RESUME OF CHIEF EXAMINERS’ REPORTS
BUSINESS SUBJECTS

1. GENERAL COMMENTS

The standard of the question papers was reported by all the Chief Examiners to be the same as that of the previous years’. They were satisfied with the clarity and difficulty level of the questions and observed that all questions set were within the confines of the syllabuses.

Performance as reported by the Chief Examiners was, however, varied. For Business Management, the Chief Examiner observed a significant improvement in performance over the previous years’ whilst those for Typewriting, Financial Accounting and Clerical Office Duties reported that performance had slightly. However, according to the Chief Examiner for Principles of Cost Accounting, performance was below expectation.

2. A SUMMARY OF CANDIDATES’ STRENGTHS

The commendable features noticed in candidates’ responses reported by the Chief Examiners include:
(1) their ability to attempt the required number of questions in most of the papers;
(2) improvement in their approach to essay-type questions;
(3) good presentation of statements of accounts and accurate headings to the statements in Financial and Cost Accounting;
(4) improvement in responses to speed and accuracy test in Typewriting.

3. A SUMMARY OF CANDIDATES’ WEAKNESSES

A number of weaknesses exhibited by candidates as reported include:
(1) failure of some candidates to observe the rubrics of the papers;
(2) inappropriate use of words resulting in ambiguity in their responses;
(3) failure to provide full answers to questions, which suggests that they either did not complete the syllabuses or did selective reading;
(4) failure to give narrations to figures written in statements and accounts;
(5) lack of in-depth knowledge required for typing of letters, memoranda etc.

4. SUGGESTED REMEDIES

The following remedies were suggested for the weaknesses noticed:
(1) the need to ensure that syllabuses are completed before the commencement of examinations;
(2) that candidates should eschew selective reading of topics in the syllabuses;
(3) that candidates should learn to express themselves in simple and clear terms in English in order to avoid ambiguities in their answers;

(4) that teachers should take advantage of training workshops organized by the Ghana Association of Business Education Teachers (GABET) to update their knowledge on new developments on various topics in the syllabuses of the various subject areas;

(5) that candidates should be taught skills and techniques of approaching different types of questions and that they should endeavour to do constant practice to acquaint themselves with the various demands of the question;

(6) Typewriting candidates need to improve on their observance of rubrics and marginal instructions and avoid typographical errors.
BUSINESS MANAGEMENT

1. GENERAL COMMENTS

The paper was comparable to that of the previous year. There was no significant improvement in terms of standard in the candidates’ performance.

2. A SUMMARY OF CANDIDATES’ STRENGTHS

Most of the candidates attempted the required number of questions.

3. A SUMMARY OF CANDIDATES’ WEAKNESSES

(1) The topic, ‘communication’ posed a major problem for most candidates.
(2) Some of the candidates did not pay attention to the requirements of the questions.

4. SUGGESTED REMEDIES

(1) Teachers should take advantage of training workshops organized by the Ghana Association of Business Education Teachers (GABET) to update their knowledge in the topic on communication so that they can impart same to their students.

(2) Candidates should be taught skills and techniques of approaching various types of questions using past question papers.

5. DETAILED COMMENTS

Question 1

This was a compulsory ‘case study’ question. It tested candidates’ understanding of the concept of plough-back profit, sources of finance, the difference between long-term and short-term sources of finance and the benefits of converting a partnership firm into a limited liability company.

Most of the candidates attempted the question and the performance was generally good. The candidates demonstrated good grasp of the sources of finance as well as the benefits of limited liability companies. However, some of the candidates could not distinguish between long-term and short-term sources of finance. Long-term sources of finance usually span a period of two years and beyond while short-term sources are debt capital repayable within one year.

Question 2

This was a two-part question. The first part of the question, required the candidates to state five reasons why a bank may dishonour a customer’s cheque. The second part demanded the difference between bank loan and bank overdraft.
The performance in the first part was excellent. However, most candidates missed marks in the second part. Some of the points expected include:

<table>
<thead>
<tr>
<th>Bank loan</th>
<th>Bank overdraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>could be short-term or long-term</td>
<td>strictly short-term</td>
</tr>
<tr>
<td>collateral is required</td>
<td>no collateral required</td>
</tr>
<tr>
<td>rate of interest is less</td>
<td>rate of interest is higher</td>
</tr>
<tr>
<td>interest is on the total amount of the loan balance outstanding</td>
<td>interest is only on the amount overdrawn or</td>
</tr>
</tbody>
</table>

**Question 3**

The question asked the candidates to explain five ways by which management may motivate employees in a business organisation.

The question was popular and the performance was generally good. Some of the points include monetary rewards, attractive and challenging jobs, recognition, participation of employees in decision making and providing and maintaining a good work environment.

**Question 4**

The question had two parts. The first part asked the candidates to state five problems associated with the collection of tax in West Africa. In the second part, candidates were asked to give five reasons that may cause an employee to quit his job.

The question was popular and the candidates’ performance was good.

**Question 5**

This was a straightforward question on the functions of a central bank. The question was popular and the performance was commendable. Some of the common points mentioned were ‘lender of last resort, banker to the government, bankers’ bank, management of monetary policy and issuance and redemption of currency’.

**Question 6**

This question was in two parts. The first part required candidates to state five ways a contract between an agent and a principal may be discharged. The second part asked the candidates to explain remedies available to an injured party in a breach of contract. The candidates who answered this question did well. They exhibited good knowledge of the law of agency and
contractual obligations between agents and principals.

**Question 7**

This question was on communication. It asked the candidates to identify **six** elements in the communication process and to explain horizontal communication, diagonal communication and vertical communication. The question was not popular with the candidates and performance was not very good. It was apparent that candidates had not made adequate preparation for that topic ‘communication’.

Most of the candidates could not list the elements in the communication process. The elements are sender, message, medium, receiver, decoding, feedback and noise.

The candidates also had a problem explaining diagonal communication. This is communication which takes place between staff at different levels within the organizational hierarchy and in different departments. For example, communication between an accounts clerk and the production manager.

**Question 8**

This question was in two parts. In the first part candidates were required to explain the differences between shareholders and stakeholders of a limited liability company, giving an example in each case.

The second part asked the candidates to give **five** reasons for government’s participation in business.

The question was popular and candidates’ performance was good.
CLERICAL OFFICE DUTIES

1. GENERAL COMMENTS

The standard of the paper compared favourably with that of the previous years. Performance was observed to have slightly improved over the recent past years’. Candidates appeared to have taken the subject seriously unlike in the past when they took it for granted.

2. A SUMMARY OF CANDIDATES’ STRENGTHS

(1) Candidates’ knowledge of terms were observed to have improved based on the responses given to questions attempted.
(2) Candidates’ choice of questions were good and so the majority of them were able to manage their time well. They also attempted the required number of questions.

3. A SUMMARY OF CANDIDATES’ WEAKNESSES

(1) A few candidates were found wanting in expressing themselves in the English.
(2) Candidates who did not perform well did not have adequate knowledge about the subject matter of the topics on which the questions were set, hence provided answers that were too sketchy.

4. SUGGESTED REMEDIES

(1) Candidates should endeavour to study the subject over the prescribed period before entering for the examination.
(2) There is the need for teachers to also mind the grammar of candidates in English when marking their assignments by drawing their attention to their weaknesses in the language.

5. DETAILED COMMENTS

Question 1

CASE STUDY

(a) Candidates were expected to state four problems at Mamood & Sons Limited. Some of the following were the expected answers:
(i) problem arising as a result of global economic recession;
(ii) the hike in prices of working materials;
(iii) reduction in the profit margin;
(iv) poor remuneration of workers;
(v) delay in the payment of monthly salaries;
(vi) delay in the payment of allowances and fringe benefits;
(vii) reduction in staff morale;
(viii) management insensitivity to workers’ plight.
Many candidates were able to identify these problems.

To be able to answer case study questions well, candidates are advised to first identify the problems. When that is done, all the other answers become easy.

(b) The question asked candidates to identify ways in which management could encourage employees of Mamood and Sons Ltd. And the expected answers should include:
   (i) improving on employees pay packet to match with current trend in inflation;
   (ii) improving employees’ facilities/benefits;
   (iii) motivating employees for their hard work;
   (iv) involving employees in the decision-making process;
   (v) providing facilities for staff development.

Many candidates were able to provide good answers to the question.

(c) The question required candidates to list some of the routine duties performed at Mamood & Sons Ltd. The expected answers were:
   (i) photocopying;
   (ii) printing;
   (iii) receiving telephone calls;
   (iv) receiving telex messages;
   (v) using e-mail services;
   (vi) making telephone calls;
   (vii) sending telex messages;
   (viii) receiving and routing calls.

(d) This question required the candidates to give reasons for adopting decentralized filing system in an organization.
Candidates were expected to state that: it
   (i) enables easy retrieval of files;
   (ii) allows for confidentiality;
   (iii) enables each department to adopt a more suitable filing system;
   (iv) is easy to handle;
   (v) can help the clerks in the other departments to easily learn filing.

Some candidates failed to give the right answers because they confused decentralized system of filing with open plan office.

(e) The candidates were expected to state the contributions of employees of Mamood & Sons Ltd to the initial success of the company and the following were expected to be stated among others:
   (i) the secretary had very good relations with other workers and the customers;
   (ii) the secretary tried to retain customers by means of contact such as short telephone calls and brief handwritten notes;
   (iii) the receptionist was always willing to assist visitors and customers;
   (iv) the filing section of the office is manned by a well-trained clerk;
   (v) the receptionist was friendly with new customers/potential customers.
Candidates answered this part of the question well. They should ensure that their answers are brief and concise.

2(a)(i) This question required candidates to define a ‘Report’.
For a good answer candidates should have stated that “it is a formal communication which is intended to give factual information on an event or a situation.”

Candidates’ response to this question was not encouraging as many failed to give the proper and acceptable definition.

(ii) This question was on parts of a formal report.

Candidates were expected to state the following as parts of a formal report:
(i) title page (name of organization, name and position of writer, subject);
(ii) table of contents/index;
(iii) terms of reference (explaining the reasons for the report);
(iv) Procedure/method;
(v) Findings;
(vi) Conclusions/summary of findings;
(vii) recommendations;
(viii) signature of the writer;
(ix) date.

A good number of candidates were able to answer this question. The few who failed to answer it rightly did not have the required exposure to the subject matter of the topic.

(b) This sub-question required candidates to explain the following forms of communication:
(i) Verbal communication;
(ii) Non-verbal communication.

To earn full marks, candidates were expected to explain Verbal Communication as “the type of communication that deals with the use of words. There are two types, oral and written forms of communication. ……… “Non-verbal communication on the other hand, is the type of communication that deals with the use of body language, gestures, symbols and illustrations.”

(c) Candidates were to explain upward communication and downward communication in this sub-question. “Upward communication is the flow of information from subordinates at the lowest levels of an organization (bottom) to superiors at the highest level.

But downward communication is the flow of information from the top management to subordinates.”

Some candidates started by explaining what communication is before attempting to answer the questions.

Generally, candidates gave good answers.
Question 3

(a) The candidates were to explain Office Organization.

“This is the arrangement of the various tasks of an office in such a way that the whole office works efficiently as one integrated body. It provides the structure within which workers relate to each other officially and interpersonally.”

There were several answers including those from candidates who rather listed and explained the functions of an office. This did not answer the question.

(b) Candidates were expected to explain the following principles of organization in the sub-question:
(i) Delegation;
(ii) Responsibility;
(iii) Unity of function.

Some good answers were given to the first two but the last one on unity of function was totally misunderstood. Many candidates rather explained unity of command.

(c)(i) Candidates were to explain the advantages of Centralization. They were to state the following advantages among others:
(i) the flow of work cannot be greatly hampered due to staff absenteeism in that when one staff is absent the others can step in to perform their duties;
(ii) there will be effective supervision since all staff performing similar tasks are working together;
(iii) there is greater flexibility in the use of office staff;
(iv) it brings about consistency and uniformity in the formulation and implementation of policies;
(v) it is cost effective;
(vi) noisy instruments/machines can be easily controlled;
(vii) duplication in the purchase of some equipment can be avoided.

The sub-question received good answers from the majority of candidates.

(ii) Candidates for this question were to explain the disadvantages of centralization. They were expected to state the following disadvantages among others:
(i) it may bring about delay in work since every piece of work has to be taken to a central point before it can be done;
(ii) services may not be flexible enough to meet the special needs of individual departments;
(iii) there may be conflicts in prioritising work from the various departments on the grounds of urgency;
(iv) the staff working in centralized services may find the repetitive nature of the tasks very boring;
(v) there may be increased possibility of errors since centralized staff may
have little or no knowledge of some documents they handle;

(vi) It is unsuitable for work that requires confidentiality and secrecy.

This was a straightforward question and the right answers were given in most cases.

**Question 4**

Candidates were expected to provide two (2) uses each of the following sources of information in response to this question:

(i) Calendar;
(ii) Ready reckoner;
(iii) Dictionary;
(iv) Encyclopaedia;
(v) Telephone directory;
(vi) Post office guide;
(vii) Roget’s Thesaurus;
(viii) Hansard.

It was apparent that candidates took for granted some of the common sources of information such as calendar, post office guide, etc.

It is unfortunate when candidates fail to find even one use for the encyclopaedia but to miss the use(s) of a calendar is quite disappointing.

**Question 5**

(a) Candidates were to state the sources of accident at the workplace and the expected answers include:

(i) trailing flexes from machines to socket or from machine to the floor;
(ii) failure to wear protective clothing;
(iii) overloaded power points;
(iv) using swivel chair to reach heights;
(v) using faulty electrical appliances;
(vi) overloading top drawers of cabinets;
(vii) slippery floor;
(viii) failure to fence off dangerous machines;
(ix) irregular maintenance;
(x) negligence;
(xi) employment of untrained personnel.

This question was well-answered.

(b) Candidates were to state the responsibilities of employees to ensure their safety at places of work and the following were expected from them:

(i) co-operation with their employer on health and safety matters;
(ii) taking reasonable care of themselves and others at the workplace;
(iii) raising alarm in the event of any fire outbreak;
(iv) switching off all electrical appliances/gadgets before leaving the place of work;
(v) reporting faulty equipment/appliances to the appropriate authority;
vi. complying with safety regulations.

Some candidates repeated some of the answers. Generally, however, many gave the right answers.

(c) Candidates were required to state what employers can do to protect workers at the place of work. This question was well answered.

**Question 6**

(a) Candidates were to describe human relations. For a good answer they were expected to state that “it describes how individuals co-exist or interact in such a mutually beneficial way that makes it easy for them to achieve set objectives.”

The necessary ingredients of co-existence, mutual benefit and the achievement of set goals were missing in most of the answers.

(b) Candidates were to explain the advantages of good human relations in an organization.

The advances included the following:

(i) it helps to gain the patronage of customers;
(ii) it promotes cordial relationship among workers;
(iii) it encourages team work;
(iv) it leads to increased productivity;
(v) it makes the workplace more lively and interesting;
(vi) it enhances customer loyalty.

This is one of the two questions that was avoided by many candidates. The few who attempted it failed to provide the required answers, an indication that they might not have been adequately tutored on the topic.

(c) The candidates were expected to explain ways of promoting good human relations among workers and the expected answers include the following:

(i) motivating the employees;
(ii) ensuring that industrial harmony is maintained at all times;
(iii) involving the employees in decision-making where necessary;
(iv) guarding against favouritism by the employer;
(v) providing employees with tools that will make them perform their jobs with less stress;
(vi) training and retraining the employees from time to time for more challenging responsibilities;
(vii) providing recreational facilities for workers;
(viii) management identifying problems of the employees with the view to helping them out, where possible;
(ix) ensuring that management policies are not contrary to the employees’ interests;

establishing a grievance procedure.
As stated above, this question was not well answered and many candidates avoided it.

**Question 7**

(a) This sub-question required candidates to state;
   (i) how to address the chair (in a meeting);
   (ii) how to make a motion;
   (iii) how to amend a motion.

The expected responses are as follows:
   (i) Mr. Chairman/Madam Chairman/Chairperson;
   (ii) A motion must normally be written and handed over to the chairman or secretary before the meeting.
   (iii) An amendment to a motion must be written and given to the chairman or secretary before the meeting.

(b) Candidates were to state **five** duties of a company secretary and the following were expected:
   (i) preparing agenda and other documents for regular and special meetings of the Board of Directors;
   (ii) attending of Board meetings;
   (iii) preparing documents for annual general meetings of shareholders;
   (iv) signing and sealing agreements, leases, etc on behalf of the company;
   (v) advising the managing director in respect of legal matters;
   (vi) custody and administration of company’s properties, investments, patents and seal;
   (vii) insuring company assets;
   (viii) keeping company’s statutory books;
   (ix) acting as an intermediary between the company and the government.

Candidates equated the company secretary to the secretary/administrative/office assistant who types letters and runs errands in the office. Generally few candidates attempted this question and those who did failed to obtain good scores.
FINANCIAL ACCOUNTING

1. GENERAL COMMENTS

The standard of the paper was very good on the whole. The paper was reliable and really measured what the candidates had learnt. The questions set were within the confines of the syllabus. The candidates who actually prepared well performed creditably.

The standard of this year’s paper was equal to that of the previous years.

The performance of most of the candidates showed much improvement as compared to the previous years’.

2. A SUMMARY OF CANDIDATES’ STRENGTHS

(1) Most of the candidates indicated the correct account titles and used the correct currency signs. Also sub-headings and sub-totals were correctly shown.

(2) The necessary workings and adjustments to accounts were clearly shown by most of the candidates.

(3) Candidates’ knowledge in the theory aspect of the questions showed great improvement. Most of them avoided unnecessary preambles to solutions.

Most of the candidates put down formulae before they substituted actual values to arrive at final answers in instances where the question demanded it.

3. A SUMMARY OF CANDIDATES’ WEAKNESSES

(1) A major weakness observed was the numerous cancellations in candidates’ work. They substituted had already been done with new solutions which were wrong in many instances.

(2) A number of candidates failed to state the numbers of questions they had answered at the space provided on the front page of the answer booklet.

(3) Illegible handwriting made it extremely difficult to read what some candidates had written.

(4) Most of the candidates did not read the questions well before answering them. This resulted in deviations and the attainment of disappointing marks.

(5) There were inconsistencies in the style of presentation of financial statements within the same question for some candidates.
4. **SUGGESTED REMEDIES**

(1) Candidates should spend time to read through the specific requirements of the questions before attempting to answer them.

(2) Candidates should answer questions they understand and are best prepared to respond to.

(3) They are reminded to state the order in which they have answer the questions on the front page of their answer booklet as required.

(4) Candidates should use one style in each solution to ensure consistency in the presentation of financial statements. A blend of two methods in the same question would lead to loss of marks due to inconsistency.

5. **DETAILED COMMENTS**

**Question 1**

The question was on the computerization of the accounting system of an organisation. It required the candidates to:

(a) State **six** factors that should be considered by an organization before the computerization of its accounting system.

(b) State **three** advantages that may be derived by an organization when its accounting system is computerized.

The expected responses were:

(a) (i) cost of installation of the system;  
(ii) maintenance charges;  
(iii) software support available from the manufacturer/spare parts;  
(iv) availability of experts;  
(v) provision of air conditioning/anti-dust facilities;  
(vi) staff training both for the computer department and other user departments;  
(vii) reliable source of power supply;  
(viii) provision of security for both the hardware and software;  
(ix) the volume of data to be processed;  
(x) type of data to be processed;  
(xi) the benefits of the new system as against the old;  
(xii) cost of the computers.

(b) (i) it can cope with large volume of data;  
(ii) ability of the accounting department to handle increased volume of work without a proportional increase in staff/reduction in clerical cost;  
(iii) improved level of accuracy in operations;  
(iv) it is faster in the performance of accounting work;  
(v) better service to customers;  
(vi) easy retrieval of information;  
(vii) it produces more reliable data;  
(viii) it reduces manual or mental effort;
(ix) it enhances information storage and security;
(x) lower cost of production.

Only few candidates attempted this question. The performance of the candidates was good except a few who repeated the same points with the aim of scoring more points. For instance, most of them stated cost of installation, cost of computer and cost of new system as separate points. It is worth noting that cost of installation is part of cost of computer.

With regards to (b), the few candidates who attempted it wrote more points than expected which was good, though non-scoring.

**Question 2**

The question was on public finance and precisely, sources of government revenue. It required the candidates to

(a) list eight sources of revenue to a central government;
(b) list seven sources of revenue to a local district.

The expected answers from the candidates include;

(a) (i) taxation which is made up of direct and indirect tax;
(ii) earnings from government investment;
(iii) royalties;
(v) earnings from the sale of government properties;
(vi) rent on government properties;
(vii) fines;
(viii) grants/donations/aid
(ix) fees, for instance, birth/death registration;
(xi) tolls and levies.

(b) (i) statutory allocation from the consolidated fund. For instance, District Assembly Common Fund;
(ii) income derived from naming of streets, roads etcetera;
(iii) licensing fees;
(iv) tenement/property rates;
(v) investment income;
(vi) income from the use of cemeteries;
(vii) market tolls;
(viii) basic rates;
(ix) registration of marriages;
(x) local court fines;
(xi) royalties.

It is worthy to note that most of the candidates rightly identified the correct points except that some indicated income tax, export tax, import tax, indirect tax and VAT as separate points. The fact is that all points come under the same point (taxation).

It must also be noted that points such as royalties, donations, grants and licenses could accrue to both central and local government.
On the whole, most of the candidates who attempted the question did very well.

**Question 3**

This question was on bank reconciliation statement. The candidates were required to:

(a) explain the following:
   (i) bank statement;
   (ii) bank reconciliation statement.

(b) give any four reasons for differences between bank statement and cash book balances.

The candidates were expected to come out with points and facts such as:

(a) (i) Bank statement is a document sent by a bank to its customer periodically or on request detailing the transactions between the bank and the customer over the period specified in the statement. It shows the customers’ balance with the bank at the end of the period.
   (ii) Bank reconciliation is a statement prepared by a bank customer, on the receipt of a bank statement with a view to reconciling the differences between a firm’s cashbook balance and the balance of the bank statement.

(b) (i) Unpresented cheques: These are cheques issued which are yet to be presented for payment by the beneficiary at the bank;
   (ii) Uncredited cheques: These are cheques deposited with the bank but which have not been cleared by the receiving bank so as to credit the customer’s account;
   (iii) Standing orders: These are instructions from a customer to his banker to make certain regular payments out of his account to named persons or organizations;
   (iv) Dishonoured cheques: These are cheques earlier deposited with the bank which are returned unpaid to the depositor;
   (v) Bank charges: These are deductions by the bank representing charges for its services to the customer;
   (vi) Credit transfer: These are payments made direct into a customer’s account in the bank by a third party;
   (vii) Errors in the cashbook or bank statements. These are errors emanating from the cashbook or bank statement during presentation. For instance, transposition of figures, casting errors etcetera;
   (viii) Direct debit: This is an arrangement whereby a debtor’s account is debited with a sum of money at the instance of a creditor with the account owner’s (debtor’s) permission.

Some of the statements made by a few of the candidates clearly indicated that they either did not understand what they were taught by their tutors or had, read from various books. However, most of the candidates who attempted the question did very well, and scored high marks.

**Question 4**
This question was on accounting ratios and interpretation of accounts. The candidates were asked to state the formulae for calculating the following ratios:
(a) Current ratio;
(b) Acid test ratio;
(c) Net profit: sales;
(d) Asset turnover ratio;
(e) Rate of stock turnover;
(f) Debtors’ collection period (days).

The question tested the candidates’ ability to translate knowledge of practice to theory.

The formulae for current ratio, acid test ratio and rate of stock turnover were correctly stated by the candidates.

However, for Net profit: sales, asset turnover and debtors collection period, most of the candidates’ answers were wrong.

Candidates must note that (1) Net profit: sales = \( \frac{\text{Net profit}}{\text{sales}} \times 100 \);

(2) Asset turnover = \( \frac{\text{Sales}}{\text{Total assets}} \);

(3) Debtors collection period (in days) = \( \frac{\text{Debtors}}{\text{credit sales}} \times 365 \);

The performance of most of the candidates who attempted the question was average. However, few of them scored the full marks.

**Question 5**

The question was on final accounts. The candidates were required to prepare a Trading, Profit and Loss and Appropriation Accounts for the year ended 31st December, 2009 from a given data.

The question further required the calculation of a company’s proposed and final dividend.

The few candidates who attempted the question presented the trading, profit and loss account correctly but failed to prepare the appropriation account satisfactorily.

It was quite clear that candidates did not have a good understanding of how to calculate and present the proposed and final dividend.

The Appropriation Account (Income Surplus Account) was expected to be presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>GH¢</th>
<th>GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit and loss b/f</td>
<td>70,000</td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>69,500</td>
<td>139,500</td>
</tr>
<tr>
<td>Less Interim dividend:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary</td>
<td>15,000</td>
<td></td>
</tr>
</tbody>
</table>
Preference  4,000
         19,000

Final dividend:
Ordinary  900,000
Preference  6,000  906,000  925,000

Balance (unpaid ordinary share dividend) 785,500

**Question 6**

The question was on accounts of not-for-profit making organizations. The candidates were required to:
(a) determine the accumulated fund at 1st January, 2009;
(b) prepare the Income and Expenditure Accounts for the year ended 31st December, 2009 from a given data.

The question aimed at testing the candidates’ ability to ascertain accumulated fund (capital) from incomplete records and proceed to prepare the final accounts of a not-for-profit making organization. Most of the candidates faced difficulty with adjustments, especially with subscription accounts.

The expected answer includes:

<table>
<thead>
<tr>
<th>Subscription Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Le 000</td>
</tr>
<tr>
<td>Balance b/f 200</td>
</tr>
<tr>
<td>Income and expenditure account</td>
</tr>
<tr>
<td>Receipt and payment account 1,600</td>
</tr>
<tr>
<td>Balance c/d 150</td>
</tr>
<tr>
<td>Balance b/d 150</td>
</tr>
</tbody>
</table>

Candidates had no difficulty whatsoever, in the ascertainment of the accumulated fund. Thus, Assets - Liabilities. It is worthy to note, however, that most candidates still have problems with accruals and prepayments of income items.

Candidates are reminded that income owed is an asset while income prepaid is a liability hence should be treated as such. The preparation of the income and expenditure account was correctly done by most of the candidates.

On the average, most of the candidates scored appreciable marks.

**Question 7**

The question was on correction of errors and suspense accounts.
The candidates were required to prepare:
(a) journal entries to rectify the errors;
(b) suspense account;
(c) a statement showing the adjusted net profit; from a set of given data.

Most of the candidates still have problems with the title of the journal for correcting errors. The correct heading for the journal is Journal proper or General journal and not ‘Journal entries’.

There was much improvement in candidates’ output with regard to this topic.

Most of the candidates could write out correct narrations. It must be noted that no matter how well the narration may be, if the name of the account to be debited and credited are wrong, the narration is automatically wrong. Also, the name of the accounts to be debited and credited should have ‘Account’ attached else it would be unacceptable. Again, the suspense account may start with ‘Difference in Trial balance’ or book and not ‘Balance b/d’. It is worthy to note that the main problem of most of the candidates is the identification of the effect of the errors on the reported profits and the correction of such profit. Tutors and candidates need to do more work on correction of errors and its effect on the reported profits.

Only few of the candidates obtained above average marks.

**Question 8**

The question was on departmental accounts. From a set of data given, the candidates were required to prepare, in columnar form, a departmental trading, profit and loss account for the year ended 30th June, 2008.

The question specifically tested the ability of candidates to apportion common costs between departments and how to treat departmental transfers.

The majority of candidates did very well except a few who failed to round off figures to the nearest whole number, though it was specifically stated in the question. The transfers were, however done satisfactorily.

**Question 9**

This question was on simple double entry transactions. The candidates were required to:

(a) prepare ledger accounts to record the transactions;
(b) extract a trial balance as at 31st March, 2008.

Candidates were expected to open ledger accounts for the various transactions of a sole trader, balance them off and extract a trial balance.

Since there were a number of accounts to be opened, most of the candidates squeezed the accounts into limited space, thus making their presentation clumsy and unreadable. Only, few candidates presented their work neatly and therefore scored appreciable marks.
It is also important to note that if an account has only one entry, there is no need balancing it off since the same figure is involved.

PRINCIPLES OF COST ACCOUNTING

1. GENERAL COMMENTS

All the questions set were within the confines of the syllabus and their difficulty level was the same as that of the previous years. The rubrics of the questions were also without ambiguity. The standard of the paper did not, therefore, differ from that of the previous years.

However, the performance of the candidates fell below expectation when compared with recent past years. This could be attributed to the shallow knowledge candidates exhibited on some of the topics, an indication that they did not complete the syllabus or did selective reading during their preparation for the examination.

2. A SUMMARY OF CANDIDATES’ STRENGTHS

(1) The majority of candidates performed creditably in the essay-type questions, though they were questions that carried less marks than the practice questions. Nonetheless, that was encouraging and must be commended.

(2) Appropriate headings to statements prepared were given by many candidates in the practice questions which hitherto was inappropriately done.

(3) Some of the candidates showed workings for answers given where they were required to do so in the practice questions, thereby eliminating ambiguities in answers provided, which was commendable.

(4) For candidates who had good knowledge of the subject matter required they presented their answers orderly and this made marking of their scripts.

(5) Candidates’ handwriting was generally legible, which facilitated reading of their scripts.

3. A SUMMARY OF CANDIDATES’ WEAKNESSES
(1) The majority of candidates failed to attempt the number of questions expected. It could be due to the fact that they did not complete the syllabus or did selective studying of the topics. This put them at a disadvantage when they had no alternative questions to attempt but to answer those from the topics they might not have studied.

(2) Some candidates used words which they probably did not understand well in their responses to the essay-type questions so their answers had elements of ambiguity.

(3) Some candidates also stated figures without narrations which made them lose marks.

(4) Some candidates had enough blank sheets in their answer booklets, yet provided answers on supplementary sheets which gave rise to suspicion as to the genuineness of those answers.

4. SUGGESTED REMEDIES

(1) Completion of the syllabus is a must if candidates are to perform creditably in examinations, hence tutors need to ensure that this is accomplished before the examination period.

(2) Candidates should also eschew the practice of selective studying of topics in the syllabus.

(3) Candidates should do well to express themselves using simple words and should also construct simple sentences in order not to confuse the ideas they want to put across in their answers.

(4) Narrations describe what figures represent in accounting statements so candidates need to observe this if the answers they provide are to be accepted as complete to earn them marks.

5. DETAILED COMMENTS

Question 1

This was a four-part question which required candidates to explain basic standard, ideal standard, attainable standard and current standard. It was a popular question among the candidates and performance in the question was good. The area of confusion for candidates was the difference between attainable and current standards. It should be noted that whereas ideal standard is based on perfect operating conditions with no allowance for losses, machine breakdowns etc, attainable standard is based on efficient but not perfect operating conditions.

Many candidates also explained basic standard as a standard based on basic conditions which is wrong. Basic standard is a long-term standard designed to remain unchanged over a considerable period of time.

The purpose of setting basic standard is to show trends over time for items such as labour rates, material prices etc.
**Question 2**

This question was an absorption question. It required candidates to explain Absorption Costing and four advantages of this method of costing. The question was not popular with the candidates, no wonder performance in the question was below average.

Candidates were expected to mention that with this method of costing both variable and fixed cost are charged to the product in part (a) of the question. In part (b) it was observed that candidates stated the uses of absorption costing instead of the advantages. The advantages of absorption costing among others include its wide usage owing to its easiness to understand, its compliance with statutory requirement in stock valuation, its suitability for costing products as costs of some firms may be extremely higher than variable cost, its ability to merge costs and revenue in the period when the revenues arise and not when costs are incurred, etc.

**Question 3**

This was a two-part question which required candidates to explain perpetual inventory and continuous stock taking in part (a) and to state four reasons that account for discrepancies between stock balances on store records and physical count of stocks in Part (b).

Whereas a few candidates managed to state one or two correct reasons in part (b), the majority of candidates could not explain satisfactorily what are entailed in perpetual inventory and continuous stock taking. With perpetual inventory the stock balance is shown on the stock card/bin card after every stock issue or receipt and the balance represents the value of stock on hand which could be used in monthly or annual accounts as closing stock. Continuous stocktaking, however, is a system which involves checking of a portion of stock daily such that all items of stock are eventually checked at least once a year.

Discrepancies between stock records and physical stock counts may also arise as a result of counting and coding errors, unrecorded receipts and issues, breakages and evaporation, theft/pilferage, short deliveries, over or under issue of stock etc.

Performance in the question was below expectation.

**Question 4**

This question required candidates to explain the following terminologies: cost; cost centre; cost unit; cost accumulation. This was a popular question, and performance was average. Generally candidates who attempted the question explained cost and cost centre well but found it difficult to explain cost unit and cost accumulation well. For cost unit many candidates used the definition of unit cost to explain it whilst cost accumulation was explained by a number of them as a system of accumulating cost. This was not good enough.

A cost unit is a unit of product, service or time or a combination of these in relation to which costs are ascertained e.g bags of cement, bags of flour etc.

Cost accumulation is also the process of collecting cost data in order to determine the total cost incurred on an activity.
**Question 5**

This was a practice question that required candidates to prepare a cash budget from projected transactions relating to the business of *Sanky Limited* for a six month period ending June 2011.

Candidates’ performance in this question was below average. They failed to determine cash received from sales and the sales commission on the receipts side of the cash budget and some of them also included depreciation in the list of payments as though it was a cash expense. Some candidates also added the cash receipts and payments together as if they were not different category of items.

Candidates need to study the topic more closely in order to have better appreciation of it.

The expected solution to the question is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SANKY LIMITED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH BUDGET TO JUNE 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash sales</td>
<td>65,600</td>
<td>90,200</td>
<td>114,800</td>
<td>139,400</td>
<td>180,400</td>
<td>180,400</td>
</tr>
<tr>
<td>Credit sales</td>
<td>-</td>
<td>-</td>
<td>65,600</td>
<td>90,200</td>
<td>114,800</td>
<td>139,400</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>65,600</td>
<td>90,200</td>
<td>180,400</td>
<td>229,600</td>
<td>295,200</td>
<td>319,800</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td>475,600</td>
<td>151,700</td>
<td>188,600</td>
<td>225,500</td>
<td>287,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Overheads</td>
<td>8,200</td>
<td>8,200</td>
<td>8,200</td>
<td>8,200</td>
<td>10,660</td>
<td>10,660</td>
</tr>
<tr>
<td>Wages</td>
<td>14,760</td>
<td>14,760</td>
<td>14,760</td>
<td>14,760</td>
<td>14,760</td>
<td>14,760</td>
</tr>
<tr>
<td>Commission</td>
<td>-</td>
<td>5,248</td>
<td>7,216</td>
<td>7,216</td>
<td>11,152</td>
<td>14,432</td>
</tr>
<tr>
<td>Equipment</td>
<td>164,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,480</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td>98,400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Freehold</td>
<td>656,000</td>
<td>.......</td>
<td>.......</td>
<td>.......</td>
<td>.......</td>
<td>.......</td>
</tr>
<tr>
<td>Total Payments</td>
<td>1,416,960</td>
<td>179,908</td>
<td>218,776</td>
<td>257,644</td>
<td>323,572</td>
<td>401,332</td>
</tr>
<tr>
<td>Cash flow</td>
<td>(1,351,360)</td>
<td>(89,708)</td>
<td>(38,376)</td>
<td>(28,044)</td>
<td>(28,372)</td>
<td>(81,532)</td>
</tr>
</tbody>
</table>
Opening balance 984,000 (367,360) (457,068) (495,444) (523,488) (551,860)
(367,360) (457,068) (495,444) (523,488) (551,860) (633,392)

**Question 6**

This was a question on marginal costing which required candidates to compute the:
(a) **break-even point in units**;
(b) **expected profit on sales of 100 units based on information given**;
(c) **number of units to be sold to obtain a profit of £27,200**.

In this question performance was varied. A considerable number of brilliant candidates scored full marks for their efforts but others also performed poorly. The question required the mastery of formulae and their application to obtain the correct answers.

It was observed that almost all candidates who attempted the question were able to state the correct formulae but those who got the answers wrong had difficulties identifying the figures to be substituted or did wrong substitution. Candidates need to learn more about the topic and should be coached by teachers on how to substitute figures into a formulae.

**Question 7**

This question was on batch costing. It required candidates to compute the cost of producing two batches of products. In answering the question, fixed elements of production were expected to be isolated from the variable elements of cost. A new element of mixed cost was introduced and the separation of the fixed and variable costs needed to be done for purposes of grouping the costs. This was well done by a cross-section of the candidates who attempted the question but an equally considerable number of candidates failed to isolate the fixed and variable costs and applied the fixed costs as if they were variable elements of cost. Candidates need to know how to separate variable costs from fixed elements they are required to do so.

On the whole, performance was quite good.

The expected solution is as follows:

| BOYA LIMITED |
| PRODUCTION COST SCHEDULE |

<table>
<thead>
<tr>
<th>Expense</th>
<th>2,000 Units</th>
<th>2,400 Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>£1,650.00</td>
<td>£1,650.00</td>
</tr>
<tr>
<td>Salaries</td>
<td>£7,800.00</td>
<td>£7,800.00</td>
</tr>
<tr>
<td>Material</td>
<td>(2,000x£2.00) £4,000.00</td>
<td>(2,400x£2.00) £4,800.00</td>
</tr>
</tbody>
</table>
Question 8

This was a question on overhead. Candidates were expected to compute the overhead absorption rates based on machine hours and labour hours for two departments from a list of overheads incurred. It required a cost build-up before apportioning them among three departments, production departments A and B and maintenance unit. The cost of the maintenance unit was to be re-absorbed into the production departments before computing the absorption rates.

It was observed that the majority of candidates got the basis of allocation of maintenance cost wrong.

They attempted to apportion it, even though such costs are always allocated to the production department. For depreciation, it is best apportioned on the cost of fixed assets.

Performance in the question was average because wrong cost build-ups which were to be used to calculate the overhead absorption rates affected the rates calculated by most of the candidates. The expected solution to the question was as follows:

<table>
<thead>
<tr>
<th>MANFOO COMPANY LIMITED</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST/ITEMS</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Indirect Material</td>
</tr>
<tr>
<td>Indirect Wages</td>
</tr>
<tr>
<td>Rent</td>
</tr>
<tr>
<td>Welfare Costs</td>
</tr>
<tr>
<td>Power</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Supervision</td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**CALCULATION OF OVERHEAD ABSORPTION RATE**

**MACHINE HOURS**

Machine hour OAR = Budgeted overheads / Budgeted machine hrs

\[ \text{Machine hour OAR} = \frac{\text{Budgeted overheads}}{\text{Budgeted machine hrs}} \]

\[ \text{Budgeted machine hrs} = 22,500 \text{ hrs} \]

\[ \text{Budgeted overheads} = €127,646 \]

\[ \text{Machine hour OAR} = \frac{€127,646}{22,500 \text{ hrs}} \]

\[ = €5.67/\text{machine hr} \]

**LABOUR HOURS**

Labour hour OAR = budgeted overheads / budgeted labour hrs

\[ \text{Labour hour OAR} = \frac{\text{Budgeted overheads}}{\text{Budgeted labour hrs}} \]

\[ \text{Budgeted labour hrs} = 27,500 \text{ hrs} \]

\[ \text{Budgeted overheads} = €196,240 \]

\[ \text{Labour hour OAR} = \frac{€196,240}{27,500 \text{ hrs}} \]

\[ = €7.12/\text{labour hr} \]

**Question 9**

This question was on Cost Accounts. Candidates were required to prepare full cost accounts from information given. Performance in the question was above average. Candidates were able to correctly make the entries required which earned them good marks. A few candidates, however, had problems with the preparation of the Wages and Factory Overhead Control Accounts as they mixed up the entries and also stated them on the wrong side of the accounts. The expected solutions are as follows:

**Wages Control Account**

<table>
<thead>
<tr>
<th>2009</th>
<th>€</th>
<th>2009</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1 Cost Ledger Control a/c</td>
<td>240,000</td>
<td>31/12 Work-in-progress Control a/c</td>
<td>189,600</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F/Overhead Control a/c</td>
<td>50,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>240,000</td>
<td></td>
<td>240,000</td>
<td></td>
</tr>
</tbody>
</table>
Factory Overhead Control Account

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12</td>
<td>Wages Control a/c</td>
<td>50,400</td>
</tr>
<tr>
<td></td>
<td>Overhead Adjustment a/c</td>
<td>4,800</td>
</tr>
<tr>
<td></td>
<td>Cost Ledger Control a/c</td>
<td>86,400</td>
</tr>
<tr>
<td></td>
<td>Work-in-progress</td>
<td>132,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>136,800</td>
</tr>
</tbody>
</table>

TYPEWRITING

1. GENERAL COMMENTS

The standard of the paper was comparable to that of previous years’.
The performance of the candidates year was better than that of previous years as seen in the good marks scored by many candidates.

2. A SUMMARY OF CANDIDATES’ STRENGTHS

Candidates’ weaknesses far outweigh their strengths even though performance is said to be better than the previous years.

3. A SUMMARY OF CANDIDATES’ WEAKNESSES

The weaknesses noticed include the following:
(i) Poor mastery of the keyboard;
(ii) Failure to follow instructions;
(iii) Typographical errors;
(iv) Overtyping;
(v) Poor correction of errors;
(vi) Inconsistency in punctuation;
(vii) Inconsistency in line spacing;
(viii) Wrong alignment of figures;
(ix) Wrong and inconsistent indentation of paragraphs;
(x) Wrong spacing between and within words;
(xi) Omission of date in letters and memos;
(xii) Omission of word/lines;
(xiii) Wrong placement of date;
(xiv) Date rendered in figures;
(xv) General poor display.

4. SUGGESTED REMEDIES
The following should be considered as remedy for the weaknesses:

(i) Mastery of the keyboard;
(ii) Observance of rubrics and marginal instructions;
(iii) The need to acquire speed, skill and knowledge of displays;
(iv) Typewriters should be well serviced periodically;
(v) Candidates should make sure that their machines are in good working condition.

5. DETAILED COMMENTS

Question 1

TASK 1 - SPEED AND ACCURACY

A few candidates scored good marks for the speed but the accuracy was not encouraging. There were serious omissions of words and sentences. Performance in the task was not encouraging.

TASK 2 - LETTER AND ENVELOPE

This was an easy task but some candidates seemed not to have mastered the typing of letters. Some of the problems observed were as follows:

1. Wrong insertion of carbon paper;
2. Omission of date;
3. Marginal instruction not followed;
4. Wrong use of line spacing;
5. Inconsistent style of display;
6. Typographical errors;
7. Overtyping;
8. Wrong material typed on envelope;
9. Abbreviation not correctly expanded e.g coy-in the body of letter.

Performance in the task was below expectation.

TASK 3 - TENANCY AGREEMENT

Most candidates had difficulty in typing this task. The challenges they faced were as follows:

- Style of display;
- Hyphen used instead of leader dots at the bottom of task;
- Marginal instructions were not properly interpreted;
- Numerous typographical errors;
- Slash or oblique sign was omitted;
- Spelling errors;
- Naira sign could not be typed by most candidates.

**TASK 4 - NOTICE OF MEETING**

Most candidates faced the following challenges:

1. Poor interpretation of rubric and marginal instructions;
2. Poor capitalization;
3. Wrong use of the hyphen for a dash;
4. Date (24th June) wrongly typed;
5. The expansion of the sign “@”;
6. The ampersand typed as “+” (plus);
7. Spelling - ‘Remuneration’ typed as ‘Emuneration’ ‘coy’ expanded as ‘college’;
8. The typing of ‘48’ in words;
9. Typing the figure ‘980’ as ‘50’;
10. Re-arrangement not properly carried out.

Performance in the task was average.

**TASK 5 – PROGRAMME**

Most candidates faced the following challenges:

- ‘Jan’ was not expanded;
- Figures not aligned;
- Dashes not aligned;
- Ditto signs omitted or not well displayed;
- Omissions as well as numerous typographical errors.

Performance in the task was average.

**TASK 6 – TABULATION**

The problems identified included the following:

1. Wrong interpretation of instructions;
2. Hyphen typed as dash;
3. Inconsistent style of display;
4. Alphabetical arrangements;
5. Figures were poorly aligned;
6. Columnar spaces not well displayed;
7. Ruling was ignored in some cases or poorly done.

Performance in the task was slightly above average.