

RESUME OF THE CHIEF EXAMINERS' REPORTS ON THE BUSINESS SUBJECTS

1. GENERAL COMMENTS

All the Chief Examiners unanimously indicated in their reports that the standard of this year's papers was the same comparative to the previous years. They also reported that the questions were within the scope of the various syllabuses.

2. GENERAL PERFORMANCE OF CANDIDATES

The Chief examiners passed various comments on the performance of candidates. Whilst the Chief Examiners of Clerical Office Duties, Principles of Cost Accounting and Typewriting reported that the performance of the candidates was as good as previous years, the Chief Examiners of Financial Accounting and Business Management stated that the performance of the candidates was below that of previous years.

3. SUMMARY OF CANDIDATES' STRENGTHS

The Chief Examiner for Business Management did not observe any significant improvement in the work of candidates worthy of commendations. However, the Chief Examiners of Financial Accounting, Principles of Cost Accounting, Clerical Office Duties and Typewriting indicated that commendable features seen in the scripts of the candidates include;

- (1) the ability of the candidates to attempt the required number of questions;
- (2) most adherence to the rubrics of the paper;
- (3) few excellent candidates were able to support their answers with good examples;
- (4) candidates no longer gave long preambles but attempted to answer the questions as they are posed;
- (5) ability to type tabular work proficiently.

4. SUMMARY OF CANDIDATES' WEAKNESSES

The Chief Examiners identified some areas in which candidates appeared to be weak and handicapped resulting in poor performance.

The Chief Examiner for Principles of Cost Accounting was of the view that the candidates' performance in the practice questions was not good. Most of the candidates

could not clearly illustrate the different methods required in some of the questions and hence, lost good marks. The Chief Examiner of Business Management also remark that most of the candidates did not pay attention to the requirements of some of the questions. He also said that most of them lacked understanding of simple management concepts and terminologies. The Chief Examiner of Typewriting also stated that candidates failed to follow basic instructions, poor mastery of the keyboard, poor spelling, typographical errors, shortcomings in the Speed and Accuracy work.

Other weaknesses identified by the Chief Examiners includes;

- (1) Inability to explain good points identified or stated by the candidates.
- (2) Most of the candidates had horrible handwriting rendering their thought virtually meaningless.
- (3) Poor communication skills were also exhibited by the majority of the candidates

5. **SUGGESTED REMEDIES**

To help future candidates to avoid the weaknesses identified in the work of this year's candidates, the Chief Examiners suggested various remedies:

- (1) Candidates should read over their work and cross-check the number of questions answered.
- (2) Teachers should also give more practice questions and exercises to students in order to expose them to different examination scenarios.
- (3) Candidates should prepare adequately for the examination. They could make good use of the internet to fish out good facts on the subject matter of their subject areas.
- (4) There is the need to pay equal attention to all the topics in the syllabus. This is so because, any of the topics has equal chance in any examination year.

BUSINESS MANAGEMENT 2

1. GENERAL COMMENTS

The standard of the paper was comparable to that of previous years.

2. SUMMARY OF CANDIDATES' STRENGTHS

There was no significant/commendable feature noted in candidates' answers.

3. SUMMARY OF CANDIDATES' WEAKNESSES

The following weaknesses were noticed in candidates' responses:

- (1) Inability of the candidates to adequately respond to the requirements/demands of the questions.
- (2) Most of the candidates wrote correct answers but wrong question numbers.
- (3) Some candidates were unable to explain good points identified/stated.
- (4) Majority of the candidates lacked the understanding of common management concepts and terminologies.

4. SUGGESTED REMEDIES

- (1) Candidates should read the specific requirements of questions before they attempted to answer.
- (1) Candidates should read over their work and cross-check the numbers to questions answered.
- (3) Teachers should also give more practice question and exercises to students.
- (4) Candidates should read more on the subject to acquire broad knowledge.

1. DETAILED COMMENTS

Question 1

This was a compulsory case study question. It was based on the application of business management principles, functional areas and law. From the case study presented, the candidates were required to:

- (a) **List three objectives for which Grand-Style Company limited was incorporated;**

Answers expected from the candidates included the following:

- (a)
- (i) To provide public transport services
 - (ii) To perform corporate social responsibilities
 - (iii) To make profit
 - (iv) To open up a rural community
- (b) **Give three reasons for which the citizens did not want to see the company wind up.**
- (i) To maintain the provision of employment for the people
 - (ii) To facilitate the movement of people and goods
 - (iii) They wanted to continue benefiting from the social responsibility activities of the company.
- (c) **State two benefits which Grand-Style Company Limited could derive from the increased population in the rural community.**
- (i) Increase in the size of market/expansion of business activities
 - (ii) Availability of labour
 - (iii) Increase in sales due to increase in demand for its goods or population.
 - (iv) Grand-style Company can diversify its operations and venture into other business activities.
- (d) **Explain two problems that led to the near collapse of the company.**
- (i) The Company undertook so many corporate social responsibility activities that increased its cost .
 - (ii) Refusal of spare parts dealers to grant credit facilities to the company.
 - (iii) The company was unable to service its broken down vehicles.
 - (iv) Lack of adequate capital to run the affairs of the company.
 - (v) Inability to purchase new vehicles.
- (e)
- (i) The company can be revived by not plying routes that are not viable in order to cut down on its operational costs.
 - (ii) Service charges should be adjusted upwards in order for the company to recover its running cost and make profit.
 - (iii) The Company should cut down the amount spent on corporate social responsibility.
 - (iv) Unserviceable vehicles should be disposed off.
 - (v) The company should float shares to raise additional capital or obtain loan to augment its internally generated funds.

Most of the candidates answered the question and the performance was good. However, there were few candidates who answered four questions and ignored question 1. This affected their general performance

Question 2

This question required candidates to:

- (a) Explain organizing as a management function**
 - (b) Explain four steps that a manager should take to control the activities of an organization.**
- (a) Organising as a management function involves defining the task that has to be performed, allocating resources needed to achieve the set objective and assigning responsibilities to employees.

The expected answers for the steps in Controlling are:

- (b) (i) Setting up of standards and the method of evaluation. This is where standards are specified and accepted by the employees and their performances are evaluated appropriately.
 - (ii) Recording and measuring of actual performance against the set standard. This means, as work is carried out, performance is measured alongside to ensure that the plan is on track.
 - (ii) Comparing and evaluating actual performance against set standards. The actual work performed must correspond to the standards set. This involves matching performance against set standards to see whether the right thing is being done.
 - (iv) Taking corrective measures when deviation occurs. This step come into play when it is realised that performance is not as expected. It may involve a change in an activity or the organization's operations or a change in the standards originally established.
- The question was popular but the performance was poor. Most of the candidates deviated. In the second part of the question, most of the candidates wrote on the functions of management instead of the steps in the control process.

Question 3

This question required candidates to:

- (a) Outline three problems of trade among members of the Economic Community of West African States (ECOWAS);**
- (b) Write explanatory notes on the following:**
 - (i) bill of lading;**
 - (ii) Proforma invoice;**
 - (iii) Certificate of insurance.**

Most of the candidates attempted the question and even though popular, the performance was just average.

The expected answers include the following:

- (a)
 - (i) Language barrier: Since different countries in West Africa speak different languages such as English, French and Portuguese, it is extremely difficult to embark on effective international trade among the countries.
 - (ii) Cultural differences: Culture refers to the ways of life of people in a particular locality. If the mentality and the belief of a particular country differ from the other country's, trade among such countries will be impeded.
 - (iii) Differences in currencies: The lack of common monetary zone in West Africa is a serious barrier to trade among West African Countries. Most of the countries in West Africa are unable to meet the convergence criteria. This makes trading cumbersome.
 - (iv) Customs procedures: Due to the cumbersome nature of the customs activities in some countries, trade among the countries can be frustrating. Sometimes Security personnel try to extort money and others from traders.
 - (v) Political problems: Excessive political instability in West Africa is one of the problems affecting trading activities This usually results in undue closure of borders, and numerous police and military posts along the roads of member countries.
 - (vi) Different legal systems: The legislations relating to contract and sale of goods vary from country to country in West Africa. Some of these laws do not favour some member countries.
- (b)
 - (i) Bill of Lading: This is the document used as an evidence of ownership in order to claim goods imported. It is a waybill which can be used to cross check the goods received by the importer.
 - (ii) Proforma Invoice: This type of invoice is issued by the supplier to a customer giving information about the goods such as description and price to enable the customer make a purchase decision. It is also used when the supplier does not want to supply or sell on credit.
 - (iii) Certificate of Insurance: This is an insurance cover taken by the exporter to cover any possible risks in the course of the movement of goods by sea, air or land. A copy of this certificate is sent to the importer so that when there is a loss, he presents it to the insurance company for indemnity.

Question 4

- (a) **What is job evaluation?**
(b) **List and explain four reasons for carrying out job evaluation.**

This was one of the popular questions and candidates were expected to come out with the following:

- (a) Job evaluation is a formalized system of determining the relative worth of a job when compared to other jobs in the organization.
- (b) (i) **Equitable pay structure:** With the help of job evaluation the principle of equal work with equal pay is applied. A pay structure which will show the relationship between output and salary will be developed for various categories of workers.
- (ii) **Relative monetary value of jobs:** Job evaluation helps to determine the relative monetary value of different jobs.
- (iii) **Incentive Scheme:** Job evaluation assists in designing policies for incentive packages and other motivational rewards for employees.
- (iv) **Job Ranking:** Job evaluation is used to produce acceptable job ranking systems. This helps to assess the relative importance of each job.
- (v) **Transparency:** Job evaluation provides basis upon which tasks are defined and jobs graded.

Only few of the candidates answered this question well. It is worthy to note that business management as a subject requires exhaustive reading of relevant books. This will help to acquire good knowledge on the subject matter.

Question 5

- (a) **State five functions of a computer**
(b) **Explain five barriers to effective communication in an organization.**

The desired responses from the candidates include:

- (a) (i) Receiving information
(ii) Storing information
(iii) Processing of data
(iv) Retrieving information
(v) Communicating
- (b) (i) **Wrong choice of medium:** Effective communication can be impeded and the message distorted when a wrong communication medium is used.

- (ii) Semantic block/Technical jargons. The use of technical words/jargons sometimes leads to misunderstanding of the message especially where the receiver has little knowledge of such terms.
- (iii) Noise: This refers to anything in the communication process that impedes the smooth flow of the message.
- (iv) Bias/wrong perception: Sometimes people perceive things differently and this can effect their interpretation of the message.
- (v) Filtering: When a message passes through a member of persons or levels in an organization, some parts of the message is usually left out.
- (vi) Source Credibility : If the receiver does not trust the sender of the message, he/she may not act positively on it.

Most of the candidates who answered this question did well.

The only drawback was that some candidates wrote on the advantages of computer instead of its uses.

Question 6

This question was on Banking and Inflation. The candidates were required to:

- (a) Distinguish between central bank and merchant banks.**
- (b) Outline four causes of inflation**
- (c) Explain four functions of commercial banks.**

Answers expected from candidates include:

- (a) A Central Bank is a financial institution established by the government to issue currency and regulate the financial system of a country.
A Merchant Bank is a financial institution established to provide finance for domestic and foreign trade.
- (b)
 - (i) Increase in wages not matched with corresponding output.
 - (ii) Increase in government expenditure.
 - (iii) Increase in prices of imports.
 - (iv) High cost of production.
 - (v) Printing of currency to finance budget deficits.
 - (vi) Poor harvest of agricultural produce.
- (c)
 - (i) Commercial banks grant loans and overdraft to their customers when they are facing financial problems.
 - (ii) Commercial banks accept valuables from customers and non-customers for safe keeping at a fee.

- (iii) They give advice and information to their customers. This advice could relate to the customer's business or personal finances.
 - (iv) Commercial Banks issue travellers cheques and also accept and discount bills.
 - (v) Commercial Banks underwrite shares for companies and assists in the sale of shares to the public.
 - (vi) Commercial banks accept deposits from customers.
- A good number of candidates attempted this question but some had a problem with the (a) and (c) sub-questions. For instance, most of the candidates wrote on the functions of the central bank instead of the commercial banks. This is a clear manifestation of the fact that candidates sometimes do not take time to read carefully and understand the question.

Question 7

This question required the candidates to:

- (a) **State five provisions in the partnership deed.**
 - (b) **Differentiate a co-operative society from a public corporation under the following headings:**
 - (i) **purpose of formation;**
 - (ii) **sources of capital;**
 - (iii) **ownership;**
 - (iv) **management and control;**
 - (v) **risk-bearing.**
- (a) The provisions contained in a partnership deed include:
- (i) The name of the partnership
 - (ii) The names of the partners
 - (iii) The address and place of the business
 - (iv) The nature of business to be carried out
 - (v) The capital contribution of each partner
 - (vi) Whether or not interest should be paid on capital
 - (vii) Profit and loss sharing ratio
 - (viii) How new partners can be admitted into the partnership
 - (ix) Interest rate, if any, to be charged on loans and advances received from partners
 - (x) Method of dissolution of the partnership
 - (xi) Method of arbitration in case of disputes
 - (xii) The duration of the partnership
 - (xiii) How accounts will be kept and audited
 - (xiv) The amount of salaries to be paid to active partners
 - (xv) The type of partners, e.g. general, dormant etc.

- (b) (i) A co-operative society is established by a group of people for their mutual benefit whereas a public corporation is set up by government to produce goods and services to satisfy the needs of the public
- (ii) The sources of capital for a co-operative society are in the form of membership fees, shares and interest on loans
whereas
A public corporation is funded by the state.
- (iii) The ownership of a co-operative society is in the hands of its members
whereas
Public co-operations are solely owned by the government.
- (iv) Management and control of a co-operative society is in the hands of a management committee elected annually by the members
whereas
The management and control of a public corporation is in the hands of Board of Directors appointed by the government.
- (v) Risk in a co-operative society is borne by the members
whereas
The risk in the public corporation is borne by the government.
The question was very popular and performance was satisfactory.

Question 8

Candidates were required to distinguish between the following pairs of law of contract concepts:

- (a) Performance of contract and breach of contract**
- (b) Void contract and voidable contract**
- (c) Unenforceable contract and frustrated contract**
- (d) Offer and invitation to treat**
- (e) Consideration and warranty**

The expected answers include:

- (a) Performance of contract is a contract which has been executed by the parties to the contract so that none of the parties has any obligation towards each other
whereas
breach of contract occurs where a party to a contract fails to perform his/her part of the contract.
- (b) A contract is said to be void when it has no legal effect and so confers no rights or obligations on either party.
whereas
A voidable contract remains valid until it is repudiated by either of the parties to the contract.

(c) An unenforceable contract is one that is valid in all respect but cannot be enforced by the courts due to technical defects

where as

a frustrated contract is one which the failure to perform is through no fault of the parties to the contract. It is a contract which execution is rendered impossible due to a subsequent event or unforeseen circumstances such as natural disaster, death or change in government policy.

(d) An offer is a definite proposal made by one party to enter into a legal relation with another party who has the option to accept or reject.

where as

Invitation to treat is a means of enticing a person to make an offer through advertisement or display of items for sale with price tags on them

(e) Consideration is the price paid for a promise made. It moves from the promisee to the promisor . Its breach discharges the contract.

where as

A warranty is an un essential aspect of the contract or subsidiary to the main purpose of the contract which when breached does not operate to discharge the contract.

A good number of candidates attempted this question but the performance was very poor. Tutors are advised to endeavour to complete the syllabus to enable candidates prepare adequately for the examination. This would help them have a wider choice of questions rather than attempting those they could not answer well.

CLERICAL OFFICE DUTIES

1. GENERAL COMMENTS

The standard of the paper compared favourably with that of the previous years. The general performance of candidates, can be described as satisfactory as many of them had good marks.

2. SUMMARY OF CANDIDATES' STRENGTHS

- (i) Most candidates answered the questions without the usual long preambles or winding explanations.
- (ii) Some answers were written in legible handwriting which facilitated the assessment and award of marks.
- (iii) Most of the candidates answered the required number of questions.
- (iv) A number of candidates showed sound knowledge.

3. SUMMARY OF CANDIDATES' WEAKNESSES

- (i) Inability of candidates to communicate their ideas clearly.
- (ii) Ignorance of some topics in the syllabus.
- (iii) Presentation of irrelevant materials.
- (iv) Some candidates could not present their answers in an orderly manner.

4. SUGGESTED REMEDIES

- (i) Candidates must cultivate the habit of reading to improve their written English. The more one reads, the more capable one becomes in understanding the subject.
- (ii) Candidates should prepare adequately before attempting to write the paper and practice more case study questions.
- (iii) Teachers should endeavour to cover all topics in the syllabus before the examination commences.

5. DETAILED COMMENTS

Question 1

(a) Candidates were expected to state the services provided by the company and the expected answers included:-

- (i) express mail;
- (ii) special mail;
- (iii) box rental;
- (iv) private mail bags;
- (v) registered mail;
- (vi) telegraphic;
- (vii) telex;
- (viii) cable gram.

A good number of candidates provided the correct answers. Those who were unable to provide them clearly did not understand how to answer case study questions.

(b) This question required candidates to state the effects of non-availability of seats for visitors in the reception.

The answers were generally good except that some candidates showed a tendency to repeat their points in different words or expressions. Some of the expected answers were:

- (i) Since customers and visitors had to form long queues because of the unavailability of seats at the reception area, this could lead to a noisy and rowdy office environment.
- (ii) The crowded reception enabled some unofficial visitors to sneak in and pilfer important office documents and property.
- (iii) The noise from the crowd in the reception can distract the attention of workers and prevent them from effectively performing their duties.
- (iv) The presence of a large number of customers/visitors in the office/reception can hinder the free movement of workers in the organization or from one department to another.
- (v) Customers who cannot wait would leave without transacting the business they came to do.
- (vi) The company's profit and productivity would be affected

(c) Candidates were to indicate the equipment used in the mailroom of CDF Services.

The responses from candidates were good.

(d) This question required candidates to state the effects of Mr. Akie's autocratic management style.

Most of the answers provided by candidates were good. Some of the answers given were:

- (i) Workers' will lose the enthusiasm/zeal for their jobs and hence they will be reluctant to put in maximum effort.
- (ii) It will kill workers' initiative as they will be afraid to take action on issues when they have not been specifically directed to do so. This often

results in a lack of creative solutions to problems, which can ultimately hurt the performance of the company.

- (i) Supervisors and managers will not have the courage to give directives to subordinates and this can affect the line of communication in the company,
- (iv) It will undermine the authority of the managers and this can lead to disrespect and poor human relations.
- (v) there will be high labour turnover when workers become frustrated with working in a difficult business environment and leave to look for another job.
- (vi) Autocratic leadership often creates a more stressful work environment as employees may worry about completing business functions and avoiding punishment from the manager.
- (vii) Because Mr. W. Akie takes decisions without consulting the managers, they may dislike to contribute ideas and this can lead to low morale.
- (viii) An autocratic management style, when not applied reasonably, can lead to lower productivity and declining profits.

Question 2

Candidates were expected to explain

- (a) (i) **Suspension Filing System:**
In this system, files are suspended on metal carried in cabinets by means of metal base attached to their edges. Alternatively, pockets could be provided where file folders are suspended.
- (ii) **Horizontal System of filing:**
In this method, files or folders are arranged in a flat manner, that is, one placed on top of the other on shelves or in drawers.
- (b) **State three advantages each of lateral and vertical filing systems in an office.**

Most of the candidates were able to answer this question easily.

Question 3

- (a) **For this part, candidates were required to explain two reasons for the inclusion of “Any Other Business(AOB)” in the agenda of a meeting.**

Candidates understood the question and provided the required answers.

- (b) **Draw up a notice of meeting containing an eight item agenda for a meeting of the staff of S. L. Mobile Phone Company Limited.**

Some candidates included items like ‘opening and closing prayer’ which were not relevant. The answer should look like the one presented below:

S.L. Mobile Phone Company Limited
NOTICE OF STAFF MEETING

S.L. Mobile Phone Company Limited

NOTICE OF STAFF MEETING

Members of staff of the above named company are hereby informed that the next staff meeting will be held at the (venue)on (date) at (time)

.....

(Signature/Secretary)

AGENDA

Apologies

Reading and adoption of previous minutes

Matters arising

New business (Candidates should introduce 4 relevant matters)

Any Other Business

Question 4

- (a) **Define a computer**
- (b) **Differentiate between computer software and Hardware.**
- (c) **State seven functions of a computer in an office.**

Most candidates generally provided the right answers except in a few cases where some candidates referred to the computer as an office and rather mentioned the functions of an office for the (c) part. It was evident that those candidates did not prepare for the examination.

Question 5

The question required candidates to state two items of information contained in each of the following documents:

- (a) **appointment letter;**
- (b) **application letter;**
- (c) **promotion letter;**
- (d) **dismissal letter.**

A good number of candidates provided the right answers, though some candidates repeated 'name and address' over and over again even where it does not apply.

Question 6

- (a) **State four misconducts that may lead to the dismissal of an employee.**
- (b) **Explain six personal attributes of a good office worker.**

The (a) part of the question was well answered by the candidates who selected it. With the part (b), some candidates included work attributes in their answers. Care should be taken to distinguish work attributes from personal attributes. Some expected answers for personal attributes of a good office worker are:

- (i) Good general education- A good office worker must have sound and basic education to be able to perform assigned duties;
- (ii) Neat appearance - A good office worker must be smartly dressed at all times. Personal freshness should be an integral part of the day's activities.
- (iii) Orderliness - A good office worker should keep his/her work environment neat and tidy. This can promote efficiency.
- (iv) Loyalty- A good office worker should not disclose office secret to outsiders and other workers.

- (v) Tactfulness - A good office worker should be diplomatic in handling issues concerning both customers and co-workers.
- (vi) Good human relations - A competent office worker should relate well with his/her colleagues (team work) in order to make office work a successfully.
- (vii) Cheerfulness - A good office worker must be able to manage his/her temperament.
- (viii) Punctuality - A good office worker should arrive in time to prepare for the day's assignment.
- (ix) Politeness - A good office worker should be courteous and respectful at all times.

Question 7

- (a) This question required candidates to state the use of the following office machines:**
- (i) staple machine;**
 - (ii) shredding machine;**
 - (iii) photocopier;**
 - (iv) collating machine;**
 - (v) stamp affixing machine;**
 - (vi) franking machine.**

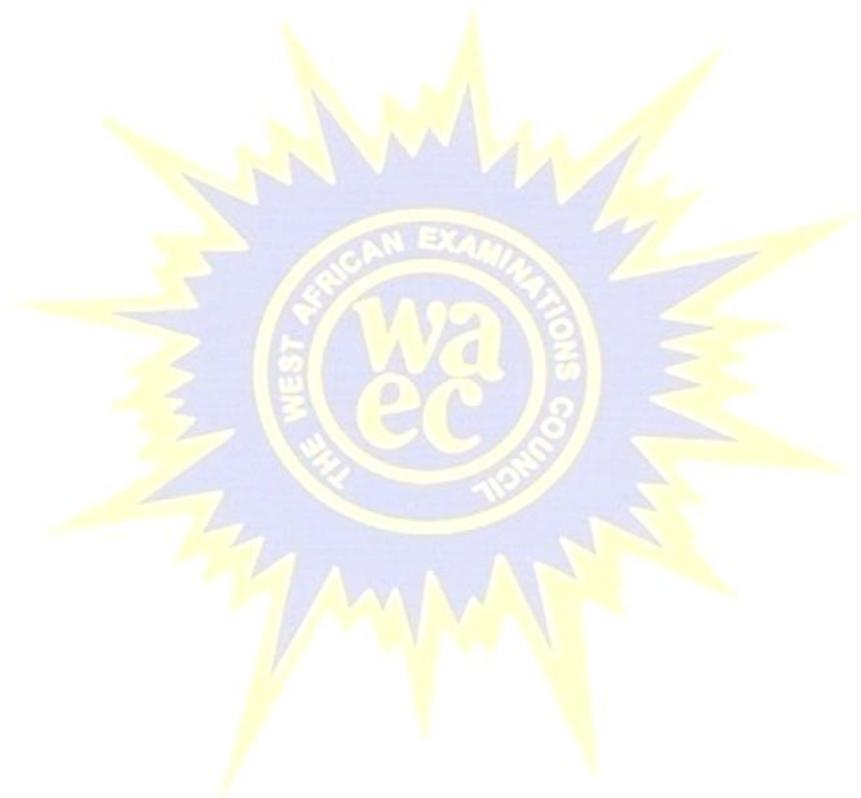
This question was popular with candidates and the performance can be described as satisfactory.

- (b) Candidates were expected to explain five factors which influence the planning of an office layout.**

The answers should include:

- (i) The floor space: The floor space should be as free as possible in order to ensure free movement and observation.
- (ii) Expansion: The layout plan should have provision for future expansion.
- (iii) Noise: There is the need to separate noisy machines from the office work area.
- (iv) Easy flow of communication: The layout should allow for easy flow of communication between supervisors and workers.

- (v) Health of Employees - The work environment should be comfortable and healthy.
- (vi) Easy supervision: Office furniture should be arranged in a manner that supervision of workers could be enhanced.
- (vii) Flow of work: The office layout used should promote flow of work. Proper flow of work ensures less movement of people and paper.
- (viii) Ventilation: A good office layout should ensure free flow of air.



FINANCIAL ACCOUNTING

1. GENERAL COMMENTS

The standard of the paper compared favourably with previous years. All the questions were within the syllabus. The requirements of the various questions were clear and unambiguous. The standard was within the capability of an average candidate.

2. SUMMARY OF CANDIDATES' STRENGTHS

The few commendable features noticed were:

1. The ability of candidates to attempt the required number of questions.
2. Most of the candidates were able to adhere to the rubrics of the questions.
3. Also, few excellent candidates were able to support their answers with good examples.
4. Most of the candidates presented their answers very neatly and thereby making the marking exercise very smooth and speedily.

3. SUMMARY OF CANDIDATES' WEAKNESSES

The following weaknesses were observed among the candidates

1. Most of the candidates had horrible handwriting that rendered their thoughts virtually meaningless;
2. Inability to provide appropriate headings to the various accounts prepared.
3. Poor communication skills were also observed. Most of the candidates could not communicate effectively. The bone of contention here is that they communicated inversely. What was put on paper was entirely different from their thoughts. Some candidates even went to the extent of using Pigin English.
4. Most of the candidates also exhibited lack of in-depth knowledge on the subject matter. They thus, ignored the requirements of the questions and provided answers which were best known and understood by them.

4. SUGGESTED REMEDIES

1. Candidates are advised to read and understand the requirements of the questions before attempting to answer.
2. They should read more and good accounting books in order to abreast themselves with different accounting scenarios.
3. Tutor should endeavour to complete the syllabus on time to enable the candidates to prepare adequately towards the examination.
4. There is the need to pay equal attention to all the topics in the syllabus. It was observed that most of the candidates found it extremely difficult to answer the question on Value Added Tax (VAT) though quite simple. Candidates could use the internet positively to acquire good knowledge on accounting and its applications.

5. **DETAILED COMMENTS**

Question 1

This question was on double entry book-keeping and classification of accounts. It was made up of (a) and (b).

- (a) **Explain double entry book-keeping**
- (b) **Classify the following under the headings of personal, real and nominal accounts and state the side of the ledger where their balances would be disclosed:**
- (i) **Romota (a supplier);**
 - (ii) **rates;**
 - (iii) **insurance;**
 - (iv) **bank overdraft;**
 - (v) **stock;**
 - (vi) **plant and machinery.**

The expected responses from the candidates include:

- (a) Double entry book-keeping is the system of keeping accounts whereby one account is debited and the corresponding account credited.

(b)

	<u>Classification</u>	<u>Side of account</u>
(i) Romota(a supplier)	Personal	credit side
(ii) rates	nominal	debit side
(iii) insurance	nominal	debit side
(iv) bank overdraft	personal	credit side
(v) stock	real	debit side
(vi) plant and machinery	real	debit side

It was realised that few of the candidates were able to classify at least three items under correct accounting headings. Also, such candidates were able to state the side of the ledger that the assets included in the list would be disclosed. Thus; on the debit or credit side.

However, the majority of the candidates who attempted the question gave incomplete explanation of double entry book-keeping. Typical answers provided by most of the candidates include;

- (a) Double entry is the system of recording entries in the books
- (b) Double entry records transactions twice in the books.

In the 1(b), answers provided by most of the candidates included copious descriptions of personal, real, nominal accounts and the various types of ledgers which were not required by the question.

The bone of contention here is that student learn any how; thinking that whatever answers provided would be acceptable. It is one thing to learn and another to apply it to suit the relevance of a particular question.

Tutors are advised to give variety of assignments to students on each topic taught so as to expose candidates to different accounting styles and scenarios. The performance of the candidates on this question was just average.

Question 2

This question was on control accounts. It required candidates to:

- (a) Explain control accounts**
- (b) State three uses of control accounts**
- (c) State three reasons why debit balances occur in purchases ledger control account.**

The candidates were expected to come out with some of the following responses.

- (a) Control accounts are accounts that record in total summary, all transactions that have been entered in the individual ledgers to which they relate.
- (b)
 - (i) They provide a check on the accuracy of entries made in the personal accounts;
 - (ii) They assist in the location of errors;
 - (iii) They act as internal check on the work of clerical personnel;
 - (iv) They are used to ascertain debtors and creditors balances more quickly;
 - (v) They assist in ascertaining missing information
 - (vi) They enable the work of large accounting departments to be organized into smaller divisions.
 - (vii) They are used for the preparation of interim accounts;
 - (viii) They provide a summary of accounts in the ledger for decision making.
- (b)
 - (i) Overpayment of accounts to suppliers.
 - (ii) Advance payments for goods not yet received.
 - (iii) Arithmetical or casting errors.
 - (iv) Goods purchased and paid for but later returned.

It was observed from the responses provided by the majority of the candidates who answered the question that only few of them were able to state few uses of control accounts.

The general principle on which control account is based was not stated as required by the question.

The majority of the candidates rather stated sales ledger and purchases ledger control accounts as examples of control accounts as the answer to the question

Incomplete answers in respect of uses of control accounts were stated. For instance;

- (i) They provide a summary of the accounts
- (ii) They assist in ascertaining information
- (iii) They are used to correct errors.

The (c) part on why debit balances occur in purchases ledger control account was poorly answered.

Answers provided showed that the principle underlying the preparation of control accounts had not been understood by the majority of students.

Tutors are once again reminded that before any accounting topic is taught, detail explanation should be done. Students should also endeavour to read more books to understand the various topics well. They should also make use of the internet for good explanation to topics.

Accounting topics should be well exhausted and in detail as prescribed in the syllabus.

In effect, all though ,the question was fairly popular, the performance of the majority of the candidates who answered the question performed below average.

Question 3

This question was on Accounting of not-for-profit making organizations. Some selected terminologies were given and candidates were required to explain;

- (a) Capital expenditure;**
- (b) Revenue expenditure;**
- (c) Receipts and payments accounts;**
- (d) Income and expenditure account;**
- (e) accumulated fund.**

The candidates were expected to come out with answers as follows:

- (a) Capital expenditure is amount spent on the purchase of fixed assets or on improving their values.
It is expenditure whose value accrue to a business for more than one accounting year.
- (b) Revenue expenditure refers to amounts spent by a business in its day- to- day activities and in deriving its income. It is expenditure whose value is used up or consumed by a business within one accounting year.
- (c) Receipts and Payment Account is an account prepared to show a summary of all cash and cheques received and paid in the running of a not-for-profit making organization for a period.
- (d) Income and expenditure Account is an account prepared by a not-for-profit making organization to determine the surplus or deficit from its operations for a particular period.
- (e) Accumulated fund is the excess of the assets over the liabilities of a not-for-profit making organization.

It was observed that there were no commendable features in the answers provided by the majority of the candidates who answered the question. Tutors should note that before any topic is taught, the theoretical framework underlying the topic should be highlighted in details followed by the practice aspect.

It is only when this is done that candidates will grasp the length and breath of the topic. This would therefore provide a spring-board for answering questions better.

The performance of most of the candidates on this question was below average. The majority of the candidates scored disappointing marks.

Question 4

This question was on data processing. It was in three parts namely:

- (a) What is information?**
- (b) State the stages of data processing**
- (c) Explain five qualities of accounting information.**

The expected responses from the candidates includes

- (a) Information is a data which has been processed in order to convey meaning to the person who receives it.
- (b) Stages of data processing are
 - (i) input stage
 - (ii) processing stage
 - (iii) output stage
- (c)
 - (i) Relevance - Accounting information must be relevant in relation to the decision to be taken or the purpose for which the information is sought.
 - (ii) Completeness/Adequacy - Accounting information must contain all the necessary details needed for the decision to be taken
 - (ii) Timeliness-The accounting information should be available at the point of need
 - (iv) Accuracy - The information must be free from errors and be exact
 - (v) Up-to-date- Accounting information must be recent. It must not be archaic
 - (vi) Cost effective - the information must not be more expensive than the expected benefit
 - (vi) Objectivity - The information must be free from personal judgement or free from biases
 - (viii) Understandable - The information should be simple and clear
 - (ix) Comparable - The accounting information must be capable of being compared with those of other similar firms or similar years
 - (x) Reliability - The information must be trust-worthy in order to be used to take decision.

- (xi) Verifiability - Accounting information must be capable of being crossed - checked or proved to be correct. Although, the majority of the candidates correctly identified the qualities of accounting information, they could not provide full explanations. They simply repeated the qualities that were stated. For instance, Relevance-they stated that accounting information must be relevant.

Reliability - Accounting information must be reliable.

In the 'b', attention was not particularly paid to the order in which data is processed. The users of accounting information were not required as part of the answer to (c) though most of the candidates wasted time and efforts on that.

It is worthy to note that the performance of the candidates in this question was abysmal and hence below average marks were obtained

Question 5

The question was on manufacturing account. From a given data, the candidates were required to prepare:

- (a) Manufacturing, Trading and Profit and Loss Account for the year ended 31st December, 2009.
- (b) Balance sheet as at that date.

The candidates were expected to come out with answers such as

- (a) Onyemachi Manufacturing Limited Manufacturing ,Trading and Profit and Loss Account for the year ended 31st December, 2009

	GH¢	GH¢		GH¢	GH¢
Raw materials:			Production cost transferred		
Opening stock		7,700	to trading account		49,685
purchases	45,000				
Add carriage Inwards	<u>1,000</u>				
		46,000			
Less Returns outwards	<u>5,450</u>	<u>40,550</u>			

	48,250	
Less Closing stock	<u>9,640</u>	
	38,610	
Factory wages	<u>2,400</u>	
	41,010	

	GH¢	GH¢		GH¢
<u>Factory overheads:</u>				
Plant repairs	3,200			
Depreciation: Plant	5,056			
Building	<u>2,059</u>	<u>10,315</u>		
		51,325		
Add Opening work-in-progress		<u>5,560</u>		
		56,885		
Less: Closing work-in-Progress		7,200		
		49,685		
				49,685
Opening stock	1,2860		Sales	90,000
Add Goods produced	<u>49,685</u>		Less returns inwards	3,600
	62,545			
Less Closing stock	<u>14,460</u>			

	48,085		
Gross Profit c/d	<u>38,315</u>		
	86,400		86,400
	=====		=====
		Gross profit b/d	38,315
Salaries	15,700		
Telephone and postages	5,200		
Advertisement	2,250		
Less prepayment	<u>450</u>	1,800	
Provision for doubtful debt			
(2 1/2% x 36,433)	911		
Bad debt	800		
Net Profit c/d	<u>13,904</u>		
	<u>38,315</u>		<u>38,315</u>
Prefered share dividend	1,760	Net profit b/d	13,904
Balance c/f - Retained			
profit	<u>12,960</u>	Unappropriated profit b/f	816
	14,720		14,720
	=====		=====

(b) Balance sheet as at 31st December, 2009

			Fixed Assets: Cost	Depreciation	NBV	
	GH¢	GH¢	GH¢	GH¢	GH¢	
Ordinary share capital	60,000					
8% Preference shares	<u>22,000</u>		Goodwill	4,000	-	4,000
	82,000		Plant and Machinery	25,280	9,834	15,446
Retained profit	<u>12,960</u>		Factory building	<u>41,170</u>	<u>6,534</u>	<u>34,636</u>
	94,960			<u>70,450</u>	<u>16,368</u>	<u>54,082</u>
<u>Current Liabilities:</u>						
Creditors	27,670		Trade investment			8,840
Bank Overdraft	<u>5,804</u>		<u>Current Assets</u>			
			Stocks: Raw materials	9,640		
Dividend-preference shares	<u>1,760</u>		Work-in-progress	7,200		
	35,234		Finished goods	<u>14,460</u>		
				31,300		
			Debtors	36,433		
			less provision	911		
				35,522		
			Prepayment - Advertisement	450		
						67,272

130,194	130,194
=====	=====

Alternative to Question 5

(a) Onyemaechi Manufacturing Limited

Manufacturing, Trading and Profit and Loss Account for the year ended 31st December, 2009

	GH¢	GH¢
Opening stock of raw materials:		7,700
Add purchases	45,000	
Carriage inwards	<u>1,000</u>	
Less return outwards	46,000	
	<u>5,450</u>	<u>40,550</u>
Less Closing Stock		48,250
		<u>9,640</u>
Add Factory Wages		38,610
		<u>2,400</u>
		41,010

Factory Overheads:

Plant repairs	3,200	
Depreciation: Plant and Machinery	5,056	
Factory buildings	<u>2,059</u>	<u>10,315</u>
		51,325
Add opening work-in-progress		<u>5,560</u>
		5,685
Less closing work-in-progress		<u>7,200</u>
		<u>49,685</u>
Sales		90,000
Less Return inwards		<u>3,600</u>
		<u>86,400</u>
Less Cost of Sales:		
Opening Stock of finished goods	12,860	
Add Cost of Production	<u>49,685</u>	
	62,545	
Less Closing Stock	<u>14,460</u>	<u>48,085</u>
Gross Profit		38,315
		=====

		GH¢
Less Operating expenses:		
Salaries		15,700
Telephone and postages		5,200
Advertisement (2250-450)	1,800	
Provision for doubtful debt (2 1/2% x36433)	911	
Bad debt	<u>800</u>	<u>24,411</u>
Net Profit c/d		13,904
Add unappropriated profit b/f		<u>816</u>
		<u>14,720</u>
Preference share Dividend		1,760
Add Retained Profit c/f		<u>12,960</u>
		<u>14,720</u>
		=====

(b) Balance Sheet as at 31st December 2009

	Cost	Depreciation	Net book value
	<u>GH¢</u>	<u>GH¢</u>	<u>GH¢</u>
Goodwill	4,000	-	4,000
Factory building	41,170	6,533	34,636
Plant and Machinery	<u>25,280</u>	<u>9,834</u>	<u>15,446</u>
	<u>70,450</u>	16,367	54,082
Trade investment			8,840
Current Assets:			
Stock: Raw materials		9,640	
Work-in-progress		7,200	
Finished goods		<u>14,460</u>	
		31,300	
Debtors	36,433		
Less provision	<u>911</u>		35,522
Advertisements prepaid		<u>450</u>	
		67,272	
<u>Less Current liabilities</u>			
Creditors	27,670		

Bank overdraft	5,804		
Preference Share Dividend c/f	<u>1,760</u>	<u>35,234</u>	32,038
			94,960
			=====

Financed by :

Ordinary Share Capital		60,000
8% Preference Shares		<u>22,000</u>
		82,000
Retained Profit		<u>12,960</u>
		94,960
		=====

It was noted that few candidates were able to prepare the Manufacturing Account as part of the final account showing the factory overheads of plants (GH¢5056), Depreciation of Buildings (GH¢2059) and the Production Cost transferred to Training Account of GH¢49,685.

However, the majority of the candidates who attempted the question portrayed the following weaknesses.

- i. Incorrect and incomplete heading
- ii. Preparation of final accounts without indicating the monetary denomination.
- iii. Inability to prepare the Income Surplus Account, the Preference Share dividend of GH¢1,760 (8% GH¢22,000) was not taken into account.
- iv. Incorrect classification of items in the Balance sheet. For instance, Goodwill and Trade Investment were shown as components of Current assets.

The performance on this question was discouraging.

Question 6

The question was on branch account. Based on a data given, the candidates were required to prepare in the head office books :

- (a) Branch Stock Account;
- (b) Branch Stock Adjustment Account;
- (c) Branch Profit and Loss Account.

The expected responses from the candidates include;

- (a) In the books of JABES ENTERPRISE (HEAD OFFICE)
Branch Stock Account

GH¢		GH¢	
Balance b/d	3,000	Bank	8,000
Goods sent to branch	18,000	Branch debtors	27,000
Branch Stock Adjustment	4,500	Goods sent (returns)	1,200
		Branch Stock Adjustment	
Branch Profit and loss	16,000	(returns)	300
		Balance c/d	5,000
	41,500		41,500
	=====		=====

- (b) Branch Stock Adjustment Account

	GH¢		GH¢
		Balance b/d	600
Branch Stock (returns)	300	Branch Stock	4,500
Branch Profit and loss	3,800		
Balance c/d	1,000		
	5,100		5,100



(c) Branch Profit and Loss Account for the year ended 31/12/2009

	GH¢		GH¢
		Branch Stock	16,000
Rent	6,00		
Wages	1,200	Branch Stock Adjustment	3,800
General profit and loss	<u>18,000</u>		
	<u>19,800</u>		<u>19,800</u>

The

patronage of the question and responses given indicated that the question was not popular with most of the candidates. As a result of this, there were no outstanding features noticed.

The following weaknesses were detected in the responses of the candidates.

- (i) Inability to deduce and apply the margin on the closing stock of branch office, goods sent to branch office and goods returned from branch office;
- (ii) Incorrect description of entries in the accounts. For instance, Credit Sales for branch debtors;
- (iii) Lumping together the goods sent to branch and stock Adjustment figures of GH¢18,000 and GH¢4,500;

It is recommendable to note that:

- (i) The mark - up of 25% on invoiced goods should be applied on goods sent to Branch. Thus; $\text{GH}18,000 \times 25\%$
This profit element of GH¢ 4,500 is to be debited to Branch Stock Account and Credited to Branch Stock Adjustment Account;
- (ii) The mark - up of 25% is equivalent to 20% margin. This 20% is to be applied on the invoice figures in order to deduce the profit element to be transferred to the Branch Stock Adjustment Account.

Candidates are advised to pay attention to all topics in the syllabus. Tutors should also give more assignments and tests on each topic taught to expose candidates to different accounting scenarios. The topic (Branch Accounts) must be well exhausted by both tutors and candidates.

Question 7

The question was on dissolution of partnership accounts. Accounting data was given and the candidates were required to prepare:

- (a) Realisation Account;
- (b) Partners Capital Account in columnar form;
- (c) Bank Account

The candidates were expected to come out with the following responses.

- (a) Ade, Sola and Victor
Realization Account

D		D	
		Bank:	
Buildings	42,525	Buildings	43,000
Equipment	34,500	Equipment	40,000
Motor Car	26,475	Motor Car	25,000
Stock	14,000	Stock	20,000
Debtors	10,000	Debtors	8,000
Cost of dissolution	2,500		
<u>Share of profit</u>			
Ade	3,000		
Sola	2,000		
Victor	<u>1,000</u>	6000	
	<u>136,000</u>		<u>136,000</u>

Partners Capital Account

(b) Partners Capital Account								
	Ade	Sola	Victor		Ade	Sola	Victor	
	D	D	D		D	D	D	
Bank	48,000	44,500	38,500	Blance b/f	45,000	42,500	37,500	
				share of profit	3,000	2,000	1,000	
	48,000	44,500	38,500		<u>48,000</u>	<u>44,500</u>	<u>38,500</u>	

(c) Bank Account

D	D	D	D	
	Balance b/f	2,500	Creditors	5,000
	Realization:		Cost of dissolution	2,500
	Buildings	43,000	<u>Capital Account</u>	
	Equipment	40,000	Ade	48,000
	Motor Car	25,000	Sola	44,500
	Stock	20,000	Victor	38,500
	Debtors	8,000		131,000
		=====		=====
		138,500		138,500
		=====		=====

This question was popular and quite well answered. The majority of the candidates were able to prepare the Realization Account. The Bank account was correctly debited with the proceeds on realization and credited with the cost of dissolution and payment to creditors. However, there were few candidates who were completely at sea. They did not know what to do. Once the partnership had been dissolved, it ceased to exist hence, the balance sheet prepared by those few candidates portrayed their ignorance on the subject matter.

It is worthy to note that the partners Capital Account was to be prepared in columnar form as required by the question and not as separate accounts.

The performance of the majority of the candidates on this question was quite good and therefore recommendable.

Question 8

This question was on Value Added Tax (VAT). From a given accounting information, the candidates were required to:

- (a) compute for the month of January 2011
 - (i) Output Tax;
 - (ii) Input Tax;
 - (iii) Net VAT payable
- (b) Prepare the VAT Account
The expected responses from the candidates includes;

Koffy Limited

(a) Output Tax

	GH¢
100 pairs of ladies shoes @ GH¢25	2,500.00
50 men’s belts @ GH¢6.25	312.50
	2,812.50
	2,812.50
Output Tax: 15% x GH¢2,812.50	= GH¢421.88

(b) Input Tax

	GH¢
70 men’s belts @ GH¢ 3.00	210
60 ladies blouses @ GH¢ 4.50	270
	480
	480
Input Tax: 15 % x GH¢480	= GH¢72.00

(c) Net VAT Payable:

Output Tax - Input Tax		
GH¢421.88 - GH¢72.00	=	GH¢349.88
Or		
GH¢2,812.50 - 480 x 15 %	=	GH¢349.80
		GH¢349.80

The question was not much popular with most of the candidates. It was detected that only few candidates were able to show detailed workings on sales and purchases. They were also able to compute output tax and input tax. However, the majority of the candidates could not compute the Output and Input taxes correctly on purchases and sales. Also, the Net Vat payable was wrongly ascertained. They therefore deducted Output tax from Input tax. They were also unable to prepare the

VAT Account. There is the need for tutors to be abreast with all topics in the syllabus. More and different exercises should be given on each topic taught in order to expose candidates to different approaches to solve different accounting tasks.

Question 9

This question was on bank reconciliation. From a data given, the candidates were required to prepare:

- (a) Adjusted Cash book;
- (b) Bank Reconciliation Statement as at 31st December, 2009.

The candidates were expected to come out with the following answers.

(a) Sofunke
Adjusted Cash Book

	N		N
Balance b/d	7,300	Bank Charges	350
		Cheque drawn in error	940
Error in closing	1,400	Dishonoured Cheque	360
	=====	Balance c/d	7,050
	8,700		8,700
	=====		=====
Balance b/d	7,050		

- (b) Bank reconciliation Statement as at 31st December, 2009

	N	N
Balance as per cash book		7,050
Add unpresented cheques:	2,140	
	<u>3,000</u>	<u>5,140</u>
		12,190
Less Uncredited cheque	1,542	
Cheque dibited in error	<u>7,20</u>	<u>2,262</u>
Balance as per Bank Statement		9,928
		=====

Alternative Solution 9b

Bank Reconciliation as at 31st December, 2009

	N	N
Balance as per bank statement		9,928
Add: uncredited cheque	1,542	
cheque debited in error	<u>720</u>	2,262
		<u>12,190</u>
Less unrepresented cheques:	2,140	
	<u>720</u>	<u>5,140</u>
Balance as per adjusted cash book		7,050
		=====

The majority of the candidates who attempted this question are recommended for their ability to identify the errors which had to be corrected in the cash book and subsequently the preparation of the bank reconciliation statement.

However, there were few candidates who treated unrepresented cheques of N,2140 and N 3000 as uncredited cheques. They therefore showed the cheque of N720 debited in error as a credit in the adjusted cash book. Such candidates who did not understand what they were doing but recorded transactions any how, scored disappointing marks for the question.

It is worthwhile for a bank reconciliation statement to be headed correctly. Thus: Sofunke Bank reconciliation statement as at 31/12/2009.

The reconciliation statement should disclose separate figures for unrepresented cheques and the sub-total there of.

On the whole, the performance of the candidates in this question was above average.

PRINCIPLES OF COST ACCOUNTING

1. GENERAL COMMENTS

The standard of the paper compared to that of earlier years. All the questions were of the desired standard of WASSCE and were all within the limits of the examinations syllabus.

The questions were clearly stated as well as their requirements. The performance of candidates was also comparable to that of previous years.

2. SUMMARY OF CANDIDATES' STRENGTHS

Candidates performance in the essay questions was a commendable improvement on previous years. Candidates exhibited more precision in answering question and most of the candidates used good examples to illustrate their answers.

Also, most of the candidates answered the required number of questions expected. Most of the candidates went straight to the point and this made marking easier.

3. SUMMARY OF CANDIDATES' WEAKNESSES

Candidates performance in the practice questions was not that good. Most of the candidates were not able to clearly illustrate the different methods require in some of the questions and hence lost marks.

Most of the candidates were also not able to plot the graph for the break-even analysis accurately despite the provision of figures for the plotting of the graph.

4. SUGGESTED REMEDIES

Adequate preparation for the examination should be made. Candidates should be encouraged to use examples to illustrate answers so that there will be no doubt at the candidates understanding of the subject matter.

Also candidates should be taught to show clear distinctions between different methods of preparing accounts or where the accounts covers different years, the accounts for the different years should be clearly shown.

5. DETAILED COMMENTS

Question 1

This question was an essay type question on the introduction to Cost Accounting. The candidates were required to:

- (a) Explain two benefits of classifying costs into fixed and variable elements.**
- (b) State two characteristics each of direct cost and indirect cost.**

The expected responses from the candidates includes:

- (a) (i) To know the cost that can be influenced by management decision and

- those that can not ;
- (ii) To be able to ascertain the additional cost incurred to produce one additional unit of output;
 - (iii) To know whether sales can cover all the variables cost and therefore contribute to fixed cost and profit;
 - (iv) To ascertain the level of activity that the business will break-even;
 - (v) To carry out effective cost analysis;
 - (vi) To identify profitable products /departments.

(b) <u>Direct Cost</u>	<u>Indirect Cost</u>
(i) It can easily be traced to a cost centre or a cost unit	It can not be easily traced to a cost centre or cost unit
(ii) It can easily be controlled	It can not be easily controlled
(iii) It forms an important part of production cost as the amount it is usually large.	Since the amount is very small, may form an insignificant part of production cost
(iv) It is a prime cost that is all allocated to cost centre or cost unit	It is an overhead that is absorbed into cost units
(v) It varies in direct proportion with the level of activity	It is usually fixed for all levels of activity

The performance of most of the candidates who attempted the question was quite good. They were able to give convincing answers and that earned them good marks.

However, few of the candidates exhibited lack of understanding of the question and instead of providing benefits of classifying cost into fixed and variable, gave the basis of classifying such as by function, behaviour etc.

The (b) part was also answered well by most of the candidates. In all, question 1 was a good one and the performance was above average.

Question 2

This question was on budgeting. Candidates were required to;

- (a) **Distinguish between a functional budget and a master budget**
- (b) **Outline four benefits of budgeting.**

The candidates were expected to come out with the following answers:

- (a) A functional budget is a subsidiary budget of income and expenditure relating to

the responsibilities of units or departments of a business.

A master budget on the other hand is a summary of all functional and departmental budgets and comprises the budgeted operating statement and the budgeted balance sheet.

- (b) (i) It enhances communication and co-ordination;
- (ii) It provides guidelines for managers and supervisors;
- (iii) It promotes collaboration between employees and spells out targets to be achieved, thereby encouraging goal congruence;
- (iv) It helps to identify areas that need attention within the operational framework;
- (v) It serves as a tool for evaluation of performance of employees and managers;
- (vi) It promotes better working capital and cash management;
- (vii) It assists in the control of current operations through systematic monitoring and reporting on activities;
- (viii) It helps in planning the activities of an enterprise generally;
- (ix) It helps to motivate employees by involving them in setting objectives.

The question was well answered by the majority of the candidates who attempted it. Their explanations were very good and were also able to give good examples. As usual, there were some of the candidates who could not give valid answers. They therefore earned disappointing marks.

Question 3

**This question was on labour and the candidates were required to:
Explain the following terms in labour remuneration.**

- (a) **Time allowed;**
- (b) **Time saved;**
- (c) **Time taken;**
- (d) **Bonus;**
- (e) **Over time premium.**

The responses expected from the candidates includes.

- (a) Time allowed
This is the maximum number of hours given to a worker to do a job. For instance, if six hours is given to an employee to do a job and he uses five hours to complete the job, the time allowed still remains six hours.
- (b) Time saved
This is difference between the time allowed or given to worker to do a job and the time taken or used by the worker to complete the job. If the time used to complete the job is shorter than the time allowed, the excess of the time allowed over the time taken is regarded as time saved.
- (c) Time taken
It is the actual number of hours used by a worker to do a job. For instance, if a worker is given four hours to do a job but he uses three hours to complete the job,

the time taken to do the job is the three hours.

(d) Bonus

This is an extra amount paid to an employee for efficiency in terms of time saved. Payment is based on the difference between the time allowed and the time taken to do the job resulting in time saved.

(e) Over time premium

This is an amount paid to a worker who works longer than the normal time set or specified. Depending on the policy of the firm regarding overtime, it will be calculated to reward the worker appropriately in relation to the extra hours worked.

Although most of the candidates were able to answer the question well, some failed to link the overtime premium to a payment for extra hours worked. In this regard, they lost valuable marks. On the whole, the performance of the candidates on this question was good.

Question 4

This question was based on standard costing. The candidates were required to: Explain four reasons for setting standards in production.

The expected answers from the candidates includes;

- (i) Standards are used as a control measure to ensure that actual activities conform to planned activities;
- (ii) Standards are used to evaluate the performance of employees;
- (iii) It serves as a basis for taking corrective measures;
- (iv) It helps in the preparation of budgets;
- (v) Standard setting serves as motivation to employees;
- (vi) It guides employees to focus on the target of production;
- (vii) Inefficiencies in production are exposed in order to attract the attention and action of management;
- (viii) It promotes co-ordination of activities of all employees;
- (ix) It helps in fixing selling prices;
- (x) It helps in the valuation of inventory/stocks.

Although the question was not as much popular with candidates, the performance was quite encouraging. Most candidates were able to provide valid points as required and therefore obtained good marks. However, few candidates were completely at sea. They rather provided explanation on the types of standards. For instance, basic standards, ideal standards etc. instead of reasons for setting standards.

Question 5

This question was on marginal costing. From a given information, candidates were required to use the marginal costing approach to prepare a profit and loss statement for the two years, 2011 and 2012.

The candidates were expected to come out with the following solution.

Nella Manufacturing Company

Profit and loss statements for the year

	GH¢	2011 GH¢		2012 GH¢	GH¢
Sales (2,400x50)		120,000	(3,600x54)		194,400
Less Cost of Sales:					
Material (12x2,700)	32,400		Opening Stock	8,400	
Direct labour (8x2,700)	21,600		Materials(3,3300x11)	36,300	
			Direct labour	3,300	
Variable over heads(8x2,700)	<u>21,600</u>		Variable overheads		
	75,600		(3,300 x 8)	<u>26,400</u>	<u>74,400</u>
					120,000
	GH¢	GH¢		GH¢	GH¢
Less Closing Stock: (300x28)	<u>8,400</u>	67,200			
Contribution		52,800			
Less fixed overheads	14,400		Less Fixed overhead	14,300	
Selling and Admin Overheads	<u>12,000</u>		Selling and Admin overhead	15,000	29,300
Net profit		<u>26,400</u> <u>26,400</u> =====	Net Profit		90,700 =====

The question was quite popular among candidates. A small percentage of the candidates obtain satisfactory marks.

The majority of the candidates who attempted the question were able to compute the contribution and net profit for the first year. Some of the candidates however, failed to bring forward the closing stock figure from 2011 to 2012 as opening stock for that period. These candidates therefore got all the marks for the first year (2011) but got only a fraction of the mark for 2012.

Unfortunately, the poor candidates added all the fixed costs to the variable cost for both years. This yielded wrong valuation and hence, they scored very disappointing marks.

Candidates are ones again adviced to work more examples in order to exposed themselves to varied senarios.

Question 6

This question was on overheads. From a given information, the candidates were required to calculate:

- (a) Budgeted overhead for the company;**

- (b) **Overhead absorption rate using;**
 (i) **Direct materials percentage;**

- (ii) **Direct labour percentage;**
 (iii) **Prime cost percentage.**

The expected solution to the question includes:

Setco Company Limited

- (a) Calculation of budgeted overhead

	GH¢
Indirect materials cost (25% of 8,000)	2,000
Indirect wages (40% of 10,000)	4,000
Manufacturing expenses	<u>2,000</u>
	8,000
	=====

(b)(i) Direct materials cost percentage:

<u>Budgeted overhead</u> x 100	=	<u>8,000</u> x 100
Direct material cost	=	6,000
	=	133.3%
		=====

(ii) Direct labour cost percentage

<u>Budgeted overhead</u> x 100	=	<u>8000</u> x 100
Direct labour cost	=	6000
	=	133.3%
		=====

(iii) Prime cost percentage

<u>Budgeted overhead</u> x 100	=	<u>8,000</u> x 100
Prime cost	=	12,000
	=	66.67%
		=====

The question was also very popular with the candidates. This accounts for one of the reasons why most of the candidates scored maximum marks.

Some of the candidates however, could not compute the budgeted overheads correctly and therefore, could not proceed to compute the second part of the question correctly as it depended on the correct computation of the budgeted overheads. These candidates rather used the manufacturing overheads wrongly as total budgeted overheads for the company. Others left out the manufacturing overheads completely in the computation of the

budgeted overheads. They also did not multiply the rate by 100% as required by the question.

It is worthy to note that Cost Accounting is much technical hence, need constant and continuous practice to acquire skills and foundation on which one could solve varied questions.

Question 7

This question was on batch costing. From a data given, the candidates were required to:

- (a) prepare budgets for 10,000 and 12,800 units;
- (b) find the cost variations of actual production of 12,800 units from the budget.

The candidates were expected to come out with answers which include the following

	<u>Budget for 10,000 units</u>	<u>Budget for 12,800 units</u>
	GH¢	GH¢
Direct labour (GH¢ 2/unit	20,000	25,600
Direct Materials (GH¢3.50/unit	35,000	44,800
Production overheads: Fixed	10,000	10,000
variable	20,000	25,000
Selling and Admin Overheads	<u>27,000</u>	<u>27,000</u>
	<u>112,000</u>	<u>133,000</u>

(b)	Budget for 12,800 units GH¢	Actual cost for 12,800 units GH¢	Cost Variations GH¢
Direct labour	25,600	28,800	- 3,200
Direct Materials	44,800	44,400	+ 400
Production overheads	35,600	33,300	+ 2,300
Selling and Admin.			

Overheads	<u>27,000</u>	<u>27,700</u>	<u>- 700</u>
	<u>- 133,000</u>	<u>134,200</u>	<u>- 1,200</u>
	=====	=====	=====

The question was very un-popular and hence only few candidates attempted it. The performance on the question was very poor. Only a handful of candidates were able to compute parts of the figures for the two budgets. Some were also able to compute for the actual for 12,800 units but were nothing to write home about.

In effect, the general performance on this question was abysmal.

It is advisable for candidates not to do selective learning so that they do not make force-landing on unfamiliar questions.

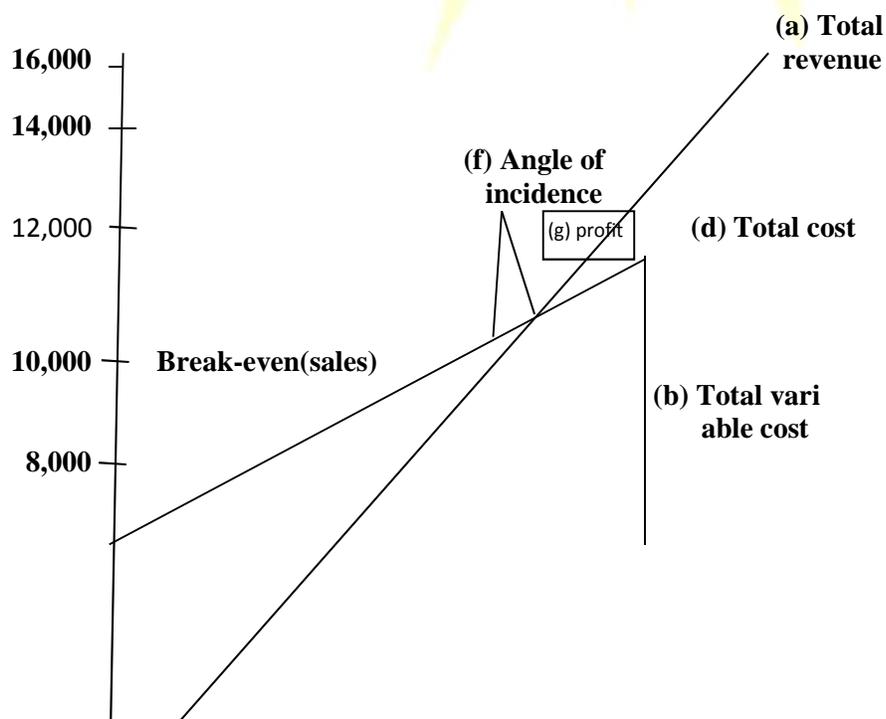
Question 8

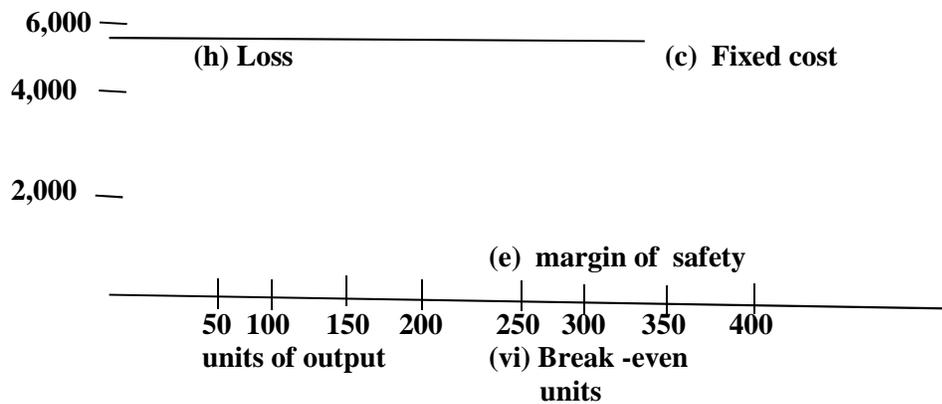
This question was on Marginal Costing and to be precise break-even chart.

The candidates were given a data and required to construct a break-even chart using

- (a) total revenue curve;
- (b) variable cost;
- (c) fixed cost;
- (d) total cost;
- (e) margin of safety;
- (f) angle of incidence;
- (g) profit;
- (h) loss;
- (i) break-even point in units and in value.

The candidates were expected to come out with the following answer:
Break-even chart





The question was quite popular among candidates. The performance was generally above average.

Common mistakes made by the candidates include,

- (i) in accurate graph plotted, mislabelling of the graph (curves), inability to indicate or labelling the curves and points indicated by the question on the graph.

Candidates are reminded to read more and wide because although they may be familiar with a particular question, the nature of it may require entirely different approach. An effective use of computer application in learning can help to expose candidates to varied senaries and enable them to gain firm footing.

Question 9

This question was on process costing. A data was given and the candidates were required to prepare accounts for processes 1, 2 and 3. The candidates were expected to come out with the following:

Process 1 Account

	units	unit cost	Amount		units	unites cost	Amount
Direct material		Le	Le	output trans ferred to pro cess 2		Le	Le
Direct labour	1,000	15.00	15,000		1,000	26.000	26,000
Direct expenses			2,500				
Production overhead			1,000				
			7,500				
		1,000	26,000		1000	26,000	

Process 2 Account

	units	unit cost	Amount		units	cost	Amount
		Le	Le			Le	Le
Output, from process 1	1,00	26.00	26,000	output transferred to process 3	1,000	42.00	42,000
Direct Materials			4,000				
Direct labour			3,000				
Production overhead			9,000				
1,000	1,000		42,000				42,000

Process 3 Account

	units	unit cost	Amount		units	cost	Amount
		Le	Le			Le	Le
Output from process 2	1,000	42.00	42,000				
Direct labour			9,000				
Direct expenses			2,000		1,000	53.00	53,000
	1,000		53,000		1,000		53,000

The question was the most popular and hence, the performance was excellent. Most of the candidates scored very high marks.

Common mistakes committed by few of the candidates were:

- (i) omission of the various unit cost from the accounts.
- (ii) wrong calculation of production overheads
- (iii) wrong transfer of closing balances from one process to the next process.

On the whole, it was a good question for the candidates and so they had their day.

TYPEWRITING

1. **GENERAL COMMENTS**

The standard of the June, 2013 Typewriting examination was required of the West African Senior School certificate Examination.

There was an improvement in the general performance of an average candidates what was.

2. **SUMMARY OF CANDIDATES' STRENGTHS**

There was an improvement in the typing of the Tabular Work.

3. **SUMMARY OF CANDIDATES' WEAKNESSES**

- Failure to follow instructions
- Poor mastering of the keyboard
- Poor spelling
- Typographical errors
- Shortcomings in speed and accuracy work
- Inconsistent style of display
- Omission of words and lines
- Poor typing of 12 - hour clock
- Inconsistent punctuation - omission of punctuation marks
- Wrong date
- Omission of date
- Date rendered in figures
- Horizontal and vertical alignment. Poor ruling
- General Poor display

4. **SUGGESTED REMEDIES**

Read and understand instructions and following them. Have more time in practising/working on keyboard drills so as to reduce typographical errors.

Typewriters should be periodically serviced. Candidates should use good ribbons for their examinations. Old and faded ribbons make marking difficult. This may affect them negatively.

5. **DETAILED COMMENTS**

Question 1

TASK 1 - SPEED AND ACCURACY

Most candidates failed to complete the Speed and Accuracy Test. Those who completed had a lot of typographical errors, omission of words and /or sentences and poor erasures. This means that candidates speed and accuracy was poor and they need to exercise more on speed and accuracy.

Few of the candidates did not use the paper provided for speed and accuracy.

TASK 2 - LETTER AND ENVELOPE

Almost all the candidates attempted this task. The following were the observations made:

- The date was omitted
- The date was typed in figures
- The reference number was omitted
- Reference number was provided by candidate at the reference line.
- Marginal instructions were not carried out
- Work was typed in either 1½ or double line spacing instead of the single line spacing required.
- Style was inconsistent - blocked mixed with indented style
- Continuation sheet was typed by some candidates and they failed to type the caption at the top properly
- Hyphen was used instead of dash in the letter
- There were so many typographical , errors and poor erasures

TASK 3 - ADVERTISEMENT

Most candidates were able to complete this task; however the following were observed:

- Use of underscore for dash
- Words that candidates could not type well were - FM, Kubekrom, Senior Secondary, Quantum, consolation, photocopies.
- Candidates could not identify the difference between PRIZES and PRICES
- Used 'cent' sign for the 'cedi' sign

There were a lot of typographical errors and poor erasures. Work was poorly presented.

TASK 4 - FORM

- Most candidates did not follow the rubric marginal in-subtractions. They did not arrange the items serially and also failed to provide 2 insertion lines for items 2, 5, 8 and 10.
- The four clear line spaces demanded for the signature of the officer was wrongly rendered.
- Some candidates used dashes for dotted lines
- Asterisks sign was not properly rendered
- Some candidates omitted the asterisks sign entirely
- Line spacing for the work was done in 1½ instead of double line spacing.
- Most candidates left out the last line of the work "Delete whichever does not apply.

TASK 5 - PROGRAMME

- Most candidates did not punctuate the time as requested e.g., a. m. and p. m.
- There was no space between hour and minutes
- Display was poor
- The style was inconsistent

TASK 6 - TABULATION

- Candidates did not follow the rubric and marginal instructions -
 - “No ditto signs “,
 - ‘Stet;
 - ‘Transposition; etc.
- The style of display was inconsistent wrong alignment of words and figures.
- Poor ruling and unequal spaces between columns.

