

## **BUSINESS SUBJECTS**

### **RÉSUMÉ OF BUSINESS SUBJECTS**

#### **1. STANDARD OF THE PAPER**

The Chief Examiners reported that the standard of the papers was comparable to that of the previous years. They reported that the questions were unambiguous and covered all the topics in the syllabus.

#### **2. PERFORMANCE OF CANDIDATES**

Except for Financial Accounting, the Chief Examiners for Business Management, Clerical Office Duties, Principles of Cost Accounting and Typewriting reported that candidates' performance was lower than that of the previous year.

#### **3. SUMMARY OF CANDIDATES' STRENGTHS**

The Chief Examiners for the Business subjects noted the following as candidates' strengths:

##### **(1) FINANCIAL ACCOUNTING 2**

Candidates' ability to:

- (a) list the source documents used for the specified transactions;
- (b) explain the term "not-for-profit-making organisation";
- (c) outline the circumstances that would give rise to the creation of goodwill in partnerships;
- (d) classify transactions under the headings: statement of capital, statement of recurrent expenditure and statement of revenue correctly;
- (e) prepare the Manufacturing Account.

##### **(2) PRINCIPLES OF COST ACCOUNTING 2**

Candidates' ability to:

- (a) state the reasons for cost classification;
- (b) list the documents used in the store;
- (c) explain the purpose of retention in cost accounting;
- (d) distinguish between joint products and by products;
- (e) compute the wage rate for normal work.

##### **(3) BUSINESS MANAGEMENT 2**

Candidates' ability to:

- (a) state the importance of planning to an organisation;
- (b) explain the reasons for which managers do not delegate in an organisation;

- (c) explain agency and the duties of an agent;
- (d) list the activities involved in the recruitment process;

**(4) TYPEWRITING**

Candidates' ability to:

- (a) show consistency in style of display in the production tasks;
- (b) use the correct date for the letter;
- (c) address the envelope very well;
- (d) use the correct line spacing in letter and tabulation;
- (e) use capitalization in certain cases;
- (f) minimise typographical errors.

**(5) CLERICAL OFFICE DUTIES 2**

Candidates' ability to:

- (a) state importance of indexing;
- (b) state types and features of bank accounts;
- (c) suggest welfare services a manager should provide for his employees;
- (d) state the attributes of office staff.

**4. SUMMARY OF CANDIDATES' WEAKNESSES**

The Chief Examiners observed the following weaknesses in candidates' work for the Business Subjects.

**(1) FINANCIAL ACCOUNTING 2**

Candidates' inability to:

- (a) describe the balance on the accounts;
- (b) identify the source document of salaries;
- (c) completely explain entrance fee and life membership fee as sources of funds for not-for-profit-making organisations;
- (d) list books of accounts used in public sector accounting;
- (e) deduce sales and purchases from incomplete accounting records.

**(2) PRINCIPLES OF COST ACCOUNTING 2**

Candidates' inability to:

- (a) classify various costs according to their groups;
- (b) explain the importance of fixing the economic order quantity, re-order level, maximum stock level, minimum stock level and buffer stock;
- (c) compute the over or under absorbed overheads for the different departments;

- (d) prepare a cash budget;
- (e) compute the total cost of operation under the two different scenarios i.e. where the existing workers are allowed to do overtime and where more workers are engaged at normal rate.

**(3) BUSINESS MANAGEMENT 2**

Candidates' inability to:

- (a) apply their knowledge in the various topics they have learnt to answer the case study;
- (b) explain job description and job specification;
- (c) explain types of bank accounts;

**(4) TYPEWRITING**

Candidates' inability to:

- (a) type accurately in the speed test;
- (b) use dashes appropriately;
- (c) distinguish the Cedi sign and the Cent sign.
- (d) align figures and items accurately;
- (e) center headings accurately;
- (f) underscore headings appropriately;
- (g) use punctuation signs appropriately.

**(5) CLERICAL OFFICE DUTIES**

Candidates' inability to:

- (a) apply their knowledge in the various topics they have learnt to answer the case study;
- (b) identify and explain channel of communication;
- (c) apply the management principle of delegation.

**5. SUGGESTED REMEDIES**

Besides advising tutors and candidates to be conversant with the syllabuses, the recommended textbooks and the Chief Examiners' reports, the Chief Examiners suggested the following remedies:

**(1) FINANCIAL ACCOUNTING 2**

- (a) Candidates should prepare departmental accounts showing the total column.
- (b) The theoretical aspect of public sector accounting such as books of accounts and features of public sector accounting should be treated in detail.

- (c) Candidates should be taught how to deduce sales and purchases figures from incomplete accounting records.

**(2) PRINCIPLES OF COST ACCOUNTING 2**

- (a) The purpose and importance of basis of cost classification should be well explained to candidates.
- (b) Candidates should be taught to understand that the difference between overhead absorbed and actual overhead incurred is either over absorbed or under absorbed overhead.
- (c) Candidates should be taught cash budget especially the timing of the receipts from debtors and payment to creditors.
- (d) Candidates should be taught to apply the principles in labour remuneration to compute the cost of labour to include all expenses on workers.

**(3) BUSINESS MANAGEMENT 2**

- (a) Candidates should be helped to master how to apply principles learnt to answer case study.
- (b) Candidates should be taught the various concepts and terms such as job description and job specification.
- (c) The teaching of the various types of accounts banks operate should be improved.

**(4) TYPEWRITING**

- (a) Candidates should be given ample time to practice to be conversant with the typewriter;
- (b) Priority should be given to the typing of production tasks;
- (c) After typing, candidates should endeavour to go over their work to correct typographical errors, ensure proper alignment, proper use of capitalization and do correct reading and interpretation of manuscript correction signs.

**(5) CLERICAL OFFICE DUTIES 2**

- (a) Candidates should try their hands on past questions.
- (b) Candidates should be helped to master the application of principles learnt to answer case study.
- (c) Candidates should be taught the principle and importance of delegation.

## **BUSINESS MANAGEMENT 2**

### **1. GENERAL COMMENTS**

The Chief Examiner reported that the standard of the paper was comparable to that of the previous year.

The performance of candidates was slightly lower than that of the previous year.

### **2. SUMMARY OF CANDIDATES' STRENGTHS**

The chief examiner commended candidates for their ability to:

- (1) state the importance of planning to an organization;
- (2) explain why managers do not delegate;
- (3) explain ways of creating agency and duties of an agent to his principal;
- (4) explain types of bank accounts;
- (5) state reasons for conducting performance appraisal;
- (6) write legibly and orderly which made marking of the scripts easy.

### **3. SUMMARY OF CANDIDATES' WEAKNESSES**

The chief examiner reported that some of the candidates had difficulty:

- (1) applying the knowledge, they have acquired in the various topics to answer some of the questions under the Case Study;
- (2) answering the questions on Insurance and Communication;
- (3) explaining clearly some of the points they have listed;
- (4) spelling correctly words like deposit, expert, etc which they spelt deposite, expect;
- (5) following the rubrics of the paper correctly.

### **4. SUGGESTED REMEDIES**

The Chief Examiner suggested that candidates must:

- (1) read the appropriate and recommended textbooks and novels to improve upon their performance and their grammatical expressions as well as their spellings;
- (2) be taught the various topics thoroughly and how to apply the knowledge acquired to answer the Case Study questions;
- (3) be taught clearly all the aspects of Insurance and Communication;
- (4) practice how to explain clearly their points with relevant examples which must be concise and precise.

## **5. DETAILED COMMENTS**

### **QUESTION 1.**

**It was a Case Study and a compulsory question.**

The candidates were asked to:

- (a) list two means of motivation that management used in keeping the efficiency of workers high;**
- (b) list items to be included in the descriptions of jobs;**
- (c) explain reasons for which on-the -job training should be an option for training workers;**
- (d) mention advantages of decentralized organizational structure.**

Some of the candidates did not answer the questions. Most of the candidates who answered the question had no difficulty with the 'a' part of the question as the answers were lifted directly from the passage. Some of the candidates had difficulty answering the 'b' and 'c' parts of the questions on job description and the reasons for on-the-job training. For instance, instead of listing job title, duties, purpose of the job, main tasks and responsibilities, working conditions as items to be included in job description, they wrongly lifted words like bolts and nuts, rivets, nails, clamps and staple pins, job enrichment, job enlargement from the passage as their answers.

In the 'd' part, instead of candidates providing answers such as decentralization reduces the burden of top management or gives opportunity for executive development, they rather wrote wrong answers such as makes communication easier, it prevents autocracy, and workers get high salaries.

### **QUESTION 2.**

**The question was in two parts.**

**The candidates were asked to;**

- (a) Explain:**
  - (i) Administration;**
  - (ii) line manager;**
  - (iii) staff manager.**
- (b) the informational roles of managers.**

It was a popular question but most of the candidates could neither explain the management terms nor the informational roles of managers. Some of the candidates wrongly explained administration as the systematic ordering of activities to make things happen instead of 'the act of managing duties, responsibilities and rules.

In the 'b' part, instead of candidates listing and explaining the informational roles of managers as being monitors, disseminators and spokespersons, they wrongly wrote on the functions of management such as planning, organizing, leading and controlling. Some of the candidates who listed the correct roles failed to clearly explain them.

### **QUESTION 3.**

**The candidates were asked to:**

- (a) state the importance of planning to an organization;**
- (b) explain reasons for which managers do not delegate.**

It was a popular question and most of the candidates' responses were very good. The importance of planning to an organization includes:

- i. providing guidelines for all activities;
- ii. achieving objectives without any problem;
- iii. providing a basis for control, etc.

In the 'b' part, most of the candidates provided correct answers such as managers:

- i. want to do everything or perform the entire task;
- ii. may not have confidence in their subordinates;
- iii. sometimes, feel threatened by their subordinate's competence.

### **QUESTION 4.**

**The question was in three parts. The candidates were required to:**

- (a) explain an agency;**
- (b) explain the creation of an agency by:**
  - (i) express agreement;**
  - (ii) implication.**
- (c) state the duties of an agent to his principal.**

It was a popular question. Most of the candidates who answered the question did very well in explaining the term agency; however, a few of them omitted salient parts such as 'it is a legal relationship.' Others too deviated in answering the 'c' part. Instead of them writing on the duties of an agent to his principal, they rather wrote on the duties of the principal.

The suggested answers are:

- i. to act in the best interest of the principal;
- ii. there should be no conflict of interest;
- iii. the agent must not make any secret profit while in the service of his principal.;
- iv. to execute his functions with care and skills.

### **QUESTION 5.**

**The candidates were asked to:**

- (a) explain risk, as used in insurance;**
- (b) list types of business risks caused by nature;**
- (c) explain:**
  - i. freight policy;**
  - ii. fidelity guarantee;**
  - iii. consequential loss;**
  - iv. whole life policy.**

It was an unpopular question hence most of the candidates' performance was unimpressive. They could neither explain risk nor list the business risks caused by nature. Instead of listing factors such as flood, famine, drought, fire, earthquake and storm, they wrongly listed factors such as economic, political, security and financial risks.

The candidates could not explain the insurance terminologies in the 'c' part.

The suggested answers are:

- i. Freight policy – this is charged by the ship owner to cover risk while carrying the goods;
- ii. Fidelity guarantee – it is an insurance policy taken by the employer against any act of dishonesty on the part of employees;
- iii. Consequential loss – it is an indirect loss resulting from an insured's inability to use business property or equipment.

### **QUESTION 6**

**The candidates were required to explain:**

- (a) types of bank accounts that could be opened by a customer;**
- (b) the following monetary control tools:**
  - i. open market operations;**
  - ii. bank ratio;**
  - iii. cash ratio.**

It was a popular question. Most of the candidates were able to list and explain the various bank accounts such as savings, current and fixed deposit accounts. Most of the candidates did well in explaining the monetary tools except that some failed to state the counter effects of the tools. For instance, with open market operations, when the Central Bank buys securities it expands money in circulation, but candidates failed to state that when the central bank sells securities it contracts the money in circulation.

### **QUESTION 7**

**The question was in two parts. The candidates were asked to:**

- (a) activities involved in the recruitment process;**
- (b) state reasons for conducting performance appraisal.**

It was an unpopular question hence a few candidates attempted it.

In the 'a' part, some of them wrongly wrote on job specification, job analysis and job description instead of listing:

Identification of vacancy, advertisement of the vacancy, screening of applications, preparing shortlist, interviewing candidates, conducting medical examination, offering appointment, organizing orientation and making placement.

With the 'b' part, most of the candidates failed to state the reasons for conducting performance appraisal.

Some of the suggested answers are:

- i. It provides feedback to the worker as to how he is performing;
- ii. It is used in making placement decisions such as promotion, redeployment, or to determine staff strength;
- iii. It is used to determine training and development needs of employees.

### **QUESTION 8**

**The candidates were asked to:**

- (a) explain these channels of communication:**
  - i. vertical communication;**
  - ii. horizontal communication.**
- (b) list and explain factors that could lead to ineffective decoding of a message.**

It was a popular question and some of the candidates who attempted this question did fairly well in the 'a' part but missed some salient points in their explanation. For instance, in explaining vertical communication, they only wrote about the downward flow. Vertical communication is the flow of communication from top management to the lowest worker (downward flow) and vice versa (upward flow).

Most of the candidates who attempted the 'b' part showed that they did not understand the question. They wrongly wrote on: selection of inappropriate channels of communication; lack of confidentiality, distortions, long organizational structures, long distance and overload of information instead of listing and explaining the following as factors that lead to ineffective decoding of a message:

- i. the use of jargons / semantics;
- ii. noise;
- iii. lack of attention;
- iv. physical disability.



## **CLERICAL OFFICE DUTIES 2**

### **1. GENERAL COMMENTS**

The standard of the paper compared favourably to that of the previous year.

There was however, a slight drop in the general performance of candidates as compared to the previous year.

### **2. SUMMARY OF CANDIDATES' STRENGTHS**

The following strengths were identified by the Chief Examiner:

- (1) adherence to the rubrics of the paper.
- (2) mastery on the topic of Banking Services i.e., the types of bank accounts.
- (3) mastery on the topic of Welfare in the office.
- (4) the ability of candidates to identify time wasters in the office.

### **3. SUMMARY OF CANDIDATES' WEAKNESSES**

The following were identified as candidates' weaknesses:

- (1) inability of some candidates to fully understand the demands of the questions especially the case study. Only a few candidates were able to relate their responses to the case study.
- (2) poor grammatical expressions with mistakes in the spelling of some terminologies.
- (3) candidates lacked the understanding of social attributes of office staff.
- (4) candidates could not write satisfactorily the meaning of some meeting terminologies.

### **4. SUGGESTED REMEDIES**

The Chief Examiner suggested that:

- (1) thorough preparation for the examination is key to candidates' performance.
- (2) teachers are to teach case study as early as possible so that students can get a solid foundation in solving scenario questions.
- (3) candidates should be encouraged to read wide to help improve upon their grammar.
- (4) candidates should be encouraged to get the understanding of meeting terminologies.
- (5) teachers are to emphasize on the differences between social and professional attributes of office staff.

## 5. DETAILED COMMENTS

### QUESTION 1. - CASE STUDY

(a)

Most candidates were not able to identify the principle behind the step/action taken by the sales manager.

The principle of organization in relation to the action of the sales manager and her assistant is **Delegation**.

(b)

- i. Most candidates were able to identify the channel of communication between the sales manager and Mrs. Gifty Yeboa which is **horizontal**.
- ii. However, most candidates were not able to classify the channel of communication between the sales manager and the secretary under **diagonal**.

(c)

- i. This question requested candidates to state the benefits of induction training to the new workers.

Candidates were able to provide correct answers as follows:

- a. It helps the newly recruited personnel to get a better understanding of their job description.
  - b. It gives knowledge on the use of business documents peculiar to the company.
  - c. It brings out the organization's goals and objectives.
  - d. It provides opportunities for familiarization.
  - ii. Candidates were able to state the uses of some business documents as demanded by the question. The answers include:
    - a. **Advice note**: used to inform a buyer of his/her order to be delivered.
    - b. **Proforma invoice**: used to request a buyer to pay for goods before delivery.
    - c. **Requisition form**: used to give information about items needed for use by an individual or department in an organization.
- (d) Candidates were asked to list the items of information about the new clerks needed to complete the payroll. It was a popular question attempted by almost all the candidates with good responses. The following answers were expected:
- a. Name of the employee/worker
  - b. Identification number
  - c. Basic pay
  - d. Allowances

- e. SSNIT
- f. Bank details.

**QUESTION 2.**

- (a) This question requires candidates to list methods of stock valuation, but candidates could not give correct answers. The answers should include:
- i. Cost price
  - ii. Average price
  - iii. Market price
  - iv. Lower price
- (b) Candidates could not answer the ‘b’ part of question ‘2’ which requested them to state the importance of indexing.

The expected answers include:

- i. It saves time
  - ii. It saves labour
  - iii. It provides ready reference to document
  - iv. It makes it easier to find a required page in a document.
- (c) This question was in two parts, one asking candidates to list types of bank accounts and the other part requesting candidates to state the features of the types of bank accounts listed. It was a popular question for candidates and responses provided were all satisfactory.

Some of the answers included:

Types of bank accounts:

- i. Current account
- ii. Savings account
- iii. Fixed deposit account.

Features of the types of bank account:

- i. cheques are used to make withdrawals from current accounts;
- ii. holders of current account are entitled to bank overdraft;
- iii. withdrawal forms are used to make withdrawals from savings accounts;
- iv. interest is earned on savings account;
- v. holders of fixed deposit make withdrawals at the end of a fixed period;
- vi. holders of fixed deposit earn interest which is relatively higher.

### **QUESTION 3**

(a) Candidates were asked to list information that could be found in the following reference books: Whitakers Almanac; Atlas; Encyclopaedia. It was answered well.

The expected responses among others include:

- i. Whitakers Almanac contains information about: towns, large cities of other countries, government ministers, trade unions, insurance companies.
  - ii. Atlas contains: maps of countries, continents of the world, information on populations.
  - iii. Encyclopaedia contains: information on all branches of knowledge, history of people and countries and information about medicines, science, food etc.
- (b) Candidates were expected to recommend when to use some postal services. They were able to provide good answers which include:
- i. express mail: it is used for quick delivery mail.
  - ii. air mail: it allows letters and parcels to be delivered very fast by air.
  - iii. postage stamp: it is used to indicate the amount of postage paid.
  - iv. special mail service: it provides a proof of mail delivery, showing who signed for the mail and date it was delivered.
  - v. post restante: it is used to assist travellers with no fixed address to receive correspondence.

### **QUESTION 4**

(a) This question was a scenario which requested candidates to differentiate between **human relations** and **interpersonal skills**. It was not a popular question and the few that attempted were not able to answer correctly.

The distinction should be stated as follows:

Human relations involve getting along with other people and keeping their loyalty and goodwill **whereas** Interpersonal skills involve abilities to effectively interact well with other people at the workplace.

- (b)
- i. Most of the candidates were not able to give the factors needed to help Dr. Bangus to enhance his human relations. Among the factors needed include:
    - a. tolerance/recognition of other views;
    - b. objectivity in assessing situation;
    - c. empathy with other people;
    - d. willingness to cooperate with others;
    - e. politeness with others.

- ii. The ways through which Dr. Bangus can improve upon his interpersonal skills may include:
  - a. effective communication;
  - b. putting up right attitudes;
  - c. accepting responsibilities;
  - d. practicing active listening;
  - e. controlling of emotions.

### **QUESTION 5**

- (a) This question was a scenario which requested candidates to suggest five welfare services the manager of Abbey City Enterprise should provide for workers. It was a popular question with most of the candidates performing above average.

The expected answers include the following:

- i. payment of social security scheme
  - ii. free transport;
  - iii. canteen services;
  - iv. recreational facilities;
  - v. medical services;
  - vi. end of year bonuses.
- (b) Candidates were expected to state benefits of welfare services to the staff of the enterprise. They were able to provide good answers and among them are:
    - i. it increases employee efficiency;
    - ii. it enhances the morale of workers;
    - iii. it develops a sense of belonging;
    - iv. it develops a sense of security;
    - v. it also brings improvement in employees' health.

### **QUESTION 6**

Question 6 was in two parts, (a) and (b). Candidates were expected to explain some meeting terminologies and the purposes of a meeting in a company.

It was a popular question and candidates' performance was above average. The expected answers to parts (a) and (b) are as follows:

- (a) Meeting terminologies:
  - i. **Resolution:** this is a decision reached after a motion has been put forward and voted upon in a meeting.
  - ii. **Motion:** it is a proposal put forward for discussion in a meeting.

- iii. **Ex-officio:** is a member appointed to serve in a committee by virtue of his/her position in an organisation.
  - iv. **Casting vote:** this is a second vote allowed the chairman of a meeting to break a tie.
  - v. **Adjournment:** this occurs when the items on the agenda of a meeting is unfinished.
- (b) The purposes of a meeting are:
- i. it provides employees with necessary information;
  - ii. it enables management to explain policy issues;
  - iii. it provides the platform needed to settle disputes among workers;
  - iv. it is a tool used to solicit views and grievances;
  - v. it is an avenue to receive reports on assigned duties.

### **QUESTION 7.**

Most candidates attempted this question possibly because the subject area is easy to read and understand.

- (a) i. Candidates were asked to state the meaning of **time management** and they were able to state that it is the ability to use one's time effectively or productively especially at the workplace. Another meaning also states that it is the planning and scheduling of work in order to avoid time wastage and to achieve stated goals.
- ii. The time wasters in the office as identified by the candidates were all satisfactory.

Among their responses include:

- a. failure to set goals;
  - b. unnecessary telephone conversation;
  - c. procrastination;
  - d. refusal to delegate;
  - e. ambiguous instructions.
- (b)
- i. Candidates were asked to list some social attributes of office staff but unfortunately, they rather listed professional attributes.

The following answers were expected:

- a. courtesy;
- b. smart dressing;
- c. personal hygiene/neatness;
- d. coherence.

- ii. Candidates were asked to state the importance of personal hygiene to office employees. This aspect of question 7 was well answered and the answers include:
- a. it enhances a worker's effectiveness and efficiency;
  - b. it enables employees to be energetic;
  - c. it prevents the spread of diseases in the office;
  - d. it makes the work environment tidy;
  - e. it enhances the image of the office;
  - f. it saves cost.



## **FINANCIAL ACCOUNTING 2**

### **1. GENERAL COMMENTS**

The standard of the paper is comparable to those of previous years. There was no significant change in the format of the paper. The level of difficulty of the paper has been maintained consistently.

Candidates' performance was better than that of the previous year.

### **2. SUMMARY OF CANDIDATES' STRENGTHS**

- (1) Candidates were able to list the source documents used for the specified transactions.
- (2) Candidates explained the term 'not-for-profit making organisation'.
- (3) Most candidates outlined the differences between a 'not-for-profit making organization' and 'for-profit making organization'.
- (4) Candidates have correctly stated conditions that would result in a change in a profit and loss sharing ratio of a partnership.
- (5) The majority of candidates correctly outlined the circumstances that would give rise to the creation of goodwill in partnership.
- (6) Candidates have correctly identified the users of accounting information.
- (7) Most candidates have correctly classified transactions under the headings statement of capital, statement of recurrent expenditure and statement of revenue.
- (8) Candidates were able to prepare the Manufacturing, Trading and Profit and Loss Account of a manufacturing company.

### **3. SUMMARY OF CANDIDATES' WEAKNESSES**

- (1) Candidates failed to appropriately describe the balance on the accounts.
- (2) The majority of candidates failed to deduce sales and purchases from incomplete accounting records.
- (3) Most candidates were unable to identify source document of salaries.
- (4) Most candidates failed to fully explain entrance fees and life membership fees as sources of funding for not-for-profit making organization.
- (5) Candidates failed to list the books of accounts used in public sector accounting.
- (6) Some candidates disregarded the type of monetary denomination in the question and stated all currencies in Ghana Cedis.

### **4. SUGGESTED REMEDIES**

- (1) Teachers should emphasize the need to prepare Sales Ledger Control Account and Purchases Ledger Control Account in order to ascertain sales and purchases figures when preparing final accounts from incomplete records.

- (2) Candidates should be guided on how to distinguish between items preferably in tabular form. Emphasis should be placed on correct pairings.
- (3) Candidates should take keen interest in learning the theory aspect of the public-sector accounting with coverage of topics such as books of accounts and features of these accounts.
- (4) Candidates should always prepare departmental accounts showing the total column unless explicitly stated in the question that total column is not required.
- (5) Candidates should make efforts to learn various terminologies in not-for profit making organization. Capital should not be substituted for accumulated fund.

## 5. **DETAILED COMMENTS**

### **QUESTION 1**

In this question, candidates were expected to:

- (a) Outline two differences between bookkeeping and accounting.
- (b) List one source document used for each of the following transactions:
  - (i) sales;
  - (ii) purchases;
  - (iii) cash deposit;
  - (iv) salary;
  - (v) returns outwards.
- (c) State three purposes of source documents.

In the 'a' part, the majority of the candidates who attempted this question performed fairly well. Candidates who adopted the style of comparing the two items by stating what one item is and the other simply 'is not' failed to secure the full marks allotted for the point. In the 'b' part, most candidates failed to list the source documents for salary.

In the 'c' part, the majority of candidates failed to state more than one purpose of source documents.

The candidates' performance in this question was good.

Expected answers from candidates were as follows:

(a) *Differences between Bookkeeping and Accounting*

<b>Bookkeeping</b>	<b>Accounting</b>
i. It is the process of recording financial transactions of an organization.	i. It is the process of recording, classifying, summarising and communicating financial transactions of an organisation.
ii. The records are used for day-to-day financial decision making.	ii. The records are used mainly for medium and long term financial decision making.
iii. The objective is to ensure that the financial records are kept in a chronological order.	iii. The objective is to measure the financial performance of an organization.
iv. The records are used as inputs for the preparation of financial statements.	iv. The records are analyzed for decision making.
v. It may be performed by staff with less skills in accounting.	v. It is performed by staff with special skills in accounting.
vi. The records are kept for internal use.	vi. The records are kept for both internal and external use.

(b) *Source documents used for the following transactions*

- i. Sales - Sales invoice;
  - Sales order;
  - Bank statement;
  - Goods dispatched note;
  - Receipt.
  
- ii. Purchases - Purchase invoice;
  - Deposit slip;
  - Purchase order;
  - Goods received note;
  - Receipt
  
- iii. Cash deposit - Pay-in-slip/teller
  - Deposit slip;
  - Receipt;
  - Bank statement.

- iv. Salary - Pay slip;
  - Cheque;
  - Payroll register;
  - Time sheet;
  - Job sheet
  
- v. Returns outwards - Debit note;
  - Goods dispatched note;
  - Credit note

(c) ***Purposes of source documents***

- (i) They provide detailed information used in the preparation of books of accounts;
- (ii) They serve as evidence/proof of financial transactions;
- (iii) They help to minimize the input of wrong figures into account;
- (iv) They help to minimize fraudulent activities in an organization;
- (v) They serve as evidence in legal matters;
- (vi) They serve as sources of verification for auditing purposes;
- (vii) They help in the location of errors;
- (viii) They may be used as basis for correcting errors.

**QUESTION 2**

This was a three-part theory question. In the 'a' part, candidates were expected to explain 'not-for-profit making organization'. The majority of candidates gave satisfactory explanations.

(a) **A not-for-profit making organization:**

- It is a type of organization that is established to cater for the welfare of the members.
- The primary objective is not for profit making.

In the 'b' part, candidates were expected to outline two differences between a for-profit making organization and a not-for-profit making organization. Most candidates emphasized the profit-making objective of for-profit making organization. What is prevalence being the fact that most candidates did incomplete pairings. Candidates' performance in this question was fairly good.

The expected answers were as follows:

***(b) Differences between for-profit organization and not-for-profit making organization***

<b>For-profit-organization</b>	<b>Not-for-profit making organization</b>
i. The primary objective is profit making.	i. The main objective is to cater for the welfare of its members;
ii. The main sources of income are from sales of goods and rendering of services	ii. Their main sources of income are from donation, subscription, membership fee and grants:
iii. Tax is paid on taxable profit.	iii. Basically they are tax exempt, except from commercial activities undertaken by them.
iv. They are usually in the form of sole proprietorships, partnerships and companies.	iv. They are usually in the form of clubs, benevolent associations, trusts, societies, schools, hospitals, etc
v. Management is vested in the owner for sole proprietorships, partners in partnerships or directors in the case of companies.	v. Management is vested in the board of Trustees, committees or governing bodies.
vi. The components of their financial statements are Income statement, Cash book, Balance Sheet and Statement of Cash flow.	vi. The components of their financial statements are Receipts and Payments Account, Income and Expenditure Account, Statement of Affairs and Balance Sheet.
vii. They employ experts to run the business.	vii. They rely more on member's voluntary services to run the organization.

In the 'c' part, candidates were expected to explain the following sources of funding in a not-for-profit making organization:

- (i) subscription;
- (ii) life membership fee;
- (iii) entrance fees;
- (iv) donation.

In explaining life membership fee and entrance fee, most candidates failed to mention that it was a one-time payment made by a member of the organization. The performance was good.

The expected answers were:

(c) Sources of funding for a Not-for-profit making organizations

- **Subscription:** - It is a regular contribution made by a member of the organisation; It constitutes the main source of funding to the organization.
- **Life membership fee:** This is an amount paid once by a member of the organization in order to enjoy the facilities throughout the period of membership.
- **Entrance fee:** This is an amount paid once at the point of admission into membership of an organization;
- **Donation:** This is cash, or any item received by the organization as gift.

### **QUESTION 3**

In this question, candidates were expected to:

- (a) **explain the term fixed capital account;**
- (b) **state three conditions that would result to a change in profit and loss sharing ratio of a partnership;**
- (c) **outline three circumstances that would give rise to the creation of goodwill in a partnership.**

The question was in three parts. In the 'a' part, the majority of candidates were able to correctly explain fixed capital account.

In the 'b' part, candidates were able to correctly state conditions that would result in a change in a profit and loss sharing ratio of a partnership.

In part 'c', the majority of candidates correctly outlined the circumstances that would give rise to the creation of goodwill in partnership.

It was, however, noted that some candidates went further to explain the treatment of goodwill in a partnership account. The performance was good.

The expected answers were:

(a) **A fixed capital account:**

- This **is** a type of capital account in a partnership;
- It is credited with the initial capital contribution of the partners and any addition to the capital;
- It is debited with any capital withdrawals by partners.

**(b) Conditions that would result to a change in profit and loss sharing ratio of a partnership:**

- (i) on the admission of a new partner;
- (ii) on the retirement of a partner;
- (iii) when there is a change in capital contribution;
- (iv) on the death of a partner;
- (v) on the resignation of a partner;
- (vi) when there is a change in status of a partner, e.g., from dormant partner to an active partner;
- (vii) on the amalgamation of partnerships;
- (viii) when there is takeover of a partnership;
- (ix) where profit and loss sharing ratio is based on capital contributions, additions or withdrawals of capital.

**(c) Circumstances that would give rise to the creation of goodwill in partnerships are:**

- (i) On the admission of a new partner;
- (ii) Change in the profit and loss sharing ratio;
- (iii) On the retirement of a partner;
- (iv) On amalgamation of partnerships;
- (v) On dissolution of a partnership;
- (vi) On the death of a partner;
- (vii) Takeover or purchase of a partnership by another business;
- (viii) On the resignation of a partner.

**QUESTION 4**

This question was in three parts. In the 'a' part, candidates were to list;

- (i) three books of accounts used in public sector accounting;**
- (ii) four users of public sector accounting information.**

In (i) part, the majority of the candidates who attempted this question were able to list mainly cash book thereby failing to identify the rest of the books.

Other books that candidates were expected to list were:

- (a) (i) - Cash book;
- Imprest cash book;
- Register of vouchers;
- Vote book;
- Expenditure ledger/Vote service ledger;
- Salary abstract;
- Payment voucher;

- Receipt voucher;
- Adjustment voucher;
- Stores issue voucher;
- Stores receipt voucher;
- Stock register for value books;
- Revenue collectors' cash book;

However, most candidates performed very well in the (ii) part.

In the 'b' part, candidates were to state four differences between the private sector accounting and the public-sector accounting. Candidates failed to state beyond these two differences.

S/N	Public sector accounting	Private sector accounting
1.	Accounts are mainly prepared on cash basis of accounting.	Accounts are prepared on accrual basis of accounting.
2.	Objective is to ascertain the efficiency of the collection and use of public funds.	Objective is to ascertain profitability or otherwise of the business.

Candidates who attempted this question did poorly. Other answers expected from candidates were as follows:

**(b) Differences between -**

SN	Public Sector Accounting	Private Sector Accounting
i.	Does not adopt matching concept. Here, expenditure is compared with the fund voted for that activity or sector.	Adopts the matching concept of accounting where expenses are compared with the associated income.
ii.	Accounts mainly prepared are the Revenue and Expenditure Accounts and the Statement of Assets and Liabilities (i.e. Statement of Financial Position).	Accounts prepared are the Statement of Comprehensive Income (Profit and Loss Account) and the Statement of Financial Position (Balance sheet).
iii.	Cost of fixed asset is written off immediately after purchase.	Cost of fixed assets is spread over the useful life of the asset.
iv.	Uses the fund and vote system of accounting.	Uses entity or proprietorship system of accounting.

v.	Tangible fixed assets are not recorded separately and shown in the Balance Sheet.	Tangible fixed assets must be shown in the Balance Sheet together with the aggregate depreciation and net book value to date.
vi.	Accounts are prepared for the general public.	Accounts are prepared for owners/shareholders and other stakeholders.
vii.	The preparation and presentation of accounts is regulated by the Constitution of the country as well as the relevant Financial Administration Acts and Regulations of that country.	The preparation of accounts is regulated by Company's code, other Acts related to that specific business and International Accounting Standards.
viii.	There is no distinction between capital and revenue expenditure and income.	There is clear distinction between capital and revenue expenditure and income.

### **QUESTION 5**

This was a practice question where candidates were expected to prepare:

- (a) Statement of affairs;**
- (b) Cash book;**
- (c) Trading, Profit and Loss Account for the year.**

The 'a' part was well answered with most candidates using either the vertical or horizontal format. However, the balancing figures in the statement being the difference between the total assets and current liabilities of GH¢43,000 was wrongly described by few candidates as 'Accumulated Fund'. In the 'b' part, most candidates correctly prepared the cash book. However, most candidates failed to properly describe the opening balance brought down of GH¢12,100 and closing balance carried down of GH¢30,600. On a whole, the performance by candidates who answered this question was good.

In the 'c' part, most candidates failed to deduce the sales and purchases figures from the given transactions. Most candidates, without any adjustment, incorrectly used cash received from trade debtors of GH¢100,000 as sales and cash paid to suppliers of GH¢72,000 as purchases in the trading account. The recommended approach to deduce sales and purchases is to prepare the sales ledger control account and purchases ledger control accounts. Apart from the sales and purchases figures, most candidates correctly posted the transactions in the trading, profit and loss account. The performance was good.

The expected answers were as follows:

**ODIS ENTERPRISES**

**(a) Statement of Affairs as at 1st January, 2018**

	GH¢		GH¢
Capital	43,000	Fixed Assets	8,000
Creditors	4,000	Stock	15,900
		Debtors	11,000
		Cash	<u>12,100</u>
	<u>47,000</u>		<u>39,000</u>
			<u>47,000</u>

**(b) Cash Book**

	GH¢		GH¢
Balance b/f	12,100	Suppliers	72,000
Receipts: debtors	100,000	Rent	2,500
		General expenses	1,800
		Drawings	5,200
		Balance c/d	<u>30,600</u>
	<u>112,100</u>		112,100
Balance b/d	30,600		

**(c) Trading, Profit and Loss Account for the year ended 31st December 2018**

	GH¢		GH¢
Opening Stock	5,900	Sales (100,000+13,200 -11,000)	102,200
Add: Purchases (7,200+ 6,500- 4,000)	74,500		
Cost of goods available for sale	90,400		
Less: Closing stock	<u>17,000</u>		
Cost of goods sold	73,400		
Gross profit c/d	<u>28,800</u>		
	102,200		<u>102,200</u>
Rent (2,500 + 500)	3,000	Gross profit b/d	28,800
General expenses	1,800		
Dep. of fixed assets (10% of 8,000)	800		
Net profit	<u>23,200</u>		
	<u>28,800</u>		<u>28,800</u>

Workings:

a)

<u>Total Debtors Account</u>			
	GHC		GHC
Bal b/d	11,000	Cash	100,000
Sales	<u>102,200</u>	Bal c/d	<u>13,200</u>
	<u>113,200</u>		<u>113,200</u>
Bal b/d	13,200		

b)

<u>Total Creditors Account</u>			
	GHC		GHC
Cash	72,000	Bal b/d	4,000
Bal c/d	<u>6,500</u>	Purchases	<u>74,500</u>
	<u>78,500</u>		<u>78,500</u>
		Bal b/d	6,500

### **QUESTION 6**

This was a practice question on not-for-profit making organization where candidates were expected to prepare:

- (a) **Income and expenditure account;**
- (b) **Balance sheet.**

In the 'a' part, candidates were expected to undertake adjustment for accruals and prepayments. For example,

	<del>N</del>	
Salaries	10,600	
Less amount owed in 2014 but paid in 2015	<u>1,000</u>	9,600

The majority of candidates satisfactorily adjusted the expenses even though some candidates lost marks for failing to show workings.

In the 'b' part, candidates exhibited a very good performance as they correctly prepared the club's balance sheet. The overall performance was average.

The expected answers were as follows:

**OMIYE SOCIAL CLUB**

**Income & Expenditure Account for the Year Ended 31st December, 2015**

	₦			₦
Maintenance	13,000		Subscription	130,000
Salaries	10,600		Proceeds from concert	9,000
Less: owing	1,000	<u>9,600</u>	Interest on deposit	2,400
General expenses	5,400		Income from dance	7,200
Add: outstanding	<u>1,200</u>	6,600		
Postage		600		
Stationery	1,200			
Add outstanding	<u>400</u>	1,600		
Dance expenses		4,000		
Depn:				
Club house (10% x 160,000)	16,000			
Furniture & fittings (15% x 24,000)	<u>3,600</u>	19,600		
<b>Surplus</b>		<b><u>93,600</u></b>		
		<u>148,600</u>		<u>148,600</u>

(b)

**Balance Sheet as at 31st December, 2015**

	₦		₦	₦
Accumulated fund	266,000	<i>Fixed/Non-Current Assets</i>		
Add: Surplus	<u>93,600</u>	Club house	160,000	
	359,600	Less: Depreciation	<u>16,000</u>	144,000
		Furniture & fittings	24,000	
		Less: Depreciation	<u>3,600</u>	<u>20,400</u>
				164,400
<i>Current Liabilities</i>		<i>Current Assets</i>		
Accruals:		Bank deposit	80,000	
Stationery	400	Cash	<u>116,800</u>	196,800
General expenses	1,200			
	<u>1,600</u>			
	<u>361,200</u>			<u>361,200</u>

### **QUESTION 7**

This was a practice question that sought to test candidates' ability to classify transactions into various classes in public sector accounting.

Specifically, candidates were to prepare:

- (a) **Statement of recurrent expenditure;**
- (b) **Statement of capital expenditure;**
- (c) **Statement of revenue.**

The following items were incorrectly classified by most candidates:

- Construction of an office block;
- Rehabilitation of street light;
- Extension of office block;
- Building permit.

Candidates who placed the same item under two or three classifications were awarded zero mark. The candidates' performance was good.

The expected answers were as follows:

#### **ABOBAKU LOCAL GOVERNMENT**

(a) **Statement of Recurrent Expenditure for the year ended 31st December, 2019**

	<i>D</i>
Rehabilitation of street lights	470,500
Wages and salaries	7,880,450
Medical services	1,334,650
General administration	630,700
Donations to charity homes	250,000
Staff training	550,000
Entertainment expenses	200,000
Allowances to community leaders	370,800
Maintenance of motor vehicles	650,000
	<u>12,337,100</u>

(b) **Statement of Capital Expenditure for the year ended 31st December, 2019**

	<i>D</i>
Renovation of classroom blocks	1,065,000
Construction of an office block	3,850,000
Provision of pipe-borne water	2,500,000
Motor vehicle procured	6,653,000
Extension of office building	950,000
	<u>15,018,000</u>

(c) **Statement of Revenue for the year ended 31st December, 2019**

	<i>D</i>
Court fines	90,000
Building permits	650,000
Interest on investments	250,000
Lorry Park levies	380,000
Market tolls	560,000
Property rates	1,200,000
Grants from donor agencies	2,000,000
Royalties	4,500,000
Subvention from Central/Federal Government	20,000,000
Entertainment permits	70,000
Marriage registration fees	80,000
Birth certificate fees	160,000
	<u>29,940,000</u>

**QUESTION 8**

This was a practice question on the preparation of Departmental Trading, Profit and Loss Account. The question sought to test candidates' ability to apportion other income and common expenses between departments applying the bases stated in the question. The majority of candidates correctly prepared the account showing relevant workings. However, a few candidates failed to show the total column thereby losing some marks. Others also wrongly decided to strike off the three zeros at the end of the figures without replacing same beside the currency sign in the account.

This was the most popular and well attempted question in section B. The candidates' performance was good.

The expected answers from the candidates were:

**YALLAWA STOREPS LTD**

**Departmental Trading, Profit and Loss Account for the year ended 31st December, 2017**

	<u>Dept A</u>	<u>Dept B</u>	<u>Total</u>		<u>Dept A</u>	<u>Dept B</u>	<u>Total</u>
	<i>Le</i>	<i>Le</i>	<i>Le</i>		<i>Le</i>	<i>Le</i>	<i>Le</i>
Opening Stock	150,000	100,000	250,000	Sales	<u>1,500,000</u>	<u>1,250,000</u>	<u>2,750,000</u>
Add: Purchases	<u>720,000</u>	<u>520,000</u>	<u>1,240,000</u>				
Less: Closing stock	870,000	620,000	1,490,000				
	<u>175,000</u>	<u>142,000</u>	<u>317,000</u>				
Gross profit c/d	695,000	478,000	1,173,000				
	<u>805,000</u>	<u>772,000</u>	<u>1,577,000</u>				
	<b><u>1,500,000</u></b>	<b><u>1,250,000</u></b>	<b><u>2,750,000</u></b>		<b><u>1,500,000</u></b>	<b><u>1,250,000</u></b>	<b><u>2,750,000</u></b>
<i>Less Expenses:</i>				Gross profit b/d	805,000	772,000	1,577,000
Rent and rates	25,000	25,000	50,000	Disc't rec'd	<u>72,000</u>	<u>52,000</u>	<u>124,000</u>
Commission	30,000	25,000	55,000				
Insurance	2,500	2,500	5,000				
Advertising	10,000	10,000	20,000				
Salaries and wages	150,000	100,000	250,000				
Depreciation	17,500	17,500	35,000				
	25,000	25,000	50,000				
Admin&gen.ex	<u>617,000</u>	<u>619,000</u>	<u>236,000</u>				
Net profit	<b><u>877,000</u></b>	<b><u>824,000</u></b>	<b><u>1,701,000</u></b>		<b><u>877,000</u></b>	<b><u>824,000</u></b>	<b><u>1,701,000</u></b>

**QUESTION NINE**

This was a practice question that tested candidates' knowledge in the preparation of Manufacturing, Trading and Profit and Loss Account. In the Manufacturing Account, candidates were expected to identify items that make up the following:

- Cost of raw materials used;
- Prime cost of production;
- Factory overhead.

The majority of candidates lost marks for not showing the sub-totals for cost of raw materials available and cost of raw materials consumed.

In the Trading, Profit and Loss Account, most candidates correctly adjusted the expenses and prepared the accounts too well. The overall performance was good.

The expected answers from the candidates were:

**OKERE MANUFACTURING COMPANY**

**Manufacturing, Trading, Profit and Loss Account for the year ended 31st December 2016**

	\$		\$
Opening stock of raw materials	61,450		
Add: Purchase of raw materials	42,360		
Carriage inwards of raw materials	<u>650</u>	<u>43,010</u>	
		104,460	
Less: Closing stock of raw materials	<u>30,420</u>		
Cost of raw materials used		74,040	
Add: Wages	14,150		
Royalties	<u>1,040</u>	<u>15,190</u>	
<b>Prime cost of production</b>		<b><u>89,230</u></b>	
 <u>Factory overheads:</u>			
Factory expenses	11,430		
Factory power	6,050		
Dep. of plant & machinery (50,000x 10%)	<u>5,000</u>	<u>22,480</u>	
		111,710	
Add: Opening stock of WIP		<u>3,140</u>	
		114,850	
Less: Closing stock of WIP		<u>1,680</u>	
		<b><u>113,170</u></b>	
Opening stock of finished goods	84,650		
Add: Production cost of goods manufactured b/d	<u>113,170</u>		
Cost of goods available for sale		197,820	
Less: Closing stock		<u>7,200</u>	
Cost of goods sold		190,620	
Gross profit c/d		<u>101,780</u>	
		<b><u>292,400</u></b>	
Rent	(2,400 - 550)	1,850	
		<b>56</b>	
			\$
			<b>Production cost of goods manufactured c/d</b>
			<u>113,170</u>
			 <u>113,170</u>
			 <u>292,400</u>
			 <u>292,400</u>
			 Sales
			<u>292,400</u>
			 <u>101,780</u>
			 Gross profit b/d
			101,780

Discount allowed	1,430	Z
Insurance (3,000 + 600)	3,600	
Office stationery (4,300 + 700)	5,000	
Carriage outwards	610	
Salesmen salaries	41,200	
Net Profit	<u>48,090</u>	
	<b><u>101,780</u></b>	<b><u>101,780</u></b>



## PRINCIPLES OF COST ACCOUNTING 2

### **1. GENERAL COMMENTS**

The standard of the paper was comparable to that of the previous year. The questions were within the limits of the WAEC examination syllabus and the requirements of the questions were clearly stated with no ambiguities. The questions were designed to test candidates' knowledge and understanding of the various Cost Accounting principles as well as their ability to apply the principles in practical situations.

Performance of candidates was lower than that of the previous year.

### **2. SUMMARY OF CANDIDATES' STRENGTH**

Candidates were able to:

- (1) state the reasons for cost classification;
- (2) list the documents used in the store;
- (3) explain the purpose of retention in cost accounting;
- (4) distinguish between joint products and by products;
- (5) list the characteristics of job order costing;
- (6) explain the various types of standards;
- (7) compute overheads absorbed by different departments;
- (8) compute the cost of producing an order using batch costing;
- (9) calculate the:
  - Variable cost per unit;
  - Contribution per unit;
  - Break-even point in units and value.
- (10) compute the wage rate for normal work;
- (11) compute the overtime premium rate.

### **3. SUMMARY OF CANDIDATES' WEAKNESSES**

Candidates were not able to:

- (1) classify various costs according to their groups;
- (2) explain the importance of fixing the following cost control levels:
  - economic order quantity;
  - re-order level;
  - maximum stock level;
  - minimum stock level;
  - buffer stock.
- (3) compute the over or under absorbed overheads for the different departments;
- (4) the profit to be made from the production of 25,000 units;
- (5) prepare a cash budget for the first quarter of the year;

- (6) compute the total cost of operation under the two different scenarios i.e.
- where the existing workers are allowed to do overtime and
  - where more workers are engaged at normal rate

#### **4. SUGGESTED REMEDIES**

- (1) The purpose and basis of cost classification should be well explained to candidates.
- (2) Candidates should be thought not only the meaning of the cost control levels but also to understand the importance of those measures.
- (3) Candidates should be thought to understand that the difference between overhead absorbed and actual overhead incurred is either over absorbed or under absorbed overhead.
- (4) The topic of break-even analysis should be well taught especially how to calculate the expected profit at a certain level of production.
- (5) Candidates should be taught cash budget especially the timing of the receipts from debtors and payment to creditors.
- (6) Candidates should be taught to apply the principles in labour remuneration, to compute the cost of labour to include all expenses on workers.

#### **5. DETAILED COMMENTS**

##### **QUESTION 1**

This was a theory question on Cost Classification.

**Candidates were required to:**

- (a) state four reasons for Cost Classification;**
- (b) classify a list of different cost under the appropriate bases.**

Candidates were able to state the reasons for Cost Classification.

Candidates were, however, not able to classify the different types of cost under the different bases provided. Costs were generally placed under wrong classification while some candidates even repeated types of cost under two different bases.

Candidates were expected to answer the question as follows:

- (a) Reasons for Cost Classification**
  - (i) to ascertain cost of products and services;
  - (ii) for cost control purposes;
  - (iii) to fix selling prices of products and services;
  - (iv) for production planning;
  - (v) for cost analysis;
  - (vi) for budgeting and budgetary control;

- (vii) for decision making;
- (viii) for stock valuation purposes;
- (ix) for profit planning.

(b)

Nature	Behaviour	Function	Time/Relevance	Product
Labour cost	Fixed cost	Production cost	Sunk cost	Direct cost
Expenses	Mixed cost	Administration cost	Historical cost	Indirect cost
Material cost	Variable cost	Distribution cost	Budgeted cost	

## **QUESTION 2**

This was a theory question on Materials Control.

**Candidates were required to:**

- (a) **list five documents used in the store and**
- (b) **state the importance of fixing the following stock control levels and measures:**
  - i. economic order quantity;**
  - ii. re-order level;**
  - iii. maximum stock level;**
  - iv. minimum stock level;**
  - v. buffer stock.**

Majority of the candidates were able to list documents used in the store. A few candidates, however, listed documents that were not used in the store like purchases and sales journals.

Candidates were not able to:

- state the importance of fixing stock control levels;
- most candidates rather defined the levels instead of stating the importance of fixing stock control levels.

Candidates were expected to answer the question as follows:

Stores documents include:

- (i) stock inspection report;
- (ii) goods received note;
- (iii) bin card;
- (iv) stores ledger;
- (v) materials requisition form;
- (vi) purchases requisition form;
- (vii) stores register/stock record cards;
- (viii) stores issue voucher;
- (ix) materials transfer note;
- (x) materials return note;
- (xi) stock verification report;

- (xii) bill of materials;
- (xiii) purchases order.

**(b) Importance of fixing stock control levels**

- (i) Economic order quantity: This quantity is fixed to minimize the total cost of ordering and carrying materials.
- (ii) Re-order level: This is fixed in order to avoid overstocking or understocking or to control stock levels
- (iii) Maximum stock level: It is fixed to prevent overstocking and its associated cost.
- (iv) Minimum stock level: It is fixed to prevent stock outs and the inconveniences associated with understocking.
- (v) Buffer stock: This is fixed to serve as a cushion and to prevent stoppages in production if the lead time extends beyond expectation or if demand increases during lead time.

**QUESTION 3**

This was an essay type question on costing methods.

**Candidates were required to:**

- (a) explain the purpose of retention in Contract Costing;**
- (b) distinguish between joint products and by-products;**
- (c) state four characteristics of Job Order Costing.**

Candidates were able to:

- explain the purpose of retention in contract costing as being withheld against possible defects in the contract;
- distinguish between Joint products and by-products;
- list the characteristics of job costing.

Candidates were expected to answer the question as follows:

**(a) The purpose of retention in contract costing**

The purpose of retention in contract costing is to ensure that the contractor properly completes the activities required of them under the contract.

**(b) Distinction between joint products and by-products**

Joint products are two or more products which are of relatively comparable values which arise from the processing of the same raw materials such that none of them can be referred to as a major product, while a by-product is an incidental product that occurs as a result of the production of the main product and is of a relatively low value as compared to the main product.

**(c) Characteristics of Job Order Costing**

- (i) jobs are executed according to customers' specification;

- (ii) jobs are mostly done in the company's premises;
- (iii) each job can be distinguished from other jobs;
- (iv) the job consists of a single order;
- (v) separate records are kept for each job;
- (vi) the price of the job is agreed with the customer based on cost estimates appropriate percentage of profit before the execution of the job;
- (vii) all cost related to a job are kept on a job cost sheet and later transferred to the job account which is also debited with the apportioned overheads;
- (viii) the job is a cost unit on its own.

#### **QUESTION 4**

This was an essay type question on Standard Costing.

**Candidates were required to:**

- (a) explain Standard Costing.**
- (b) explain the following types of standard:**
  - i. attainable standard;**
  - ii. ideal standard;**
  - iii. basic standard;**
  - iv. current standard.**

Candidates were able to explain attainable, ideal, basic and current standards adequately.

Candidates were however not able to:

- explain Standard Costing. Many candidates gave the explanation of **Standard Cost** instead of **standard costing**.
- Some candidates could not differentiate between attainable standard and ideal standards very well i.e. attainable standard being achievable under efficient but not perfect conditions and ideal standard under perfect working conditions.

Candidates explained both as achievable under efficient working conditions.

Candidates were expected to answer the question as follows;

**(a) Standard Costing**

Standard costing is a costing technique that predetermines cost of products and services and compares these predetermined costs with actual cost to determine variances.

**(b) (i) attainable Standard**

These are standards set to be achieved under normal and efficient working conditions. Such standards consider normal losses and all other operational setbacks.

**(ii) ideal Standards**

These are standards set to be achieved under perfect working conditions with no considerations for losses or operational setbacks.

(iii) basic Standards

These are standards set to be used over a long period of time without any change irrespective of changes in operating conditions.

(iv) current Standard

These are standards set to be used over a short period of time. They are developed out of Basic Standards and are based on current working conditions.

### **QUESTION 5**

This question was a practice question on accounting for Overheads.

Candidates were required to compute for each department:

- (a) **total overhead absorbed**
- (b) **over or underabsorbed overheads**

Candidates were able to compute overheads absorbed for the different departments.

Candidates were, however, not able to:

- compare actual overheads to absorbed overheads and come out with the amount of over or under absorbed overheads for each department.
- compare total of actual overhead to the total absorbed overhead to enable them arrive at total over or under absorbed overhead.

Other candidates indicated over or under absorbed for each department without indicating any figures.

Candidates were expected to compute the variances as follows:

#### **OVERTURN LIMITED**

(a)

<u>DEPARTMENT</u>		<u>ABSORBED OVERHEAD</u>
		<b>D</b>
Production	50% x 24,300	12,150
Administration	D10 x 2,000	20,000
Sales	D5 x 1,600	8,000
Distribution	D10 x 1,600	16,000
Finance	30% x 14,200	4,260

(b)

<u>DEPARTMENT</u>	<u>ACTUAL</u> <u>OVERHEAD</u> <b>D</b>	<u>ABSORBED</u> <u>OVERHEAD</u> <b>D</b>	<u>ABSORPTION</u> <u>OVER/UNDER</u> <b>D</b>
Production	12,000	12,150	150 over absorbed
Administration	24,000	20,000	4,000 underabsorbed
Sales	14,000	8,000	6,000 underabsorbed
Distribution	10,000	16,000	6,000 over absorbed
Finance	4,000	4,260	260 over absorbed

### **QUESTION 6**

This was a practice question on batch costing.

Candidates were required to prepare statements to show:

(a) **cost of executing an order for 500 cartons of fruit juice.**

(b) **the invoice price of the order which is sold at a margin of 20% on sales.**

Candidates were able to:

- compute the cost of producing the order correctly including those costs which were quoted per batch and per carton;
- compute the profit margin on the contract and added it to the cost of production to obtain the invoice price;
- some candidates denominated all the cost per carton and multiplied by 500 cartons which also produced the correct answer.

Candidates were expected to answer the question as follows;

(a)

#### **COCONUT LIMITED**

##### **Cost of Producing Order for 500 Cartons of Fruit Juice**

		<b>D</b>
Setup Cost	D12,000 x 1	12,000
Materials	D364 x 100 x 5	182,000
Labour	D240 x 100 x 5	120,000
Factory Overhead	D1,620 x 5	8,100
Power	D1,220 x 5	6,100
Admin Overheads	D15,000 x 1	15,000
Package	D50 x 100 x 5	25,000
Consumables	D1,200 x 5	6,000
Cost of Order		<u>374,200</u>

<b>(b) Invoice Price</b>	
Total cost of order	374,200
Profit (374,200 x 0.25)	93,550
Invoice Price	<u>467,750</u>

**QUESTION 7**

This was a practice question involving marginal costing.

**Candidates were required to calculate:**

- (a) variable cost per unit;**
- (b) contribution per unit;**
- (c) break-even point in units and value;**
- (d) profit to be made on the production and sale of 25,000 units.**

Candidates were able to calculate:

- (a) variable cost per unit;
- (b) contribution per unit;
- (c) break-even point in units;
- (d) break-even point in value.

Candidates were not able to:

- calculate the profit to be made for the production of 25,000 units. This is because they used the formula that enabled them to compute the level of production and obtained a given targeted profit but could not make the profit the subject of that formula;
- most candidates computed variable cost per unit wrongly as **total production cost** and such candidates got only the formula correct.

Candidates were expected to answer the question as follows:

<u>ODUMFA ENTERPRISE</u>			
<b>(a)</b>	Variable Cost per unit	=	$\frac{\text{Total Cost} - \text{Fixed Cost}}{\text{Units produced}}$ $\frac{\text{Le } 14,999,870 - \text{Le } 399,870}{\text{Le } 20,000}$ $\underline{\text{Le } 730}$
<b>(b)</b>	Contribution per unit	=	$\text{Sales} - \text{Variable Cost}$ $\text{Le } 1,000 - \text{Le } 730$ $\underline{\text{Le } 270}$

(c)	(i)	Break-even point in units	=	$\frac{\text{Fixed Cost}}{\text{Contribution per unit}}$ $\frac{\text{Le } 399,870}{\text{Le } 270}$ $\underline{\underline{1,481 \text{ units}}}$
	(ii)	Break-even point in value	=	$\frac{\text{Fixed Cost} \times \text{Selling price}}{\text{Contribution per unit}}$ $1,481 \times \text{Le } 1,000$ $\underline{\underline{\text{Le } 1,481,000}}$
	(d)	Profit	=	$\text{Sales} - (\text{Fixed Cost} + \text{Variable Cost})$ $= \text{Le } 25,000,000 - (\text{Le } 399,870 + \text{Le } 18,250,000)$ $= \text{Le } 25,000,000 - \text{Le } 18,649,870$ $= \underline{\underline{\text{Le } 6,350,130}}$

### **QUESTION 8**

This was a practice question on the preparation of a cash budget.

**Candidates were required to prepare a cash budget for the first quarter of 2021 showing the net cash flow for each month.**

**Candidates were able to enter the following cash receipts and payments in the cash budget correctly:**

- i. rent receivable;**
- ii. dividend received;**
- iii. wages;**
- iv. expenses.**

Candidates were not able to:

- align receipts from sales and payment for purchases in the correct months;
- Compute the receipts from sale of assets correctly;
- Some candidates included the loss on disposal of assets as a cash payment.

Candidates were expected to answer the question as follows:

<u>NTAR ENTERPRISE</u>			
<u>CASH BUDGET 2021</u>			
	<b>January</b>	<b>February</b>	<b>March</b>
	<b>(GH¢)</b>	<b>(GH¢)</b>	<b>(GH¢)</b>
Collection (Debtors)	14,500	16,800	18,200
Rent received	2,000	2,000	2,000
Sale of asset			18,000
Dividend		4,000	
Total receipt	<u>16,500</u>	<u>22,800</u>	<u>38,200</u>
<u>Payments</u>			
Purchases	14,560	16,000	17,280
Wages	5,000	5,000	5,000
Expenses	2,500	2,500	2,500
Total payments	<u>22,060</u>	<u>23,500</u>	<u>24,780</u>
Cash flow	(5,560)	(700)	13,420
Beginning balance	<b>8,500✓</b>	2,940	2,240
Closing balance	<u>2,940</u>	<u>2,240</u>	<u><b>15,660✓</b></u>

### **QUESTION 9**

This was a practice question on labour remuneration.

**Candidates were required to compute:**

- (a) wage rate for normal work;**
- (b) overtime premium rate;**
- (c) total cost of labour to the company to meet increased demand if;**
  - i. existing workers were allowed to do overtime at time and a quarter;**
- (d) 30 additional workers were employed at normal rate.**

Candidates were able to compute:

- (a) wage rate for normal work;
- (b) overtime premium rate.
- (c) Candidates were, however, not able to:
  - (i) total cost of labour if existing workers were allowed to do overtime;
  - (ii) total cost of labour if 30 addition workers were employed;
    - most candidates who attempted this question omitted the transport expenses of Gh¢ 50 per week in the computation of the total cost in both cases.

Candidates were expected to answer the question as follows:

WESTPOINT LIMITED

- (a) Wage rate for normal work =  $\frac{\text{Wages per week}}{\text{Hours per week}}$   
 =  $\frac{\text{GH¢480}}{40 \text{ hrs}}$   
 = GH¢12 per hour
- (b) Overtime premium rate = 1.25 x normal rate  
 = 1.25 x GH¢12  
 = GH¢15 per hour

(c) Total cost of operation using overtime

		<b>GH¢</b>
Normal wages	= 120 x 480	= 57,600
Overtime wages	= 120 x 10 x 15	= 18,000
Transport	= 120 x 50	= 6,000
Social security	= 57,600 x 10%	= 5,760
<b>TOTAL</b>		<b>= 87,360</b>

(d) Total cost of operations for employing 30 additional workers

		<b>GH¢</b>
Normal wages	= 150 x 480	= 72,000
Transport	= 150 x 50	= 7,500
Social security	= 72,000 x 10%	= 7,200
<b>TOTAL</b>		<b>= 86,700</b>

## **TYPEWRITING**

### **1. GENERAL COMMENTS**

The standard of the paper is comparable to those of the previous years. The level of difficulty of the paper has been maintained consistently.

Candidates' performance was slightly below that of the previous year.

### **2. SUMMARY OF CANDIDATES' STRENGTHS**

Candidates' strengths were identified in the following areas;

- (1) understanding of the rubrics and other marginal instructions
- (2) consistency in style of display in the production tasks;
- (3) correct usage of date for the Letter;
- (4) proper address of the envelope;
- (5) correct ruling of Tabular work;
- (6) correct use of line spacing in Letter and Tabulation;
- (7) good use of capitalization in certain cases;
- (8) less number of typographical errors.

### **3. SUMMARY OF CANDIDATES' WEAKNESSES**

In spite of the above strengths, some candidates still showed signs of weakness in the following areas:

- (1) non-completion of speed passage;
- (2) poor accuracy exhibited in the speed test;
- (3) poor use of dashes;
- (4) wrong typing of Cedi sign as the cent sign was used;
- (5) poor alignment of figures and items;
- (6) inconsistencies in style of display;
- (7) use of continuation sheet even though not required but not properly rendered;
- (8) poor centering of headings;
- (9) poor underscoring of headings;
- (10) poor use of punctuation signs;
- (11) poor interpretation of manuscript correction signs;
- (12) overtyping;
- (13) omission of date;
- (14) typographical errors.

#### 4. **SUGGESTED REMEDIES**

- (1) Candidates must be given ample time to practice to be conversant with the typewriter.
- (2) More practice should be done with the typewriter using the touch system rather than the sight system.
- (3) After typing, candidates should endeavour to go over their works to correct typographical errors, overtyping, ensure proper alignment, proper use of capitalization, do correct reading and interpretation of manuscripts signs.
- (4) Candidates should start by typing the tasks they are comfortable with before moving on to tackle the more difficult ones. This will help them avoid spending too much time on more difficult task that will take all their time.
- (5) Good foundation of the English Language is a necessity and for that matter a student offering Typewriting must take his/her lessons in English Language seriously.

#### 5. **DETAILED COMMENTS**

##### **TASK 1: - SPEED AND ACCURACY TEST**

**Candidates were required to type a passage in double-line spacing on plain A4 paper.**

Most candidates failed to complete the Speed and Accuracy Test up to the expected 40 words per minute mark and therefore scored zero for speed and accuracy. Others managed to type to the end and scored marks for speed but because of numerous mistakes, they scored zero for accuracy.

##### **TASK 2: - ADVERTISEMENT**

**Candidates were required to type an advertisement on A4 paper in double line spacing.**

A greater number of candidates attempted this task but only a few did well. It appeared to be an unfamiliar question. Candidates were not restricted in the style but were expected to be consistent.

The following errors were recorded:

- (1) mistakes in typing some words. For instance, instead of typing 'must be an OND or DBS' most candidates rather typed 'must be on OND or DBS holder';
- (2) wrong typing of dashes;
- (3) poor underscoring of subheadings;
- (4) poor interpretation of manuscript correction signs. For example, close up for the word 'hardworking' was typed as 'workinghard';
- (5) inconsistent style of display;
- (6) typographical errors;

- (7) wrong use of the underscore;
- (8) overtyping.

### **TASK 3: - MEMORANDUM**

**Candidates were expected to type a memo on Memo Form or Plain A4 paper.**

Some candidates performed well in this task whilst others performed poorly. Those who performed poorly made the following errors:

- (1) typing the word Memorandum again on pre-printed Memo Form;
- (2) omission of date or wrongly rendered date;
- (3) failure to carry out marginal instructions correctly;
- (4) wrong interpretation of abbreviations. For instance, 'Lang' was typed like that without expanding; and the ampersand was either typed with an 'x' sign, '+' or multiplying 25 by 30 and typed the answer 750;
- (5) some candidates could not read the manuscript well and therefore typed anyhow. For example, letter 'I' in the last paragraph was typed as a question mark '?'.

### **TASK 4: - LETTER WITH ENVELOPE**

**The candidates were expected to type a letter on a headed paper or plain A4 paper. They were to type a carbon copy, type the date for the examination and address an envelope.**

Even though the task looked simply, most candidates performed poorly in this question. Most candidates scored no marks for the letter. However, a few candidates scored some marks in the addressing of the envelope.

Errors identified included the following:

- (1) typographical errors and overtyping especially in words 'Omosho and Salmolina';
- (2) omission of date for the letter;
- (3) wrong use of line spacing in general. That is, failure to type in single line spacing and inability to provide line space after subheadings;
- (4) misinterpretation of manuscript signs very well. For instance, 'rental' and transposition of instruction '3,2,1' under 'Purchase Price' subheading;
- (5) poor alignment of dashes and 'GH¢';
- (6) poor enumeration;
- (7) poor underscoring;
- (8) wrong use of continuation sheet for those who used it even though not required;
- (9) inconsistency in style;
- (10) typographical errors and overtyping;
- (11) poor placement of the address on the envelope.

**TASK 5: - MANUSCRIPT**

Candidates were asked to type a manuscript on plain A4 paper in double line spacing. Unfortunately, performance in this task was very poor. Only a few candidates scored marks of half the allocated mark and above. Some even scored zero.

Other problems observed were in the following areas:

- (1) typographical errors;
- (2) poor interpretation of marginal instructions;
- (3) wrong typing of words such as 'words' wrongly typed as 'works' in the balloon and the word 'cleavage' as 'deavage';
- (4) wrong line spacing. Instead of double line spacing some used one and a half.

**TASK 6: - TABULATION**

Candidates were asked to type tabular statement in double line spacing on plain A4 paper and rule as shown.

Many of those who typed this task did very well. However, a few of the candidates made some errors and therefore could not score the full marks. Some of the errors identified were as follows:

- (1) inconsistency in style of heading. That is, centred headings were typed over blocked columnar headings or blocked headings over centred columnar headings;
- (2) underscoring of main headings which was not necessary;
- (3) failure to type columnar headings in capitals;
- (4) failure to properly interpret marginal instructions;
- (5) poor line spacing and poor ruling;
- (6) poor alignment of figures.