

INSIGHT

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

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

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

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

INADEQUATE COVERAGE OF THE SYLLABUS

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

FOREWORD

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

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

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

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



NOTE

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

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AT/211/PI.1

EXAMINATION NO:.....

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION – SEPTEMBER 2011
BASIC ACCOUNTING PROCESSES AND SYSTEMS**

Time allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A – Attempt All Questions

PART I MULTIPLE-CHOICE QUESTIONS (10 MARKS)

1. The group of accounting information users charged with achieving the goals of the business is its
 - A. Employees
 - B. Investors
 - C. Accountants
 - D. Management
 - E. Creditors

2. When debtors make cash payment, total assets
 - A. Increase
 - B. Remain the same
 - C. Decrease
 - D. And owner's capital increase
 - E. And owner's capital decrease

3. The capital of a business is one-third of its total assets. The total of its liabilities amounts to ₦600,000. What is the amount of its total assets?
 - A. ₦300,000
 - B. ₦600,000
 - C. ₦900,000
 - D. ₦1,200,000
 - E. ₦1,800,000

4. Which of the following is **NOT** a Nominal account?
 - A. Interest paid
 - B. Discount allowed
 - C. Discount received
 - D. Equipment
 - E. Wages

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5. The equality of debit and credit entries can be confirmed periodically by preparing the
- A. Trading Accounts
 - B. Income and Expenditure Accounts
 - C. Receipts and Payments Accounts
 - D. Balance Sheet
 - E. Trial balance
6. Payment for a two-year insurance premium in advance requires a debit to the account.
- A. Insurance expense
 - B. Insurance claim
 - C. Prepaid Insurance
 - D. Accrued Insurance
 - E. Arrears Insurance
7. The fixed amount of money set aside for petty expenses is called:
- A. Overdraft
 - B. Bank Float
 - C. Main Cash
 - D. Cash Float
 - E. Cash Advance
8. Which of these costs is part of factory overhead?
- A. Sales Commission
 - B. Managing Director's Salary
 - C. Depreciation on factory machinery
 - D. Direct labour
 - E. Transportation of raw materials
9. During a financial year, a company has the following records:
- Cash sales €20,000
- Credit sales €100,000
- Debtors outstanding at the beginning of the year was €6,000 and at the end of the year was €8,800. Payment by debtors during the year amounted to:
- A. €120,000
 - B. €97,200
 - C. €91,200
 - D. €108,800
 - E. €114,800

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10. The terms of a partnership agreement provide that one of the partners is to receive a bonus of 20% of net-profit after deduction of the bonus. If net profit is Le66,000, what is the amount of bonus?
- A. Le6,600
 - B. Le11,000
 - C. Le13,200
 - D. Le52,800
 - E. Le22,000

PART II SHORT-ANSWER QUESTIONS (30 MARKS)

1. The financial statement that presents the assets, liabilities and equity interest of an entity at a point in time is called
2. 'For every debit' entry there is a corresponding credit entry. This principle represents
3. Working capital ratio is expressed as
4. The accounts of credit suppliers are contained in the ledger.
5. Credit sales are recorded in book.
6. The income and expenditure account of a club is the same as of a Trading Company.
7. State the journal entry to record a motor vehicle of $\text{€}4,500,000$ purchased on credit from SCOA motors.
8. The source document that is used to write up the Sales Day Book is
9. The relevant concept that justifies the charging to expense the cost of small waste basket even though the basket has useful life of several years is known as.....
10. The excess of current assets over current liabilities is
11. An amount spent in acquiring or adding value to a fixed asset/non-current asset is
12. A statement to agree the difference between the Cash Book and the Bank Statement balance is called
13. The amount of wages paid to an employee after making appropriate deductions is referred to as
14. The term PAYE in accounting means

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15. A piece of software that has become popular as an Accountant's tool is referred to as

Use the information below to answer questions 16 and 17.

¢

Motor Van	100,000
Furniture	5,000
Creditors	25,000
Loan	?

Loan is 30% of the creditor's figure

16. What is the amount of the loan?
17. What is the capital account balance?
18. The error made where the original figure is incorrect, yet double entry is still observed using the same figure is
19. The equivalent of the capital account for a Not-for-profit organization is called
20. The manufacturing costs incurred by a department during a month were ₦40,000. The work-in-progress balances at the beginning and end of the month were ₦17,500 and ₦11,000 respectively. What was the cost of goods completed in the month?
21. The process of transferring the debit and credit items recorded in each journal to the relevant accounts in the ledger is called
22. Electricity bill of ₦10,000 incurred during the year was not charged as an expense for that year. The error committed is
23. Salaries paid in the month was 26,152CFA. Outstanding balance at the end of the month was 848CFA. The salaries include an amount of 3,600CFA paid to the owner. What is the amount to be charged against the Profit and Loss Account for the month?
24. Goldspring Enterprises had a prepaid insurance of L\$6,000 at the beginning of 2010. During the year, an insurance premium of L\$32,000 was paid, while the prepaid insurance stood at L\$4,000. What is the insurance expense for 2010?
25. The costs incurred in the normal course of business to generate revenue is called.....
26. The idea that an accounting entity will not be wound up in the foreseeable future is
27. The document that is filled/completed to support cash lodgment in a bank is called
28. Records of transactions used as the basis for recording accounting entries, such as invoices, cheque stubs and similar business papers are called

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29. The excess of Gross Profit over operating expenses is
30. A cheque issued and which remains with the payee for more than six months becomes a cheque.

SECTION B – Attempt Any Four questions (60 MARKS)

QUESTION 1

Benz Craig received his bank statement for the month ending 31 December 2009. At that date, his balance at bank amounted to Le70,650 whereas his cash balance showed Le236,650.

On investigation, the following discrepancies were discovered:

- i. Bank charges of Le300 had not been entered in the cash book.
- ii. Cheques drawn by Benz Craig totaling Le2,250 had not been presented to the bank.
- iii. Benz had not entered receipt of Le2,650 credited in the bank statement in his cash book.
- iv. The bank had not credited Benz with receipt of Le 9,850 paid into the bank on 31 December 2009.
- v. Standing order payment amounting to Le6,200 had not been entered in the cash book.
- vi. Benz had entered a payment of Le2800 in his cash book as Le 3250.
- vii. A cheque received for Le1500 from a debtor had been returned by the bank marked “refer to drawer” but this had not been written back in the cash book.
- viii. Benz had brought down his opening cash book balance of Le32925 as a debit balance instead of a credit balance.
- ix. Some of Benz’s customers had agreed to settle their debts by direct debit. Unfortunately, the bank had credited some direct debits amounting to Le87,650 to another customer’s account.

You are required to:

- (a) Prepare the adjusted cash book (5 Marks)
- (b) Prepare a bank reconciliation statement for December 2009 (5 Marks)
- (c) State **FIVE** reasons why a cheque issued may be dishonoured. (5 Marks)

(Total 15 Marks)

QUESTION 2

During the month of June 2009 Rukevwe, an accountant, carried out the following transactions:

June 2009

- (i) Invested ~~N~~400,000 to start an accounting firm on 1 June 2009.
- (ii) Bought stationery for cash ~~N~~30,000 on 2 June 2009.
- (iii) Bought furniture from Erhuvwu & Co. on account ~~N~~200,000 on the 8 June 2009.
- (iv) Received ~~N~~250,000, being fees earned during the period, 24 June 2009.
- (v) Paid office rent for June ~~N~~50,000 on 25 June 2009.

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- (vi) Paid salary to his assistant ~~₦~~20,000 on 26 June 2009.
- (vii) Paid ~~₦~~120,000 to Erhuvwu & Co. on account on 27 June 2009.
- (viii) Withdrew ~~₦~~40,000 for personal use on 28 June 2009.

Required:

- (a) Prepare Journal entries to reflect the above transactions? (12 Marks)
 - (b) Explain the concept of money measurement? (3 Marks)
- (Total 15 Marks)**

QUESTION 3

On 1 January 2010, the Sky-Hill club had the following assets:

	Le
Cash at Bank	4,000
Snack bar stocks	16,000
Club house building	250,000

During the year to 31 December 2010, the club received and paid the following amounts:

Bank Account

	Le		Le
Subscription (2008)	70,000	Rent and rates	30,000
Subscription (2009)	7,600	Extension to club house	160,000
Snack bar income	120,000	Snack bar purchases	75,000
Visitors' fees	13,000	Secretarial expenses	4,800
Loan from bank	110,000	Interest on loan	5,200
Competition fees	16,400	Snack bar expenses	12,000
		Games Equipment	40,000

Additional Notes:

The snack bar stock on 31 December 2010 was Le18,000.
The games equipment should be depreciated at 20% per annum.

You are required to prepare:

- (a) Income and expenditure account for the year ended 31 December 2010. (5½ Marks)
- (b) Balance sheet (Statement of financial position) as at 31 December, 2010. (5½ Marks)
- (c) Show computation of the bar profits. (4 Marks)

(Total 15 Marks)

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QUESTION 4

The following information represent the condition of service of three employees of Soka Bottling company for the year 2010:

	Okon ‘000 Le	Ayew ‘000 Le	Solomon ‘000 Le
Basic Salary	41,250	39,300	37,200
Rent Allowance	3,000	2,700	2,250
Bonus (% of basic salary)	40%	35%	30%
Meal allowance	750	675	600

Statutory Contribution:

(a) Social Security Contribution (5% of basic salary)			
(b) Income Tax	8,916	8,170	7,400

Other contributions:

- Special Retirement Fund
Employee 8% of basic salary

Loan to employee:

Building Loan	75,000	60,000	30,000
Car Loan	10,000	8,000	8,000

These loans are repaid over a period of 5 years at 2.5% interest per annum.

Required:

- (a) Prepare the salary schedule for the year ended 31 December 2010. (12 Marks)
- (b) What is Time Based System of employee remuneration? (3 Marks)
- (Total 15 Marks)**

QUESTION 5

- (a) Summarize **FIVE** of the uses of accounting information. (7½ Marks)
- (b) State **FIVE** of the people who are likely to be interested in accounting information indicating **TWO** reasons why each of them is interested. (7½ Marks)
- (Total 15 Marks)**

QUESTION 6

- (a) The accounting function provides a range of services required for businesses to be effective and efficient.

You are to enumerate and discuss any FIVE of such services. (10 Marks)

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- (b) Accounting concepts are required to give the Accountant the basis for preparing and presenting the financial statements in compliance with the Statement of accounting Standards 1(IAS1).

You are to write brief notes on any TWO of the following in terms of their meaning, usage and relevance:

- (i) Going Concern Concept.
- (ii) Consistency Concept.
- (iii) Prudence Concept.
- (iv) Materiality Concept.

(5 Marks)

(Total 15 Marks)

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SECTION A

PART I MULTIPLE-CHOICE SOLUTIONS

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

WORKINGS

Q.3 Capital = $\frac{1}{3}$ of Total Assets
Total Liabilities = ~~N~~600,000
Capital + Liabilities = Total Assets
 $\frac{1}{3}$ Assets + ~~N~~600,000 = Total Assets
~~N~~600,000 = $\frac{2}{3}$ Assets.
 \therefore Total Assets = $\frac{3}{2} \times 600,000 = \text{N}900,000$

Q.9 Determination of payment by Debtors

	¢
Balance b/f	6,000
Add Credit sales	<u>100,000</u>
	106,000
Less closing balance	8,800
Payment by Debtors	<u><u>97,200</u></u>

Q.10 Bonus Determination
Net Profit = Le66,000
Bonus = 20%
Bonus + Profit = 120%
 \therefore Bonus = 20% = Le 66,000/120 x 20
= Le 11,000

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EXAMINER'S COMMENT

The Multiple Choice Questions are well structured without inherent ambiguities. Candidates also performed above average. Only the ill-prepared candidates did not do well in this part of the question paper.

SHORT ANSWER QUESTIONS - SOLUTIONS

1. Balance sheet/statement of Financial position
2. Double Entry Principle
3. Current Assets/Current liabilities: 1
4. Creditors Ledger/Purchases Ledger
5. Sales Day Book or Sales Journal
6. Profit and Loss Account
7. Dr. Motor vehicle Account ₪4,500,000 in Assets Ledger, Cr. SCOA Motors Account
₪4,500,000 in Creditors Ledger.
8. Credit Sales Invoice
9. Materiality Concept
10. Working Capital or Net Current Assets.
11. Capital Expenditure
12. Bank Reconciliation Statement
13. Net Pay
14. Pay As You Earn
15. EXCEL OR SPREADSHEET
16. ₪7,500
17. ₪72,500
18. Error of Original Entry
19. Accumulated Fund
20. ~~₪~~46,500

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WORKINGS

Q16 Loan= 30% of Creditors = $\text{N}25,000 \times 30\% = \underline{\text{N}7,500}$

Q17 Assets – Liabilities = Capital

$$\begin{aligned} & \text{N}(100,000 + 5,000) - \text{N}(25,000 + 7,500) \\ & = \text{N}105,000 - \text{N}32,500 = \underline{\text{N}72,500} \end{aligned}$$

Q20 Cost of goods manufactured = manufacturing Costs + Opening WIP – Closing WIP
= $\text{N}(40,000 + 17,500) - \text{N}11,000 = \underline{\text{N}46,500}$

21. Posting

22. Error of Omission

23. 23,400 CFA

24. L\$ 34,000

25. Expenses

26. Going Concern Concept

27. Paying-in-Slip/Deposit Slip/Teller

28. Source Documents

29. Net Profit

30. Stale.

Working Notes

Q.23		CFA
	Salaries paid in month	26,152
	Add: Outstanding	<u>848</u>
		27,000
Deduct:		
Paid to owner		<u>3,600</u>
		<u>23,400</u>

Q.24	<u>Goldspring Enterprises</u>	L\$
	Prepaid at beginning	6,000
	Add:	
	Paid in year	<u>32,000</u>
		38,000
Deduct:		
Prepaid at End		<u>4,000</u>
P & L		<u>34,000</u>

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EXAMINER'S COMMENT

The short answer questions are of very good standard and cover the syllabus adequately. Most of the candidates scored above 50%.

SECTION B

SOLUTION 1

(a)

**BENZ CRAIG
ADJUSTED CASH BOOK**

	Le		Le
Balance b/d	236,650	Bank charges	300
Bank –receipt	2,650	Standing order	6,200
Error-		Dishonoured cheque	1,500
Overstatement		Error- opening bal	65,850
(3,250 – 2,800)	450	Balance c/d	<u>165,900</u>
	<u>239,750</u>		<u>239,750</u>
b/d	165,900		

(b) **BANK RECONCILIATION STATEMENT
AS AT 31 DECEMBER, 2009**

	Le	Le
Balance as per Adjusted Cash Book		165,900
Add: Unpresented cheque		<u>2,250</u>
		168,150
Less:		
Uncredited lodgement	9,850	
Direct Debit – Bank Error	<u>87,650</u>	
		<u>97,500</u>
Balance per Bank Statement		<u><u>70,650</u></u>

(c) **REASONS FOR DISHONOURING A CHEQUE**

A cheque issued may be dishonoured:

- (i) If cheque is undated or incorrectly dated or post dated.
- (ii) If cheque is not signed or signature is irregular.
- (iii) If there is insufficient fund in the account
- (iv) If amount in words does not agree with amount in figure.
- (v) If there are alterations without endorsement by drawer, e.g of date, figure or words.
- (vi) If drawer is known to have died.

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- (vii) If there is a countermand
- (viii) If cheque is stale

EXAMINER'S COMMENT

This question tested candidates' ability to prepare a Bank Reconciliation Statement after preparing an adjusted cashbook. This topic is no doubt a familiar one to candidates, and so, not less than 80% of candidates attempted the question. Though a majority of the candidates scored over 50% of the allotted mark, a few made some unpardonable errors which showed they had not fully understood the concept. Items used in adjusting the cash book were also used in the Bank-Reconciliation statement.

Reasons for dishonouring a cheque were also to be provided in part (c) of the question. Many candidates were able to provide very acceptable points but were not able to express their reasons in a very concise form.

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SOLUTION 2

(a)

RUKVWE JOURNAL

DATE 2009	PARTICULAR	DR	CR
		N'000	N'000
June 1	Cash Account To Capital Account Being amount invested to start the firm.	Dr 400	400
June 2	Stationery Account To cash Account Being cost of stationery purchased	Dr 30	30
June 8	Furniture Account To Erhuvwu & Co Being cost of furniture purchased on account	Dr 200	200
June 24	Cash Account To Fee Income A/c Being fee income received during period	Dr 250	250
June 25	Office Rent A/c To Cash or Bank A/C Being office rent for June, paid	Dr 50	50
June 26	Salary Accounts To Cash or Bank Being assistant's salary paid	Dr 20	20
	Erhuvwu & Co To Cash Or Bank Being settlement of Erhuvwu & Co's Account	120	120
June 28	Drawings Account To Cash or Bank Being amount withdrawn for own use	Dr 40	40

(b) **Money Measurement Concept**

Accounting is only concerned with those facts that can be measured in monetary terms with a fair degree of objectivity. This means that accounting can never show the whole of the information needed to give a full picture of the state of the business or how well it is being conducted. Accounting does not for example, record:

- That the firm has a good or bad management team

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- That staff morale is poor and is about to lead to serious strike
- That the firm is losing its market share.

This means that just looking at a set of accounting figures does not tell one all that one would like to know about the business.

- Preparing a journal but not indicating which account to debit or credit.
- Not showing narrations
- Debiting and crediting wrong accounts
- Preparing accounts instead of a journal.

Candidates were also not able to give an appropriate explanation of the money measurement concept. Candidates are advised to read the **INSIGHT**.

EXAMINER'S COMMENT

This question tests candidates on the preparation of a Journal from a list of transactions. Candidates were also required for an explanation of the concept of money measurement in accounting. Again, the topic is familiar and so over 60% of the candidates attempted it. Major pitfalls include:

- Preparing a journal but not indicating which account to debit or credit
- Not showing narrations
- Debiting and crediting wrong accounts
- Preparing accounts instead of a journal.

Candidates were also not able to give an appropriate explanation of the money measurement concept. Candidates are advised to read the **INSIGHT**.

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SOLUTION 3

(a)

**SKY –HILL CLUB
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 2010**

	Le	Le
<u>Income</u>		
Bar profit (C)		35,000
Visitors' Fees		13,000
Competition fees		<u>16,400</u>
		64,400
<u>Less: Expenditure</u>		
Rent and Rates	30,000	
Secretarial expenses	4,800	
Depreciation- Games		
Equipment (20% x 40,000)	8,000	
Interest on loan	<u>5,200</u>	
		<u>48,000</u>
SURPLUS		<u>16,400</u>

(b)

SKY-HILL CLUB

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Cost Le	Depr Le	NBV Le
Fixed Assets:			
Games Equipment	40,000	8000	32,000
Club House Building	<u>410,000</u>	-	<u>410,000</u>
	<u>450,000</u>	<u>8,000</u>	442,000
Current Assets:			
Stock		18,000	
Cash at Bank		<u>14,000</u>	
			<u>32,000</u>
			<u>474,000</u>
			Le
Financed by:			
Accumulated Fund			347,600
Surplus			<u>16,400</u>
			364,000
Loan			<u>110,000</u>
			<u>474,000</u>

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(c)

SNACK BAR TRADING ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Le	Le
Bar Income		120,000
Opening stock	16,000	
Purchases	<u>75,000</u>	
	91,000	
Less: Closing stock	<u>18,000</u>	
		<u>73,000</u>
		47,000
Bar Expenses		<u>12,000</u>
Bar Profit		<u>35,000</u>

WORKINGS

STATEMENT OF AFFAIRS AS AT JANUARY 1, 2010

Assets	Le	Le
Club House Building		250,000
Cash at Bank		4,000
Stocks		16,000
Subscription: 2008	70,000	
2009	<u>7,600</u>	
		<u>77,600</u>
Accumulated Fund		<u>347,600</u>

EXAMINER'S COMMENT

The preparation of the income and Expenditure Account and Balance sheet that were tested in this question should be familiar to most candidates. Not less than 70% of candidates attempted the question. However, Candidates could not exhibit a systematic approach to answering this question. Some could not even differentiate between revenue items that should appear in the Income and Expenditure account for determination of the Surplus and the Balance sheet items. Determination of the bar profit separately was not done by many candidates. Instead, they posted all the takings in the Income and Expenditure Account and they lost valuable marks as a result. Candidates are advised at this level to employ the method of translating the transactions into double entry accounts to be on the safer side.

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SOLUTION 4

SOKA BOTTLING COMPANY SALARY SCHEDULE FOR YEAR 2010

	OKON	AYEW	SOLOMON	TOTAL
	Le'000	Le'000	Le'000	Le'000
Basic Salary	41,250	39,300	37,200	117,750
Rent Allowance	3,000	2,700	2,250	7,950
Bonus	16,500	13,755	11,160	41,415
Meal Allowance	750	675	600	2,025
Gross pay (A)	<u>61,500</u>	<u>56,430</u>	<u>51,210</u>	<u>169,140</u>
STATUTORY CONTRIBUTION				
Social security	2062.50	1,965	1,860	5,887.50
Income tax	8,916.00	8,170	7,400	24,486
<u>Others</u>				
Spec. Retirement Fund	3,300	3,144	2,976	9,420
<u>Loan Repayments</u>				
Building Loan:				
Principal	15,000	12,000	6,000	33,000
Interest	1,875	1,500	750	4,125
Car Loan				
Principal	2,000	1,600	1,600	5,200
Interest	250	200	200	650
Deductions (B)	<u>33,403.50</u>	<u>28,579</u>	<u>20,786</u>	<u>82,768.50</u>
Net pay (A)-(B)	<u>28,096.50</u>	<u>27,851</u>	<u>30,424</u>	<u>86,371.50</u>

(b) TIME BASED SYSTEM

This is a system of employee remuneration whereby employees are paid according to the number of hours actually worked multiplied by an agreed fixed rate per hour. This means, in essence, that total employee remuneration will be based on actual hours worked per period. The time based system of employee remuneration is usually employed in manufacturing companies.

EXAMINER'S COMMENT

Preparation of salary schedule for three employees is required in this question. Less than 50% of the candidates attempted the question. Those that attempted it were unable to submit satisfactory answers. Candidates' major faults are in the area of not using a schedule that will produce a total for each of the payroll items. Many candidates were calculating salary payable to each of the employees separately one after the other instead of using a schedule. Performance is generally poor in the question.

Candidates were able to give satisfactory answers in the (b) part of the question which asked for an explanation of a time based system of employee remuneration though they failed in most instances to mention the fact that the rate multiplied by time makes up the wage.

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SOLUTION 5

(a) **The need for accounting information can be summarized as follows:**

1. To provide management with detailed accounting data for use in planning and controlling business operations.
2. To form the basis of reporting on the activities of the enterprise
3. Serves as the basic instrument by which investors decide on the securities in which to invest
4. To judge the ability of management to utilize the entity's resources effectively
5. Provides information to government for determining the tax payable on profit and other incomes of the company.
6. Provides information needed for making economic decisions
7. Useful in providing information to creditors for predicting and evaluating the cash flows of the entity.

(b) The following people are likely to be interested in accounting information:

(i) **MANAGEMENT**

These are the people who manage the affairs of the company. These comprise the directors, the senior and other managers. They need accounting information to ascertain the efficiency of a company's policies. It also helps them to plan and control the resources of the business.

(ii) **EMPLOYEES**

Employees comprise both the junior and senior workers of the company. Accounting information assist them to assess the security of their job and the company's ability to pay good salaries and provide good welfare facilities.

(iii) **SHAREHOLDERS AND POTENTIAL INVESTORS**

These require information on the profitability and income generating potential of the company to enable them makes decisions on whether or not.

- To invest in the company
- To increase /decrease or maintain their existing investment in the company.

(iv) **TRADE CREDITORS**

Trade creditors are suppliers of goods to the company on credit . They will be interested in accounting information to enable them determine the company's ability to pay them on the due date. They will therefore be interested in the liquidity of the business and its long run profitability.

INSIGHT

(v) **LENDERS**

Lenders include banks and other loan creditors. They are interested in the liquidity of the company as this will enable them decide on their lending policy with the company.

(vi) **GOVERNMENT**

Tax authorities will require information on the company's results of operations to assist in determining the company's tax liability from the assessable profit.

(vii) **CUSTOMERS**

Customers also require information on the company's production runs, its pricing and other relevant information that can be used to determine if they can rely on the company to meet their requirements both in the short and long run.

EXAMINER'S COMMENT

The requirement of this question is for uses of accounting information. Candidates misinterpreted the question and were discussing users of accounting information instead. They practically repeated the answers provided in (a) part for the (b) part. This shows that they did not understand the question. Surprisingly, close to 90% of the candidates attempted the question but lost very valuable marks.

The part (b) of the question was reasonably well attempted and many scored above average mark in the question.

SOLUTION 6

(a)

	Accounting Service	Details
1	Tax planning and return services	Assisting clients to plan their tax liability and filing appropriate returns on their behalf with relevant tax Authority.
2	Audit and Investigation Services	Establishing sound accounting and internal control systems in clients' firms and examining their accounts and records and expressing an opinion on their truth and fairness. Investigating frauds and making appropriate recommendations
3	Book-keeping and Accounting Services	Writing up the books and accounts of clients for use in making financial decisions as to the firms performance
4	Treasury Management	Assisting clients in sourcing for funds to meet their financing needs and approaching suppliers on their behalf to negotiate at the most favourable terms

INSIGHT

	Accounting Service	Details
5	Secretarial Services	Carrying out the following services on behalf of clients: <ul style="list-style-type: none">• Registration of companies• Rendering of returns to the Corporate Affairs commission• Increase in share capital• Taking minutes of meetings as company registrar and sending out notices of meeting etc.
6	Liquidation & Receivership Services	<ul style="list-style-type: none">• Winding up of limited liability companies in liquidation• Running and handing over a company to its owners when all debts have been paid and revenues receivable in receivership accounted for
7	Executorship & Trusteeship Services	Management of the estate of a deceased person and acting as trustees for not-for-profit organizations
8	Financial Analysis	<ul style="list-style-type: none">• Advising clients on best investment strategies by carefully analyzing the company's financial statements and other forecasts and projections• Carrying out feasibility studies of proposed projects
9	Recruitment & Training Consulting	<ul style="list-style-type: none">• Conducting selection interview, on behalf of clients and recommending employable candidates.• Conducting specialized in house training for clients staff• Exposing clients to latest state of the arts in their operations
10	Computing Services	<ul style="list-style-type: none">• Recommending appropriate softwares to clients needs• Carrying out installation of accounting softwares for clients

INSIGHT

6b

	Accounting Concept	Meaning	Usage	Relevance
1	Going Concern	Ability to continue in operational existence without need or necessity to curtail scale of operations significantly in the foreseeable future	Used in valuing the assets of the business as a whole- i.e at cost less accum depreciation or at breakup value	Relevant to ensuring the company's accountability in future and any increase in its capacity
2	Consistency	The regular application of accounting method chosen except reasonable circumstances dictate otherwise	Ensures accounting treatment of like items on a consistent basis taking one accounting period with another	Guarantees effective comparison of operating performance from period to period
3	Prudence	Exercise of care in profit recognition by providing for all known losses and ensuring profits are not anticipated	Useful in guarding against wasteful spending and overstatement of profit	Relevant in ensuring dividend is not paid out of capital as a result of overstatement of profits
4	Materiality	Strict Accounting treatment is accorded only items of material values	Favourably influences economic decisions taken on basis of financial statements that reflect only material items	Relevant in preventing financial statements from being unwieldy following the recording of several items of little significance

EXAMINER'S COMMENT

- (a) Candidates are required to discuss those range of services provided by the accounting function. Candidates in some cases were writing on users of accounting information and their information needs as they provided for question5. They were obviously wrong and so lost very valuable marks.
- (b) The meaning, usage and relevance of a number of accounting concepts were to be stated. While most candidates attempted to explain what they understood by the concepts (meaning) they nevertheless failed to discuss their usage and relevance. Over 80% of the candidates attempted the question but scored below average mark.

INSIGHT

AT/211/PL2

EXAMINATION NO:.....

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA

ACCOUNTING TECHNICIANS SCHEME PART I EXAMINATION – SEPTEMBER 2011

ECONOMICS

Time allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A Attempt All Questions

PART I MULTIPLE-CHOICE QUESTIONS (10 Marks)

1. In a free enterprise economy, the problems of what, how and for whom to produce are solved by
 - A. A planning Committee
 - B. The elected representatives of the people
 - C. Price mechanism
 - D. The government
 - E. The Legislature

2. Economic problems arise because of
 - A. Unlimited resources
 - B. Scarcity of resources
 - C. Political rivalry
 - D. Students unrest
 - E. Poor management

3. When an individual's income rises, the consumer's demand for a normal good
 - A. Rises
 - B. Falls
 - C. Remains the same
 - D. Marginally falls
 - E. Is zero

4. A set of economic propositions about what is, rather than what ought to be belongs to
 - A. Economic policy
 - B. Normative economics
 - C. Positive economics
 - D. Informative economics
 - E. Political economics

INSIGHT

5. A surplus budget can be used to
- A. Increase aggregate demand
 - B. Combat inflation
 - C. Boost employment opportunities
 - D. Increase the level of economic activities
 - E. Stimulate recovery from a recession
6. Which of the following statements best describes economic growth?
- A. An increase in the population of a country
 - B. An increase in a country's level of imports
 - C. An increase in the country's national income
 - D. An increase in the employment opportunities
 - E. An increase in the standard of living of the people
7. In a floating exchange rate system, an increase in the number of units of a domestic currency needed in exchange for a unit of foreign currency is known as
- A. Revaluation
 - B. Devaluation
 - C. Depreciation
 - D. Appreciation
 - E. Par value
8. A money market instrument used by the Central Bank to mop up excess liquidity in the economy is
- A. Money at call
 - B. Treasury Bills
 - C. Promissory note
 - D. Bond
 - E. Bill of Exchange
9. An affiliate of the World Bank Group which grants loans and equity capital to private enterprises is the
- A. European Investment Bank (EIB)
 - B. African Development Fund (ADF)
 - C. International Finance Corporation (IFC)
 - D. International Development Association (IDA)
 - E. International Monetary Fund (IMF)
10. The input to the production process, which represents innovation and risk-taking is called.
- A. Labour
 - B. Capital
 - C. Entrepreneurship
 - D. Rent
 - E. Land

INSIGHT

PART II SHORT-ANSWER QUESTIONS (30 MARKS)

1. The branch of economics concerned with the study of the behaviour of consumers and firms is.....
2. The power of consumers to determine what goods and services to produce in a free market economy is called.....
3. In the theory of consumer behaviour, the assumption that the consumer will allocate his given income on the various purchases in a way to derive maximum utility is called.....
4. The desire for a good or service together with the willingness and ability to pay for it is known as.....
5. In the short-run, the difference between total cost and total variable cost is.....
6. The opportunity cost for any economic resource that has no alternative use is.....
7. In which type of economic system is the question of resource allocation exclusively solved by the price mechanism?
8. The curve which shows all those combinations of two goods which yield the same satisfaction to the consumer is called.....
9. In the long-run, the curve which represents the lowest cost attainable by the firm for any given output is the.....
10. If output increases from 16 to 20 and total revenue increases from $\text{R}64$ to $\text{R}70$, what is the marginal revenue?
11. An economic system in which resources are allocated by a central planning authority is called.....
12. When the slope of the budget line is equal to the slope of the indifference curve, then there exists.....
13. In the short-run, the cost that is **NOT** incurred at zero-level of output is called.....
14. The responsiveness of quantity demanded of a given product to a unit change in the price of another product is a measure of.....
15. In the marginal utility theory, total utility is maximised given two goods X and Y when.....
16. The national income statistics that show the state of the economy over a period of time is known as.....
17. Tariff is a tax on.....
18. The financial market in which long term credit is available is referred to as.....

INSIGHT

19. The international economic institution founded to finance short and long term balance of payment deficits is the.....
20. Net investment is gross investment less.....
21. In the context of the quantity theory of money, the basic postulate is that there is a direct relationship between money supply and the.....
22. A structure of taxation in which tax is levied at a decreasing rate as income rises is referred to as the.....
23. The average propensity to consume (APC) is given by.....
24. The exchange of goods and services between countries through exports and imports is known as.....
25. The acronym, UNCTAD is written fully as the.....
26. Unemployment is defined as.....
27. The type of budget necessary to tackle economic recessionary situation is.....
28. Efforts by tax payers to arrange their financial affairs so as to minimise paying tax by taking maximum advantage of taxation allowances and reliefs are referred to as.....schemes.
29. The economic problem associated particularly with excessive increases in money wage rates is known as.....
30. If the investment (I) function is written as $I = 40 + 0.20Y$, then the multiplier is.....

INSIGHT

SECTION B: (60 Marks)

PART 1– MICRO-ECONOMICS

Attempt Any Two Questions

QUESTION 1

Suppose a Company, INTEL Producing Ltd has the following scale of preference:

ITEMS	COST ¢'000
Textbooks	100
Stationery	50
Air conditioner	50
Classroom Furniture	40
School Bus	60
Office Building	150
Link Road	20
Computers	100

- (a) Define scale of preference (2 Marks)
- (b) Define the term ‘opportunity cost’ (3 Marks)
- (c) If the Chief Executive Officer had been authorized to spend ¢100,000, What would he spend it on?
What is the opportunity cost of item(s) purchased? (5 Marks)
- (d) If the Chief Executive Officer had been authorized to spend ¢150,000 instead, what would he spend it on?
What are the opportunity costs of item(s) purchased? (5 Marks)

(Total 15 Marks)

QUESTION 2

- (a) Explain the laws of returns to scale. (9 Marks)
- (b) Distinguish between Economies of Scale and Diseconomies of Scale (6 Marks)

(Total 15 Marks)

QUESTION 3

- (a) What is Price Elasticity of Demand? (5 Marks)
- (b) Explain how changes in the price of products with different degrees of elasticity of demand affect total revenue of the firm. (10 Marks)

(TOTAL 15 Marks)

INSIGHT

PART II – MACRO-ECONOMICS

Attempt Any Two Questions

QUESTION 4

- (a) What do you understand by Gross Domestic Product (GDP) and Gross National Product (GNP) in national income accounting? (6 Marks)
- (b) What are the main uses of National Income Statistics? (9 Marks)
- (Total 15 Marks)**

QUESTION 5

- (a) What is meant by currency devaluation? (3 Marks)
- (b) Discuss the likely consequences of currency devaluation on balance of payments position of a country. (12 Marks)
- (Total 15 Marks)**

QUESTION 6

- (a) Distinguish between economic growth and economic development (5 Marks)
- (b) Explain the factors that aid the economic growth of a country. (10 Marks)
- (Total 15 Marks)**

INSIGHT

SOLUTION TO SECTION A

PART I MULTIPLE-CHOICE SOLUTIONS

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

EXAMINER'S COMMENT

The questions are straight forward. The success rate was about 42%.

SHORT-ANSWER SOLUTIONS

1. Microeconomics
2. Consumer sovereignty
3. Consumer sovereignty
4. Effective demand
5. Total fixed cost (TFC)
6. Zero
7. Capitalist or free-enterprise Economy
8. Indifference curve
9. Long-run Average Cost Curve (LAC)
10. ϕ 1.50
11. Command Economy or Socialist Economy
12. Consumer equilibrium
13. Variable cost
14. Cross-price elasticity of demand
15. $M_{ux}/p_x = M_{uy}/p_y$
16. National Income Accounts
17. Imports
18. Capital market
19. International Monetary Fund (IMF)
20. Depreciation/Capital consumption/Replacement Investment
21. The general price level
22. The regressive taxation

INSIGHT

23. The ratio of total consumption to total income
24. International trade
25. United Nations Conference on Trade and Development
26. The total number of those who want job, but who are not currently employed
27. Deficit budget
28. Tax avoidance/Tax planning
29. Cost-push inflation
30. $\frac{dy}{di} = 5$ (the investment multiplier)

EXAMINER'S COMMENT

In the SAQ section, both micro and macro branches of economics were well covered. The average performance was not impressive as about 38% of the candidates scored pass marks.

SECTION B – MICRO ECONOMICS

SOLUTION 1

- (a) The term *scale of preference* can be defined as a list of unsatisfied wants arranged in order of relative importance or priority.
- (b) The *opportunity cost or real cost* of anything is the most desirable alternative thing forgone
- (c) The Chief Executive Officer would purchase Textbooks worth of ₪100,000 because it is the first item on the scale of preference.

The opportunity cost will be stationery (₪50,000) and Air-conditioned (₪50,000). This is because they are the next items on the scale of preference which ₪100,000 authorised for spending could have been used to purchase had it not been used on the textbooks.

- (d) If the Chief Executive Officer had been authorised to spend ₪150,000 instead, he will purchase textbooks (₪100,000) and stationery (₪50,000).
The opportunity cost in this case will be Air conditioners (₪50,000), classroom furniture (₪40,000) and School bus (₪60,000).

EXAMINER'S COMMENT

The question on the basic concepts of *scale of preference* and *opportunity cost* is straight forward, and was attempted by about 96% of the candidates. About 64% of the candidates who attempted it scored over 50% of the marks allocated to the question.

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SOLUTION 2

- a. The laws of returns to scale relates to the effect of varying all factors of production in the long-run on output level.
- *Increasing returns to scale* occurs if a given proportionate change in all factor inputs results in a greater proportionate change in output
 - *Decreasing returns to scale* occurs if a given proportionate change in all factor inputs results in a less proportionate changes in output
 - *Constant returns to scale* occurs if a given proportionate change in all factor inputs results in the same or equal proportionate change in output.
- (b) **Economies of scale** refers to the cost savings made possible as plant size increases. Economies of scale can be internal or external. Internal economies are those cost savings that accrue directly to the firm by increasing its plant size or output level. The external economies of scale are cost saving benefits derived when firms in the same or similar industry are concentrated in a particular area.

On the other hand, diseconomies of scale refers to the higher unit costs the firm incurs as a result of setting up a larger plant. The process of expansion may involve creation of several departments and managerial duties that may not perform effectively, delay decision-making, and encourage labour disputes resulting in higher unit cost.

EXAMINER'S COMMENT

The question tested candidates' knowledge of the *laws of returns to scale* as well as the difference between '*economies of scale*' and *diseconomies of scale*'. The question is a technical one requiring precise answers. Only about 30% of the candidates attempted the question and, less than half of them scored pass marks. Those who failed the question had problem explaining the concepts in precise manner.

SOLUTION 3

- (a) Price elasticity of demand is the measurement of the degree of responsiveness of demand to changes in the price of a commodity or service.

Given price elasticity of demand coefficient (Ed):

$$E_d = \frac{\text{percentage change in Quantity Demanded}}{\text{Percentage Change in Price}}$$

- (b) Effects of changes in the price of product on total revenue of the firm for various degrees of price elasticity of demand:

INSIGHT

- (i) **Elastic:** If demand is price elastic, an increase in price will lead to a fall in total revenue of the firm. A decrease or reduction in price will lead to an increase in the total revenue of the firm.
- (ii) **Inelastic:** if demand is price inelastic, an increase in price will lead to an increase in the firm's total revenue, vice versa.
- (iii) **Perfectly elastic:** If demand is perfectly price elastic, any change in price will bring demand for the product and the firm's total revenue down to zero level.
- (iv) **Perfectly inelastic:** If demand is perfectly price inelastic, an increase in price will lead to an increase in the firm's total revenue, vice versa.
- (v) **Unitary elasticity:** if demand is unit price elastic, any change in price will leave total revenue of the firm unchanged.

EXAMINER'S COMMENT

The question tested candidates' knowledge of the concept of price elasticity of demand and its application to the pricing policy of the firm. The question was attempted by about 78% of the candidates and about 46% of them scored pass marks. Those candidates who scored low in the question were those who could not recognise that changes in price could be an increase or a decrease. Hence, the effects of changes in price on the firm's total revenue were not adequately captured in their presentations.

SECTION C – MACRO ECONOMICS

SOLUTION 4

- (a) Gross Domestic Product (GDP) measures the total value of goods and services produced by factors of production located within the country irrespective of who owns them or their nationalities.

Gross National Product (GNP), on the other hand measures the total monetary value of goods and services produced by the nationals of a country both within and outside the country. The GNP is obtained as GDP plus net factor incomes from abroad.

- (b) **The main uses of national income statistics include the following:**
 - (i) To assess and compare standards of living in the same country over the years.
 - (ii) For international comparisons of living standards. The national income figures are also used for comparing standards of living of people in different countries

INSIGHT

- (iii) To assist the government in economic planning. The different macroeconomic variables that are shown by national income figures can serve as a useful base for influencing improved performance of the economy.
- (iv) To determine the effectiveness of government economic policies. A higher national income figure implies the effectiveness of government economic policies, while a lower figure means that the existing policies are defective and should be redesigned or be better implemented.
- (v) To assist public and private sector researchers in their research efforts.

EXAMINER'S COMMENT

This question tests candidates' understanding of the national income accounting concepts of GDP and GNP. About 92% of the candidates attempted the question, while only about 57% of them scored above average marks. Candidates are advised to consult standard textbooks on Economics.

SOLUTION 5

- (a) **Currency devaluation** is an administered reduction in the exchange rate of a currency against other currencies under a fixed exchange rate system. The process entails increasing the local currency rate of exchange in terms of other foreign currencies.
- (b) **CONSEQUENCIES OF CURRENCY DEVALUATION ON BALANCE OF PAYMENTS**
 - (i) Devaluation makes imports (in local currency) more expensive, thereby reducing import demand.
 - (ii) It makes exports (in local currency) cheaper, thereby acting as a stimulus to export demand.
 - (iii) By increasing exports and curtailing imports, currency devaluation assists in the removal of a balance of payments deficit.
 - (iv) Whether or not a devaluation 'works' in achieving balance of payments equilibrium, however, depends on the sensitivity of import and export demand to price changes, the availability of resources to expand export volumes and replace imports.

EXAMINER'S COMMENT

The question on currency devaluation and its effects on balance of payments was attempted by about 72% of the candidates. About 44% of the candidates scored pass marks. Those who

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scored poorly were those who failed to limit their discussion to the effects of devaluation on balance of payments only as specifically required in the question.

SOLUTION 6

- (a) Economic growth is defined as a sustained increase in the real output of goods and services of a country over a given period of time (increase in real GDP or increase in real per capita income). Economic development involves increase in real GDP plus the structural transformation of an economy from a primitive and agrarian economy to an industrial and modern economy resulting in higher standards of living for the people.
- (b) **Factors which aid economic growth include the following:**
- (i) **Natural resources:** Countries that have abundance of natural resources such as forests, solid and liquid minerals have the tendency to develop faster through the exploitation of such resources. There is however no guarantee that those countries that are well endowed with natural resources will grow faster.
 - (ii) **Technology:** Countries with advanced technology are seen to be developing faster than those technologically deficient. Hence, technological advancement is an important factor of development.
 - (iii) **Capital accumulation:** Accumulation of physical capital and well established and efficient infrastructures are also necessary for economic growth. The more roundabout the method of production the higher the rate of growth of the economy.
 - (iv) **Human resources:** Economic growth requires a pool of highly skilled manpower to man the various sectors of the economy. In addition, increase in working population may also grow the economy.
 - (v) **Non-economic factors:** Institutional changes from primitive to modern ways of life and attitudinal changes from a fatalistic outlook to a more dynamic way of life may enhance productivity and grow the economy.

EXAMINER'S COMMENT

In this question candidates were required to distinguish between macroeconomic concepts of *economic growth* and *economic development*, as well as identify and explain relevant factors in economic growth. About 73% of the candidates attempted the question with only about 65% of them scoring pass marks. Candidates should note that the concepts of economic growth and economic development are not synonymous, rather economic growth is a prerequisite for economic development.

INSIGHT

AT/211/PI.3

EXAMINATION

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION – SEPTEMBER 2011
BUSINESS LAW**

Time allowed: 3 hours

Insert your examination number in the space provided above

SECTION A - Attempt All Questions

PART I MULTIPLE-CHOICE QUESTIONS (10 Marks)

1. The Supreme Court has powers to adjudicate over matters relating to interpretation of:
 - A. Constitution
 - B. Marital problems
 - C. Petty thieving matters
 - D. Traffic offence
 - E. Corruption charges

2. Identify a statute of general application out of the following:
 - A. Statutes in force in England on 1 January 1900
 - B. Laws made by the Military
 - C. Principles of Equity
 - D. Land Use Decree
 - E. 1999/1992 Constitution

3. A stale cheque is a cheque that has been in circulation:
 - A. For more than one year
 - B. For more than two years
 - C. For less than one year
 - D. For more than six months
 - E. For up to five years

4. What is the effect of writing “Account Payee Only” on a cheque?
 - A. The cheque can only be paid on the customer’s authority.
 - B. The cheque must be paid into the account of a named payee only.
 - C. The cheque can be paid across the counter.
 - D. The cheque must have two parallel lines on its face
 - E. The cheque has been countermanded

INSIGHT

5. A past consideration in a contractual agreement is:
- A. Consideration that is sufficient
 - B. Consideration that moves from the promisee
 - C. Consideration in form of a gift
 - D. Money consideration
 - E. Consideration that comes after the conclusion of the contract.
6. A contract that is discharged by the destruction of the subject matter of the contract is said to be
- A. Terminated
 - B. Avoided
 - C. Frustrated
 - D. Dismissed
 - E. Breached
7. Identify an example of future goods in a contract of sale of goods out of the following:
- A. Goods that are yet to be manufactured
 - B. Goods packed in a warehouse
 - C. Goods destroyed by fire before delivery
 - D. Goods that are insured
 - E. Goods with price tags
8. Transfer of title from the seller to the buyer in a sale of goods contract involves which of the following?
- A. Sale of goods in a market overt
 - B. Stopping of goods in transit
 - C. Destruction of goods in a market overt
 - D. Delivery of goods in a market overt
 - E. Passing of ownership on the goods from the seller to the buyer
9. A person who undertakes to form a company or brings it into existence is called
- A. Principal
 - B. Promoter
 - C. Director
 - D. Shareholder
 - E. Barrister
10. Courts of coordinate jurisdiction are
- A. Magistrate Courts and Customary Courts
 - B. Rent tribunals and Sharia Courts
 - C. Customary Courts and High Courts
 - D. Supreme Courts and Court of Appeal
 - E. Courts with equal powers

INSIGHT

PART II SHORT-ANSWER QUESTIONS (30 Marks)

1. By what means can the judgment of a court be set aside?
2. What is the term used to describe a country which is subject to the over lordship of another state under international law?
3. The Supreme Court of your country is headed by the
4. The arrangement where the insurer steps into the assured's shoes against a third party is called
5. State the type of contract in which a person agrees to restrict his future liberty to practice his trade, business or vocation
6. State the type of agent whose authority is unlimited.
7. Which type of agent occupies the position of a surety as well as an agent?
8. What is the term used to describe goods to be manufactured, produced or acquired by the seller after the making of the contract of sale?
9. What passes to the buyer when the property in the goods are transferred?
10. A company is a(n) person.
11. Which office issues certificate of incorporation for companies in your country?
12. A contract of employment may be of service or
13. In insurance contracts what stake has a person over the life of another person whose death could terminate his education or otherwise affect him adversely?
14. Apart from life insurance which other type of insurance is non-indemnity insurance?
15. State one of the remedies which are available to an employee who has been unjustifiably intimidated by his employer.
16. In a general partnership, what effect has the death of a partner on the firm?
17. Who may order a meeting of a company when the directors refuse to call a meeting even though it is necessary to do so?
18. What is the remedy for breach of condition in a contract for sale of goods?
19. A banker's written acknowledgement of the receipt of a deposit of money with a promise to pay the depositor on demand is called
20. What effect will a counter offer have on an offer?

INSIGHT

21. What principle of law is applicable where a principal intentionally or otherwise causes a third party to believe another as his agent even though he has not appointed him as an agent?
22. What name is given to an agent licensed by law and authorized to sell goods or property for another at a public sale?
23. A broker's remuneration for services rendered to his principal is known as
24. The legal relationship which arises between two persons whereby one is expressly or impliedly authorized by the other to act on his behalf with third parties is called
25. Contracts "uberrima fides" means
26. "Goods suitable to the condition in life of such infant and to his actual requirements at the time of sale and delivery" are known as
27. In civil law, the claim by a Plaintiff for monetary compensation as a result of loss suffered by him because of the act of a defendant is called
28. What is an unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay either on demand, or at a fixed determinable future time, a sum certain in money to the order of a specified person, or to a bearer?
29. The doctrine which postulates that decisions of superior courts in the system are binding and must be followed by inferior courts deciding similar cases is known as
30. What is the name of the defence available to a defendant in a defamatory suit where he can prove that his statement is true?

SECTION B - Attempt any FOUR questions (60 Marks)

QUESTION 1

In performing their role of adjudication over disputes, the courts have evolved certain rules as guides in the interpretation of statutes.

In the light of the above, briefly explain the following:

- | | | |
|-----|---------------|-----------|
| (a) | Golden Rule | (5 Marks) |
| (b) | Literal Rule | (5 Marks) |
| (c) | Mischief Rule | (5 Marks) |

(Total 15 Marks)

INSIGHT

QUESTION 2

- (a) State any **SEVEN** classification of contracts? (7 Marks)
- (b) Chief Owen is the owner of various domestic animals which included a Dane dog called Bingo. While walking Bingo along the street, the Leash broke and Bingo escaped from Chief Owen. After three weeks of not seeing Bingo, Chief Owen advertised on the National Radio that anybody who brought in Bingo alive would receive one hundred thousand Naira. Alhaji Mumu saw Bingo in a ditch and brought it to Chief Owen without knowledge of the reward. Alhaji Mumu thereafter told his friend Uche of what he did. Uche told him about the reward and Alhaji Mumu went back to claim his reward but Chief Owen refused to give him.

Advise Alhaji Mumu.

(8 Marks)
(Total 15 Marks)

QUESTION 3

- (a) State the conditions for the creation of Agency by Necessity. (6 Marks)
- (b) Kofi employed Tetteh, the owner of a lorry to carry 500 baskets of tomatoes from Accra to Kumasi. The lorry conveying the baskets developed a fault on the way and there was no means that Tetteh could use to contact Kofi. When the lorry was eventually repaired, the tomatoes had started to go rotten. To prevent total loss, Tetteh stopped at Konongo and sold the tomatoes for an amount less than they could have been sold in Kumasi. Kofi wants to sue Tetteh for loss of profit.

Advise the parties.

(9 Marks)
(Total 15 Marks)

QUESTION 4

- (a) Define a contract of sale of goods and state **TWO** types of goods. (5 Marks)
- (b) State **TWO** duties owed by a seller under the sale of goods. (4 Marks)
- (c) State **THREE** methods of making a contract for sale of goods (6 Marks)
(Total 15 Marks)

QUESTION 5

- (a) What is lifting the veil of incorporation of a company? (5 Marks)
- (b) Outline **FIVE** instances when a court can lift the veil of incorporation. (10 Marks)
(Total 15 Marks)

INSIGHT

QUESTION 6

- (a) Distinguish between an Order Bill and a Bearer Bill. (7 Marks)
- (b) State **FOUR** differences between a cheque and other Bills of Exchange. (8 Marks)
(Total 15 Marks)

INSIGHT

SECTION A

PART I MULTIPLE-CHOICE SOLUTIONS

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

EXAMINER'S COMMENT

These are compulsory questions and all the candidates attempted them. The performance varied from very good to poor. Some candidates scored the whole ten marks while some scored as low as two or three marks.

PART II SHORT-ANSWER SOLUTIONS

1. Appeal
2. Trust Territory/Colony
3. Chief Justice
4. Subrogation
5. A contract in restraint of trade
6. Universal/General
7. Del credere Agent
8. Future goods
9. Risk
10. Artificial/Legal

INSIGHT

11. The Registrar-General Department/Corporate Affairs Commission
12. For service
13. Insurable interest
14. Personal accident insurance
15. Termination of contract/Damages/Resignation
16. Dissolution
17. The Court
18. Repudiation
19. Treasury bill or Certificate of deposit
20. Destroy/Revoke
21. Estoppel
22. An Auctioneer
23. Brokerage/Commission
24. Agency
25. Utmost Good Faith
26. Necessaries
27. Damages
28. Promissory Note
29. Judicial Precedent
30. Justification

EXAMINER'S COMMENT

These are also compulsory questions attempted by all the candidates. The performance was generally above average.

SECTION B

SOLUTION 1

- (i) According to the Golden Rule, the courts are enjoined to adhere to the ordinary meaning of the words used, unless that is at variance with the intention of the legislature to be collected from the statute itself or leads to manifest absurdity or repugnance. In such situation, the language may be varied or modified so as to avoid the absurdity or repugnance .

INSIGHT

- (ii) The Literal Rule of interpretation connotes that the courts will give the words to be construed their literal meaning, and if words used in a legislation relate to a particular trade or business, those words are to be interpreted in the sense in which they are ordinarily understood in that trade or business.
- (iii) The Mischief Rule enjoins the court in interpreting a statute to consider the antecedents or the background to the statute in order to properly appreciate the main purpose necessitating the enactment of the statute and to endeavour as much as possible to interpret the statute in a way that would achieve that objective.

EXAMINER'S COMMENT

This question which related to Rules of Interpretation of Statues was very popular as about 70% of the candidates attempted it. However the performance was just average basically because of lack of understanding of the requirements as well as poor communication skills.

SOLUTION 2

2 (a) Contract can be classified as follows:

- (i) Unilateral Contract
- (ii) Bilateral Contract
- (iii) Specialty Contract
- (iv) Void Contract
- (v) Voidable Contract
- (vi) Enforceable Contract
- (vii) Unenforceable Contract
- (viii) Illegal Contract
- (ix) Simple Contract

(b) This is a case involving whether an offer can be made to the whole world and past consideration.

An offer can be made to the whole world as decided in *CARLILL Vs CARBOLIC SMOKE BALL COMPANY*.

Applying this to the case at hand the offer made by Chief Owen is a valid offer capable of acceptance.

On the issue of Alhaji Mumu's action, i.e returning Bingo to Chief Owen, the act is not capable of or sufficient as acceptance since he had no notice of the offer and the law is that a person who had no notice of an offer cannot accept it.

Lastly, as at the time he eventually had notice of the offer two things had happened namely:

- (i) the offer had lapsed
- (ii) his action could only amount to past consideration.

Therefore Alhaji Mumu is not entitled to the reward.

INSIGHT

EXAMINER'S COMMENT

The (a) part of this question tested classification of contracts and is very straight-forward but quite unexpectedly, the performance was just average, probably due to lack of adequate preparation. The performance in the (b) part which was a problem question on offer and past consideration was better than in the (a) part.

SOLUTION 3

- (a) The conditions for the creation of Agency by necessity are
- i) An emergency or a situation of real commercial necessity must exist
 - ii) The agent must act in the best interest of his principal
 - iii) Conditions must make it impossible to communicate with the principal for further instructions
- (b) The issue involved is whether Tetteh can be regarded as an agent of necessity.

According to the facts of the case Tetteh was transporting baskets of tomatoes which are perishable commodities.

Furthermore, when the vehicle developed a fault there was no way Tetteh could contact Kofi

Tetteh acted in the best interest of Kofi by selling the tomatoes to avoid total loss

From the foregoing all the elements of agency by necessity are present. Kofi cannot succeed if he sues Tetteh

EXAMINER'S COMMENT

The two parts of this question were on the law of agency. It was a very popular question and the performance was just average because many candidates confused conditions for creation of agency by necessity with examples of agency by necessity.

SOLUTION 4

- a. A contract of sale of goods is a contract whereby the seller transfers, or agrees to transfer the property in goods to the buyer for a money consideration called the price.

Types of goods include:

- i. Future goods
- ii. Specific goods
- iii. Existing goods
- iv. Ascertained goods
- v. Unascertained goods

INSIGHT

- b.
 - i. Duty to deliver the goods and at the right time
 - ii. Duty to ensure that the goods supplied are of the right quantity and quality
 - iii. Duty to pass good title to the buyer
- c.
 - i. By writing
 - ii. Under seal
 - iii. Orally
 - iv. Partly orally and partly in writing
 - v. By conduct

EXAMINER'S COMMENT

The three parts of this question were on sale of goods. The questions were simple and straightforward. More than 80% of the candidates attempted the question and the performance was very well above average in the (a) and (b) parts but poor in the (c) part due to mis-understanding of the requirements demanded by the question.

SOLUTION 5

- (a) Lifting the veil of incorporation is the piercing of the principle of corporate personality in the interest of justice, convenience, taxation etc.

It is the means whereby the principle of corporate personality is set aside so that the identity of the members of a company can be revealed in order to make them personally liable for wrongs which they have committed in the name of the company.

- (b) The instances when the veil of incorporation may be lifted can be divided into two namely by the court and by statute.

The instances when the veil will be lifted by the Court include the following:

- (i) Where the company is formed to evade tax
- (ii) Where the company evades its legal duties
- (iii) Where the activities of the company are against public policy
- (iv) Where the company is formed for fraudulent purposes
- (v) Where the objects of the company are illegal
- (vi) Where the company trades with enemy aliens

The veil will be lifted under the statute in the following situations:-

- (i) Where the number of members is reduced below the legal minimum
- (ii) Where the company engages in fraudulent trading
- (iii) Where the number of directors is reduced below the legal minimum
- (iv) Where the name of the company is written illegibly on any negotiable instrument.
- (v) Where dividends are paid out of capital

INSIGHT

EXAMINER'S COMMENT

This question was on the principle of lifting the veil of incorporation under Company Law. The performance was poor which gave the impression that the candidates did not prepare for this aspect of the syllabus.

SOLUTION 6

NEGOTIABLE INSTRUMENT (BILLS OF EXCHANGE AND CHEQUES)

- a. Order bills are those payable to a payee or some person designated by him. They are transferrable by delivery and endorsement. A bearer bill is one that is transferable by mere delivery.

A bill is an order bill if:

- (i) the word "order" is specifically written on the bill
- (ii) it is payable to a specified person without further words prohibiting transfer

A bill is a bearer bill if:

- (i) the bill itself so states
- (ii) the last or only endorsement is blank
- (iii) the bill is payable to a fictitious or non-existent person.

- b. (i) A cheque is only drawn on a banker while a bill may be drawn on a person, firm or company.
- (ii) A cheque is normally payable on demand except where it is post-dated whereas a bill may be payable on demand or at a fixed or determinable future time.
- (iii) The Bills of Exchange Act provides for cheques to be crossed. There is no such provision for bills.
- (iv) A cheque does not need to be accepted prior to payment as it is payable on demand but a bill needs to be accepted prior to payment even if payable at sight.
- (v) Immediately a cheque is drawn and signed, the drawer becomes primarily liable on it whereas the acceptor of a bill becomes fully liable on the bill after he might have signed the bill or has written "accepted" on the bill thereby indicating acceptance

Cheques are commonly used in domestic trade while bills of exchange are commonly used in international trade.

EXAMINER'S COMMENT

This question was on negotiable instruments specifically cheques and other bills. The question was attempted by about 70% of the candidates. However, the performance was poor because most of the answers were apparently written from common sense rather than actual knowledge of the issues involved.

INSIGHT

AT/211/PI.4

EXAMINATION

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME
PART I EXAMINATION – SEPTEMBER 2011
COMMUNICATION SKILLS**

Time allowed: 3 hours

Insert your Examination number in the space provided above

SECTION A Attempt All Questions

PART I MULTIPLE-CHOICE QUESTIONS (10 Marks)

1. Abena bought that cloth in the market
What is the grammatical name given to the underlined expression in the sentence above?
 - A. A prepositional phrase
 - B. An adverbial phrase
 - C. A verbal phrase
 - D. An adjectival phrase
 - E. A noun phrase

2. Which of the following words is spelt wrongly?
 - A. Acquiesce
 - B. Occasion
 - C. Manouvre
 - D. Accommodation
 - E. Appalling

3. Which of the following is **NOT** a feature of terms of reference of a formal report?
 - A. The problem
 - B. Persons involved
 - C. Duration
 - D. Scope
 - E. Venue

4. Which of the following sentences is in the passive voice?
 - A. Did the boy kick the ball?
 - B. The boy did not kick the ball.
 - C. The ball was kicked by the boy.
 - D. The boy did kick the ball.
 - E. It was the boy who kicked the ball.

INSIGHT

5. The consonant sound underlined in the word 'song' is.
- A. Plosive
 - B. Bilabial
 - C. Labial
 - D. Nasal
 - E. Fricative
6. Which of the following is **NOT** a formal communication flow in an organization?
- A. Grapevine
 - B. Horizontal Communication
 - C. Downward Communication
 - D. Quasi-vertical Communication
 - E. Upward Communication
7. For effective speech delivery, all of the following are important **EXCEPT**:
- A. Use of gestures
 - B. Use of visual aid(s)
 - C. Timing
 - D. Distraction
 - E. Use of eye contact
8. **ONE** of the following is **NOT** a meeting terminology.
- A. Proxy
 - B. Motion
 - C. Quorum
 - D. Planning
 - E. Point of order
9. **ONE** of the following is an example of non-verbal communication.
- A. Lecture
 - B. Telephone calls
 - C. Kinesics
 - D. Interviews
 - E. Meetings
10. Which of the following best represents the communication process?
- A. Medium, message, receiver and sender
 - B. Message, receiver, medium and sender
 - C. Receiver, message, sender and medium
 - D. Sender, message, medium and receiver
 - E. Medium, receiver, message and sender

INSIGHT

PART II SHORT-ANSWER QUESTIONS (20 MARKS)

1. Lack of instant feedback is a drawback of.....
2. The transmission of information through diagrams and charts is called
3. A written report is an example ofcommunication.
4. Immediate feedback is one of the advantages of.....
5. Effective public speaking requires special
6. A clear handwriting is said to be.....
7. A beautiful handwriting done with a special pen or brush is called
8. When a person reads word-by-word, he is said to engage in
9. A primary stress on the first syllable of **REFUSE** makes the word a.....
10. A piece of writing consisting of several sentences dealing with a single theme is a
11. 'Is it raining?' This is a(n).....sentence.
12. 'The hunter who killed the tiger danced round the village' contains..... clauses
13. The mark used to indicate a slight pause between parts of sentence is.....
14. Agreement between words in gender and number is called.....
15. A group of words without a verb is called.....
16. A group of words with a subject and a verb forming a sentence or part of a sentence is
17. A written communication intended for internal consumption is a.....
18. An abridgement of a document or a series of documents is a
19. A test of ability to understand and interpret written or spoken language is
20. A public notice asking for goods and services is an.....

INSIGHT

SECTION B - COMPREHENSION

QUESTION 1

COMPULSORY

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

I quite remember my first close encounter with our Principal known to us as “The Lion of Aye Hill”; he was a most feared human being.

The popular saying was that no other lion ever roared on Aye Hill on which the school was situated. So, when the Senior Prefect informed me that the Principal wanted to see me, I was particularly terrified. My friends too were concerned, for few students were sent for unless they had committed some serious offence. Indeed, some had their dismissals or suspensions announced to them in the Principal’s office without the ritual of investigation and defence.

As I trudged along towards the principal’s office, I tried to remember what I had done wrong. In the process, I assured myself that he must have seen me sneaking out of the dormitory two days before. I had crept out stealthily early in the evening to see my uncle, and my only guardian in the town who always had some money for me. I had got some money from him and hurried back just before the “light out” bell. It was eventful and I had assumed that nobody saw me. But now, here I was, sent for! I knocked feebly and the Principal answered from within, “come in”. I entered on shaky legs and greeted him. He answered without looking up from the paper on which he was writing. Without looking up still, he motioned me to sit down. This surprised me, for available reports had it that he never allowed students such a luxury. I sat down and waited for the storm to break for long minutes; I waited.

Finally, he finished the task and looked up. “My boy” he said, “what were you doing in town so late in the evening two days ago”? I told him the truth, for I knew the futility of trying to tell a lie. “I knew” he said calmly, “I am aware you’ve lost your father and that your uncle is all you have in this town. You went to take some money. I knew. However, in future, just come over to me and you’ll have all you need. That way you’ll not have to break school regulations and mar your good records”.

Before I could recover from the shock, he took out some currency notes and put them in my hand. Smiling calmly, he bade me good afternoon. I was speechless and hot tears rolled down my cheeks.

(A)

- (i) In TWO sentences explain the reasons why the boy was afraid when he was sent for by the Principal. (5 Marks)
- (ii) In ONE short sentence, explain the offence the boy had apparently committed. (5 Marks)
- (iii) In TWO short sentences, explain the reason why the Principal treated the boy the way he did. (5 Marks)
- (iv) In TWO short sentences, explain how the impression of the Principal at the beginning of the passage is different from the impression at the end of the passage. (5 Marks)
- (v) In ONE short sentence, state in your opinion, the attributes of the Principal. (5 Marks)
- (vi) In ONE sentence, explain the reason why the boy had committed the offence in the passage. (5 Marks)

INSIGHT

(B) In NOT more than 50 words summarise the passage and the essence of the message.

(10 Marks)

(Total 40 Marks)

SECTION C

Answer Any Two Questions (30 Marks)

QUESTION 1

(a) What is grapevine? (5 Marks)

(b) Give **TWO** ways by which grapevine can be used to diffuse tension in an Organisation. (10 Marks)

(Total 15 Marks)

QUESTION 2

Discuss any **FIVE** barriers to effective listening. (15 Marks)

QUESTION 3

Identify and write out the main clause(s) in each of the following sentences. Do not copy the sentences.

- (a) Although he is poor, he is not dishonest; he is even a person of high moral integrity.
- (b) The people whom he paid are not the ones you sent him to when he left Lagos.
- (c) I do not support his cause because he did certain things which I find objectionable and detestable.
- (d) I suggest you work harder; otherwise, you will not pass the examination.
- (e) You may do the work yourself, or you may seek the help of anybody you like.
- (f) When she saw me, she told me that he was no longer interested in the case.
- (g) The lorry sped past the market, and one man was killed when he was trying to avoid the lorry.
- (h) He ran very fast and he was out of breath in no time.
- (i) Without his cooperation, we opened the door that he had double locked.
- (j) Do not restrict him to the garden, let him work everywhere.

(Total 15 Marks)

QUESTION 4

Discuss briefly any **FIVE** types of meetings that are normally held in an Organisation.

(Total 15 Marks)

INSIGHT

SECTION A

PART I - MULTIPLE -CHOICE SOLUTIONS

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

EXAMINER'S COMMENT

The questions here are drawn from all sections of the syllabus. The students are able to relate well to the questions because the options presented give the candidates choice between right and wrong options but the students were able to make the right choices. About 65% of the students scored above 5 marks here.

PART II SHORT -ANSWER SOLUTIONS

1. Written Communication
2. Visual /non-verbal communication
3. Upward/formal/organizational communication
4. Oral/face-to-face communication
5. Communication skills
6. Legible
7. Calligraphy
8. Close reading

INSIGHT

9. Noun
10. Paragraph
11. Interrogative
12. Two
13. Comma
14. Concord
15. Phrase
16. Clause
17. Memo/memorandum
18. Summary
19. Comprehension
20. Advertisement

EXAMINER'S COMMENT

These questions are drawn from all sections of the syllabus. About 45% of the students scored above 10 on this question.

SECTION B COMPULSORY

A

- i)
 - a) Only wrong doers are invited by the principal.
 - b) Such invitees are usually punished.
- ii) The boy had sneaked out of the dormitory two days earlier .
- iii)
 - a) The boy had lost his father.
 - b) The boy had good records in the School.
- iv)
 - a) The impression created at the beginning of the passage is that the Principal is fearsome.
 - b) At the end of the passage, the principal is presented as a compassionate man.
- v) The principal is a disciplinarian ($2\frac{1}{2}$ marks) and a kind hearted/compassionate man.

INSIGHT

vi) The boy needed to collect money from his uncle.

B Students feared the principal. A summons from him could mean suspension or expulsion. Two days ago, I sneaked out of the hostel but the principal had seen me. He, however, displayed understanding of my having lost my father, only cautioning that I take permission before visiting my uncle for money.

SECTION B:

COMPREHENSION

The students found this question difficult to tackle. The question required the use of short sentences, apt expressions and relevant reference. Particularly difficult was the part of the question which requires candidate to present the content of the passage in a précis of about 50 words. About 25% of the candidates scored between 15 and 25 marks in this question.

SECTION C SOLUTION 1

- (a) Grapevine is an informal channel through which information is transmitted from the sender to the receiver to achieve a desired objective. Grapevine information is usually fairly accurate but incomplete. Grapevine information circulates for sometime at one level of the organization before it starts filtering to other levels. It is difficult to control. Grapevine has an advantage of its own as it can help to check unpopular organizational decisions.
- (b) Grapevine may be used by the leadership of an organization as an instrument for the diffusion of tension in the following situations:
- (i) In moments of crises, particularly in organisations where information released through the formal channel is usually inadequate, the grapevine channel may be used to provide necessary information which is intended to douse tension.
 - (ii) In a situation where organizational conflict has bred mistrust, causing people at the lower cadre to disbelieve information routed through the official channel, management may use the grapevine channel to pass information to prominent individuals on the lower rungs rationalizing management's position on such nagging issues. The advantage in this is that such individuals, to whom the information is sent, come under the impression that they have been admitted into an inner circle of people that management trusts. They savour the information that has just been leaked.
 - (iii) Unconfirmed information are usually sent through the informal channel to people considered by management to be opinion leaders within small groups. Such individuals take it upon themselves to explain issues that they know little or nothing about. This is an advantage for management as the activities of the opinion leaders go a long way in reassuring their peers that something is underway which shall be beneficial to them all.

INSIGHT

- (iv) Sometimes, management uses the grapevine channel to feel the pulse of the generality of the staff on an impending decision to be taken. Rumour may be sponsored and injected into the system from time-to-time, and it is the feedback that confirms whether the decision is popular or not.

EXAMINER'S COMMENT

Most candidates were able to define "grapevine" properly. This question tested candidates understanding of one of the informal systems of communication in an organization an acceptable way.

The (b) part of this question, however, presented problems to candidates. This question required an application of theory. Candidates were required to discuss how the grapevine channel could be used by management to defuse tension. Instead of them to discuss this, many discussed grapevine features. About 30% of the candidates answered this question. Out of this, only about 20% of them scored above 50% of the marks allotted to this question.

SOLUTION 2

Barriers to effective listening

- (a) **Personal bias or prejudice:** This occurs when a listener allows his predispositions or strongly held beliefs to interfere with his ability to listen attentively. For example, a listener may have the belief that the speaker is truthful or deceitful.
- (b) **Rehearsing:** This is when a listener's whole attention is given to designing and preparing his comments or responses to the speaker's message. He may look interested, but his mind is going a mile a minute because he is thinking about what to say next, rather than concentrate on the speaker's message.
- (c) **Premature evaluation:** This involves the listener's interruption of the speaker before he completes his thought, finishes his sentences and before he states his conclusions. Directly as a result of the listener's thinking speed, he races ahead of the conclusion which may be different from what the speaker has in mind.
- (d) **Dreaming:** The listener pretends to be listening while he drifts about in his interior fantasies. This hinders concentration.

INSIGHT

- (e) **Thinking Speed:** Most people think between 60 and 180 words per minute and people have a capacity to think at the rate of 500 to 800 words per minute. The difference leaves a great deal of mental spare time to explore the speaker's ideas and more, thereby leading the mind to wander.
- (f) **Lack of interest:** If a listener is not interested in the message or the speaker, he cannot comprehend the subject matter of the discussion.
- (g) **Physical and emotional state of the listener:** A hungry man will not listen attentively. A listener whose health is impaired listens in vain. A sad, stressed listener cannot listen properly until the unfavourable situation is removed.
- (h) **Bad pronunciation:** Bad pronunciation on the part of a speaker may be a major barrier to effective listening. Articulating "mother" and "murder" the same way may result in confusion. The interference of mother-tongue in English pronunciation may cause the listener to lose interest in the speech and the speaker.
- (i) Any other relevant point.

EXAMINER'S COMMENT

This question tested candidates' understanding of listening as a language skill. They had a grasp of this question as about 95% of them answered it. About 50% of them scored average mark here.

SOLUTION 3

- (a). He is not dishonest.
He is even a person of high moral integrity.
- (b) The people are not the ones .
- (c) I do not support his cause.
- (d) I suggest you work harder.
- (e) You may do the work yourself.
You may seek the help of anybody.
- (f) She told me.
- (g) The lorry sped past the market.
One man was killed.
- (h) He ran very fast.
He was out of breath in no time.
- (i) We opened the door.
- (j) Do not restrict him to the garden.
Let him work everywhere.

INSIGHT

EXAMINER'S COMMENT

This is a grammar question designed to test clause analysis and understanding of sentence structure. About 65% of the candidates answered this question. Out of this number, about 75% scored above 50% of marks allotted.

SOLUTION 4

- (i) **Statutory Meeting:** This is a meeting that the law requires an organization to hold. Such a meeting may be required generally of all organizations or it may be specific to it and applicable to only one type of organization. Educational institutions, government parastatals, publicly quoted companies hold this type of meeting that the law setting them up and laws applying to their operations require them to hold.
- (ii) **Routine Meetings:** This is a meeting held by departments and units of an organization. Routine meeting is held at a designated time or period to discuss day to day issues relating to the organization, department and unit.
- (iii) **Management Meeting:** This is a meeting of managers or key officers of an establishment. At such a meeting, policy and strategic issues are discussed. This meeting could hold weekly, bi-weekly, or monthly. Examples of such a meeting include Council meeting, Board of Directors meeting, Academic Board or Senate meeting.
- (iv) **Annual General Meeting:** This is a statutory meeting. It is the requirement of the law that such a meeting be held once a year. It is a General meeting at which all shareholders and key operatives in the organization are expected to be present. Decision making at this meeting is by voting and decisions can be taken at this meeting on all issues and structures of the organization. However, there is a requirement that notice of meeting must be sent twenty-one days before the meeting and the agenda must also be circulated before that meeting.
- (v) **Extra- Ordinary Annual General Meeting:** This is an Annual General Meeting held with the full powers and in the character of such a meeting but, at a time and period before the AGM or after the AGM for the year has been held.
- (vi) **Staff Meeting:** This is a meeting of the staff of an organization. The meeting may be held periodically, monthly, quarterly or as the organization deems fit. This meeting provides avenues for all the staff in the organization to be reached and it fosters interaction between the staff and management. At such a meeting, suggestions are made on how organizational operations can be improved.
- (vii) **Emergency Meeting:** This is a meeting held to discuss important issues that crop up and cannot be delayed until a regular meeting is scheduled to hold.
- (viii) **Committee Meeting:** A committee is a group of people with special skills brought together to handle specific issues in an organization and in their area of competence. There are two types of committees and committee meetings: standing committee meeting and ad-hoc committee meeting.
- (ix) Accept any other type(s) of meeting that is/are relevant.

INSIGHT

EXAMINER'S COMMENT

This question tested candidates' understanding of classification of meetings. Some candidates made the mistake of using informal knowledge to typify meetings and thereby discussed meeting types such as "class meetings" which are not formal classifications. Even for the types the candidates correctly identified, they could not discuss the nature of such meetings. About 35% of the candidates attempted the question. Out of this, about 35% of them scored above average.