
- The team has lost their first game of the season.
- You must not absent yourself in the lecture.
- It's time we sit down and plan our strategy.
- She is so much in love as she is blind to his faults
- The accident was owing to the driver's carelessness.
- We warned you earlier that we are going to be late.
- Please share the Oranges between the four boys
- Local Governments are authorized to enact bye-law.
- Whose the owner of that dog?
- Hardly had they arrived at the venue than it began to rain

(15 Marks)

SOLUTION 2

	Error	Correct form
i.	much	any
ii.	much	enough
iii.	are	is
iv.	with	for
v.	are	is

vi.	their	its
vii.	in	from
viii.	sit	sat
ix.	as	that
x.	owing	due
xi.	are	were
xii.	between	among
xiii.	bye-law	bye-laws
xiv.	whose	who's, who is
xv.	than	when

(1Mark x 15 =15 Marks)

QUESTION 3

Nobel International Secondary School is celebrating her Silver Jubilee anniversary this year. Part of the programme of activities lined up for the occasion is a career talk for the graduating class of Senior Secondary Three students. As an alumnus of the school and now a budding accountant, you have been invited to give a talk on the topic: "The Prospects of choosing the Accountancy profession as a career. (1 Mark)

Write out your speech.

(15 Marks)

SOLUTION 3

TEXT OF A CAREER TALKS DELIVERED BY ADEX YEBOAH TO THE GRADUATING STUDENTS OF NOBEL INTERNATIONAL SECONDARY SCHOOL ON THE OCCASION OF THE SILVER JUBILEE ANNIVERSARY ON SATURDAY, DECEMBER, 21ST, 2011. (1 Mark)

Mr. Chairman,
 Special Guests of Honour,
 The Principal, Staff and Students of Nobel International Secondary School,
 Invited Guests,
 Graduating Students of Nobel International Secondary School,
 Gentlemen of the Press,
 Distinguished ladies and gentlemen.

(2 Marks)

It affords me a great pleasure to be back in my alma mater as a guest speaker on this special anniversary of our great school.

I have been asked to talk to the graduating students on "The Prospects of choosing the Accounting Profession as a career".

I would like to start by defining what accountancy is. The American Institute of Certified Public Accountants(AICPA) defines accounting as 'the art of recording, classifying and summarising in a significant manner and in terms of money, transactions and events which are in part, at least, of a financial character, and interpreting the result (AICPA 1961).

The accountant is, therefore, an individual who collects, classifies, records and analyses transactions of monetary value and communicates same to the management or his

client to help in day-to-day decision-making. An accountant also interprets basic and complex financial statements. He also promotes the liquidity of his organisation to ensure that the organisation can meet its short-term or immediate credit obligations as and when due. Accountants are needed in all organisations that deal in financial transactions.

A prospective accountant needs to be honest, trustworthy, contented and transparent. He also needs to have credit in English, Mathematics, Economics, Commerce, and Government and so on.

Accounting can be studied in Polytechnics and Universities. These academic institutions would prepare a prospective accountant ready to write professional examinations to become chartered accountants.

In addition to academic training in a tertiary institution of choice, membership of a recognised professional institute such as ICAN, ICAG etc enhances career prospects. There are different areas of specialisation in accounting. These include Auditing, Taxation, Finance, Forensic Investigation, Cost Accounting and Management Accounting. A prospective accountant is free to choose his area of specialisation.

Several prospects abound in the profession as the sky is the limit for any accountant who wishes to rise to the pinnacle of the profession.

Indeed, an accountant can become the Chief Accountant of his organisation, Finance Director, Tax consultant, Asset Manager, Risk Manager, Governor of the Central Bank and so on. What is instructive here is that, attaining any of these positions would ensure being comfortable in life. (11 Marks)

Distinguished ladies and gentlemen, I thank you for your time and I pray that each and every one of us would be successful in life. (1 Mark)

(Total 15 Marks)

Thank you.

QUESTION 4

Punctuate the following passage.

Experts agree that the only way to lose weight quickly is to consume fewer calories than we burn and the best way to accomplish this is to combine a modest increase in physical activity with a modest decrease in calorific intake in the first place if you want to pursue a personal weight control plan you should consume as few calories as possible in liquid from avoid alcohol including wine you can have tea and coffee artificially sweetened if you wish drink water skimmed milk or low-calorie soft drinks during the day and either tomato juice or grapefruit at breakfast both are lower in natural sugar than orange juice. (15 Marks)

SOLUTION 4

Experts agree that the only way to lose weight quickly is to consume fewer calories than we burn and the best way to accomplish this is to combine a modest increase in physical activity with a modest decrease in calorific intake in the first place, if you want to pursue a personal weight control plan you should consume as few calories as possible in liquid form. Avoid alcohol, including wine. You can have tea and coffee artificially sweetened if you wish drink water, skimmed milk or low-calorie soft drinks during the day and either tomato juice or grapefruit juice at breakfast both are lower in natural sugar than orange juice.

(1 Mark x 15 = 15 Marks)

For each correct punctuation mark, award 1 mark