

BUSINESS SUBJECTS

RESUME OF BUSINESS SUBJECTS

(1) PERFORMANCE OF CANDIDATES

The Chief Examiners for Business Management, Principles of Cost Accounting and Typewriting reported an improvement in the performance of candidates while Chief Examiners for Clerical Office Duties and Financial Accounting reported that there was a decline in performance.

(2) SUMMARY OF CANDIDATES' STRENGTHS

The Chief Examiners noted that candidates were able to:

(a) FINANCIAL ACCOUNTING

- correctly explain the term “accounting concepts”.
- correctly explain the business entity and going concern concepts.
- successfully apportion the common expenses in the Departmental Trading, and Profit and Loss Account.
- rightly deduce sales and purchases figures from a data of incomplete records.
- correctly explain entrance fees and subscriptions as sources of funds of not-for-profit making organizations.
- explain the following banking terms:
 - i. Bank charges;
 - ii. Standing order;
 - iii. Dishonoured cheques;
 - iv Unpresented cheques;
 - v. Uncredited cheques.
- rightly prepare with the appropriate workings ledger accounts on the issue of shares.

(b) PRINCIPLES OF COST ACCOUNTING

- explain cost.
- distinguish between the following costing terminologies:
 - j. Controllable and uncontrollable cost;
 - ii. Product and period cost;
 - iii. Cost unit and unit cost.
- explain the following methods of remuneration:
 - i. Piece rate;
 - ii. Time rate.
- explain the following terms:
 - i. Normal loss;
 - ii. Waste;
 - iii. Scrap;
 - iv Abnormal loss.
- define budget.
- outline the benefits of a budget to an organization.
- prepare stock ledgers using Last in First Out and Weighted Average methods of costing issues.

(c) **BUSINESS MANAGEMENT**

- identify the requirements of the questions they answered very well.
- express themselves clearly in the English Language and wrote legibly.
- answer the required number of questions including the case study.
- answer very well the questions on:
 - i. Motivation and Maslow's Hierarchy of Needs;
 - ii. Functions of Central Bank and Commercial Bank;
 - iii. Conditions that must be met to make a contract legally binding.

(d) **TYPEWRITING**

- use correct date for the letter that is, 24th September, 2021.
- choose correct paper sizes. Some also used the pre-printed letterhead and was accepted.
- understood the rubrics and followed through appropriately, i.e. use of line spacing.
- follow marginal instructions to a greater extent.
- do the tabulation so well and therefore secured high marks.

(e) **CLERICAL OFFICE DUTIES**

- explain the components of the computer.
- demonstrate enough knowledge about how to use a Petty Cash Book.

(3). **SUMMARY OF CANDIDATES' WEAKNESSES**

The Chief Examiners observed the weaknesses of some of the candidates which include their inability to:

(a) **FINANCIAL ACCOUNTING**

- appropriately describe balances carried down and balances brought down.
- correctly describe the items in ledger accounts.
- prepare the Revaluation Account upon the admission of a new partner into the firm.
- properly explain the following accounting concepts:
 - i. periodicity concept;
 - ii. historical cost concept;
 - iii. consistency concept.
- adequately explain the operation of petty cash book using the imprest system.
- compute the profit element on goods invoiced by Head office to Branch at cost plus a predetermined percentage.
- explain accrual concept as matching concept.

(b) **PRINCIPLES OF COST ACCOUNTING**

- explain premium bonus.
- state the factors to consider before instituting incentive schemes in a firm.
- give examples of cost units for breweries, pharmaceuticals and soliciting firms.
- prepare journal entries to record cost transactions.
- compute suitable overhead absorption rates for different operations departments.
- prepare profit statements for two separate months using marginal costing approach.

(c) **BUSINESS MANAGEMENT**

- explain a point beyond stating and listing the points.

- spell and explain some business concepts and terminologies. For example, some candidates wrote that: The Central Bank is the lender of last resort instead of the last resort.
- explain performance appraisal and its importance to an organization.
- organize their answers very well.

(d) **TYPEWRITING**

- complete Speed Test passage.
- type in the Speed and Accuracy Test with minimal errors and therefore lost marks for Accuracy.
- be consistent in the display of production tasks.
- ensure that there is correct alignment of figures, dashes and materials.
- fully understand the rubrics e.g. typing of carbon copy.
- fully understand and interpret manuscript correction signs.
- be consistent with the style of punctuation, as some mixed the open and punctuated styles.
- check overtyping of letters.
- comply with the right use of capital letters.
- ensure there is right underscoring of headings.

(e) **CLERICAL OFFICE DUTIES**

- identify stock handling issues in the case study. Most candidates rather defined Stock taking, stock control and stock keeping.
- relate concepts learnt in the classroom to the case study questions. They were therefore unable to transfer knowledge gained in classroom to solve issues identified in the case study questions.
- demonstrate command of the English Language which did not allow some candidates to express themselves well to earn maximum marks.

(4). **SUGGESTED REMEDIES**

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

(a) **FINANCIAL ACCOUNTING**

- candidates should learn the significance of accounting concepts and assumptions by reading beyond their definitions.
- candidates should learn the advantages and disadvantages as well as the significance of the payment voucher in the operation of the petty cash system.
- candidates should be engaged more on the calculation of the various bases of transferring goods from the head office to the branches.
- teachers should lay more emphasis on the correct descriptions of corresponding accounts in the preparation of the ledger accounts.
- candidates should read on the various methods of payment especially the credit transfer and how they relate to the preparation of bank reconciliation statements.

(b) **PRINCIPLES OF COST ACCOUNTING**

- the differences between the various incentive schemes like premium bonus, overtime etc. should be well explained.
- emphasis should be placed on the explanation of the factors to consider before instituting incentive schemes
- the meaning of cost unit and examples of cost units in typical manufacturing and service industries should be well explained.
- candidates should be taught how to determine the most suitable overhead absorption rate for a firm when there are several alternatives of absorption rates.
- candidates should also be advised to read the question carefully and understand the exact requirements of the question before attempting to answer.

(c) **BUSINESS MANAGEMENT**

- candidates should study the syllabus and read extensively the recommended textbooks.
- candidates should learn and understand the Business Management terminologies and concepts very well.
- candidates should improve upon their spellings and expressions in order to explain their points clearly and organize their work properly.

(d) **TYPEWRITING**

- candidates should be encouraged to read wide and build a rich vocabulary base. This will enable them use context appropriate/suitable words in sentences.
- mixing of sentences as observed in the Manuscript in Task 4 should be reduced.
- candidates need more time for practice in order to be conversant with the Typewriter.
- qualified and experienced teachers should be recruited to teach the subject.
- more attention should be spent in the typing of the Production Tasks which carry 90% of the total marks.
- candidates should avoid typographical errors, align properly, avoid inconsistencies, use correct capitalization and do correct reading and interpretation of the manuscript correction signs.

(e) **CLERICAL OFFICE DUTIES**

- candidates are advised to prepare adequately for the examination. Inadequate preparation results in candidates providing poor answers to questions even if they understand the question.
- candidates are advised not to rush through questions but carefully read and understand the demands of each question before answering them.
- candidates should read more on the various topics in the syllabus.

BUSINESS MANAGEMENT

1. STANDARD OF THE PAPER

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

2. PERFORMANCE OF CANDIDATES

The Chief Examiner observed that the candidates' performance was slightly better than that of the previous year.

3. SUMMARY OF CANDIDATES' STRENGTHS

The Chief Examiner noted that most of the candidates were able to:

- express themselves clearly in the English Language and wrote legibly;
- answer the required number of questions including the Case study;
- answer very well the questions on;
 - Motivation and Maslow's Hierarchy of Needs,
 - Functions of Central Bank and Commercial Bank,
 - Conditions that must be met to make a contract legally binding.

4. SUMMARY OF CANDIDATES' WEAKNESSES

The Chief Examiner reported that some of the candidates did not answer the questions on the Case study.

He also observed the following weaknesses of candidates:

- inability to explain a point beyond stating and listing the points;
- poor spellings e.g. The Central Bank is the lender of last resort/resource instead of the last resort;
- inability to explain performance appraisal and its importance to an organization;
- inability to organize their answers very well.

5. REMEDIES TO CANDIDATES' WEAKNESSES

The Chief Examiner suggested that candidates should be advised and encouraged to:

- study the syllabus thoroughly and read extensively the recommended textbooks;
- learn and understand Business Management terminologies and concepts very well;
- improve upon their spellings and expressions in order to explain their points clearly and organize their work properly.

6. DETAILED COMMENTS

QUESTION 1

It was a Case study and a compulsory question focusing on recruitment. The candidates were asked to:

- (a) identify problems associated with hiring a sales manager from outside a company;
- (b) explain possible reasons for failure of a company's recruitment process;
- (c) state the merits of internal recruitment;
- (d) suggest actions the company can take to overcome its problems.

It was a popular question as most of the candidates attempted it. The performance was good. However, some candidates deviated as they wrote on the functions of a sales manager and human resource manager. Others had difficulty answering questions 1(a) and (b). They provided irrelevant answers such as: low performance of the business, loss of customers because of the sales manager, poor human relationship among subordinates for the (b) part of the question. Some also just lifted phrases from the passage to answer the questions instead of applying the relevant management principles.

QUESTION 2

This was a question on the meaning of Motivation and Maslow's Hierarchy of Needs. It was also a popular question. Most of the candidates who answered the questions produced very good answers. Others had difficulty in explaining the Hierarchy of Needs clearly. The suggested answers are:

- i. **Physiological needs:** These are the basic survival needs, such as the need for food, clothing, water and shelter.
- ii. **Safety need:** This is the need to feel secure at work and at home. Protection against threat.
- iii. **Social need:** This is the need to feel loved, accepted and part of the group.
- iv. **Esteem need:** This is the need for recognition and acknowledgement from others as well as self-respect and sense of status i.e. the need for self-confidence.
- v. **Self-actualization need:** This is the need to develop to one's fullest potential and becoming everything one is capable of being. It is the self-fulfillment.

QUESTION 3

This was a question on the conditions that must be met to make a contract legally binding. It was a popular question. Most of the candidates who attempted it were able to list and explain the conditions such as: agreement (offer and acceptance); capacity; legality; formality; genuine consent and possibility of performance. A few candidates left out consideration in their answers.

QUESTION 4

Candidates were asked to explain performance appraisal and its importance to an organization. It was an unpopular question. Candidates could hardly explain performance appraisal and its importance to an organization. Some of the candidates wrongly explained performance appraisal as "The act whereby an individual is being praised for his/her good performance done in an organization."

The suggested answers are:

- (a) **Performance appraisal** is an evaluation in which the performance level of employees is measured against established standards.
- (b) Importance of performance appraisal:
 - i. it is used as a basis for promoting employees.
 - ii. it helps to identify staff training needs.
 - iii. it can be used to fix/determine remuneration of employees.
 - iv. it can be used to determine the suitability of an employee in his current schedule.
 - v. it can be used to determine the level of performance of an employee.
 - vi. it can be used to review the recruitment and selection process.

QUESTION 5

The candidates were asked to explain the term "production" and explain three types of production process. It was not a popular question. The few candidates who attempted the question did not do well. Some of them even deviated. They wrote on forms of production such as primary, secondary and tertiary production instead of types of production process such as job production, batch production and flow production.

QUESTION 6

This question was on the responsibilities of a business towards the following stakeholders:

- Customers;
- Employees;
- Government;
- Investors;
- Suppliers.

It was a popular question as most of the candidates who answered the question were able to state the responsibilities of a business entity towards its stakeholders. However, a few candidates deviated as they rather stated the responsibilities of the stakeholders to the business.

QUESTION 7

The question had two parts. The candidates were asked to explain:

- (a) current account;
- (b) state three functions each of a;
 - (i) central bank;
 - (ii) commercial bank.

It was a popular question as most of the candidates provided impressive answers. However, some of the candidates provided wrong answers such as “Current account is an account which is created or drawn to accept deposit from the public.”; “Current account is operated to run a business.” Some wrote on current account from the perspective of an account that represent a country’s import and export goods and services. The suggested answer is that:

A current account is an account whose holder (customer of the bank) is issued with a cheque book for use in transactions with the bank. The account holder deposits monies with pay in slip and withdraws with cheques.

QUESTION 8

This question was in two parts. Candidates were asked to explain: globalization and causes of globalization. It was an unpopular question. The few candidates who attempted it could neither explain globalization nor its causes very well.

The suggested answers are:

Globalization refers to the global economic growth and increasing international trade between different economies.

Causes of globalization include:

- Improved transportation;
- Improved technology;
- Improved mobility of capital;
- Increased mobility of labour;
- Growth of multinational companies;
- Growth in global trading blocs;
- Change in economic systems from centrally planned economies to free market economies have added to the drive of globalization.

CLERICAL OFFICE DUTIES

1. GENERAL COMMENTS

The questions adhered to standards and compared favourably to those of the previous years. There was a slight drop in the general performance of candidates for this year's examination.

2. A SUMMARY OF CANDIDATES' STRENGTHS

The following strengths were identified by the Chief Examiner:

- Candidates beautifully explained the components of a computer.
- Majority of the candidates were able to demonstrate in-depth knowledge of Petty Cash Book.
- Candidates were able to mention the uses of Bank Statement.
- Candidates' responses to the advantages of organisational chart were creditable.

3. SUMMARY OF CANDIDATES' WEAKNESSES

The weaknesses of candidates identified are as follows:

- (a) Instead of identifying stock handling issues in the case study, most candidates rather defined Stock taking, stock control and stock keeping.
- (b) Candidates were not able to relate concepts learned in class to the demands of the case study questions. They were therefore unable to transfer knowledge gained in class to solve issues identified in the case study.
- (c) Poor command of the English Language also did not allow most candidates to express themselves well to earn maximum marks.

4. SUGGESTED REMEDIES FOR THE WEAKNESSES

- Teachers should lay more emphasis on the study of scenario questions.
- Candidates should be encouraged to relate and apply concepts learned in the classroom to real life situations as presented in case study.
- Candidates should read more on the various topics in the syllabus.
- Candidates should be encouraged to read extensively in order to improve upon their vocabulary and command of the English Language.

5. DETAILED COMMENTS

QUESTION 1

CASE STUDY

- (a) The candidates were asked to identify stock handling issues at Lakky Stephenson & Sons. Most candidates were rather defining stock taking, stock control and stock keeping.

Some expected answers are as follows:

- i. The responsibility was assigned to the wrong person.
- ii. Mr. Pen Drum was the only one handling all aspects of stock from purchase to storage and issuing.

iii. Mr. Pen Drum was looking at his personal gains at the expense of stock issues.

- (b) Candidates were to suggest welfare packages offered by the employer to Mrs. Kelly. Only few candidates were able to suggest the welfare package offered to Mrs. Kelly.

Their correct responses include:

- i. Transport facility/allowance
- ii. Canteen facility
- iii. Accommodation subsidy
- iv. Recreational facility
- v. Car loan
- vi. Medical facility
- vii. Study leave with pay
- viii. Scholarship

- (c) Candidates were asked to state the duties of the production manager. Most of the students were not able to state the duties of the production manager.

The expected answers include:

- i. Supervision of workers in his department
- ii. Allocate duties to each worker
- iii. Ensuring that finished goods are properly stored
- iv. Inspection of supplied raw materials
- v. Ensuring maintenance of production equipment and machines
- vi. Ordering of the required raw materials
- vii. Develop production/operation schedules

- (d) Candidates were asked to identify the duties of a storekeeper.

Majority of the candidates demonstrated little knowledge on the topic due to their inability to apply what they have learned in class to the case.

The following responses were expected:

- (i) Receiving all goods ordered/purchased
- (ii) Checking items received against order placed
- (iii) Reporting damages/shortages of stock items
- (iv) Issuing items of stock on requisition
- (v) Placing order of stock
- (vi) Keeping records of stock received and issued
- (vii) Maintaining stock records such as bin cards
- (viii) Keeping an eye on perishable stock

QUESTION 2

- (a) Candidates were asked to:

- (i) Explain petty cash.
- (ii) State the purpose of petty cash book.

About 70 percent of the candidates who attempted the question were able to give good explanation of the petty cash.

A correct explanation is as follows:

Petty cash is an amount of money set aside for minor office expenses for a period of time i.e. a month.

Candidates who attempted question ‘(ii)’ were able to provide the purpose of the petty cash book. Their answers include:

- i. To keep proper records of how and what petty cash was spent on
 - ii. It helps to reduce the burden of recording in the main cash book
 - iii. It shows at a glance the balance of cash at the end of the month
 - iv. It helps in determining the amount needed for reimbursement
 - v. It helps to identify the items on which the largest amount of money was spent in a month
 - vi. It makes it easier for the officer to undertake minor expenses on daily basis
- (a) Candidates were asked to prepare a receipt with all the items as stated in the question. Most candidates who attempted this question perfectly prepared the sample of the receipt. A correct receipt should look like the one below:

Lucky James Trading Company Ltd, Freetown
Tel No. +232767574887675
Official receipt
Date Receipt no.
Received from
The sum of
Being payment for.....
Cheque/Cash. Le Signature

QUESTION 3

- (a) Candidates were expected to explain the components of a computer: monitor, keyboard, mouse and cable.

This was a preferred choice for all candidates and about 80 percent had the question well answered. Some good responses include:

- (i) **Monitor:** It is the visual display unit of a computer/It is the screen that provides visual output from a computer.
- (ii) **Keyboard:** It is an input device with keys containing letters, numbers, signs and symbols used to enter data into a computer.
- (iii) **Mouse:** It is used to move the cursor on the screen to locate items and also select items.
- (iv) **Cables:** These are the cords used to link the various components of the computer system together.

- (b). This question demanded that students give four activities involved in handling outgoing mails.

Candidates who attempted this question did not have in-depth knowledge about the topic. They were just formulating their own answers which were not the perfect one.

The correct activities involved in handling outgoing mail are:

- i. All letters should be appropriately signed.
- ii. Verify that all enclosures are attached .
- iii. Confirm that all letters are appropriately addressed.

- iv. Outgoing letters should be collected from the various sections or department and delivered to the mail room.
- v. Parcels and letters requiring special attention of the post clerk should be marked in pencil at the top right corner to that effect.
- vi. In order to avoid letters being inserted in wrong envelopes, window envelopes could be used.
- vii. Weigh letters and parcels and affix correct postage stamp on each of them.

QUESTION 4

- (a) Candidates were asked to:
- (i) Explain Development Bank.
 - (ii) Outline the functions of Development Bank.

Those who attempted this question performed averagely well.

The expected answers are:

Development bank: It is a specialized financial institution which provides long term loans or credit facilities to various organizations for capital projects.

The functions of development banks are:

- (i) Rendering ancillary services to customers
- (ii) Providing funds for capital projects/development projects
- (iii) Providing funds for industrialization
- (v) Assist business development
- (vi) Providing credit to farmers
- (vii) Undertaking research on behalf of clients
- (viii) Contributing to the implementation of government policies
- (x) Underwrite securities
- (xi) Buy and sell securities

- (b) Candidates were asked to mention three uses of Bank Statement.

Most candidates who attempted the question did well. Among their responses are:

- i. To show balance at a particular date
- ii. To show charges and collection made by the bank from a customer's account
- iii. To show payment and withdrawals for a given period of time
- iv. For bank reconciliation purposes
- v. To show the liquidity of the organisation

QUESTION 5

- (a) Candidates were asked to state three advantages of numerical filing
- (b) Candidates were asked to:
- (i) Explain vertical filing
 - (ii) State four advantages of vertical filing

Most of the candidates could not differentiate between the advantages of numerical filing and vertical filing. The expected answers are as follows:

The advantages of numerical filing are:

- i. Numbers make tracing of misplaced files easier
- ii. Files can be quoted for reference on letters
- iii. It ensures greater accuracy in file management
- iv. It can be easily expanded
- v. It is simple to understand and operate

Vertical filing: This is a filing system in which files are arranged and kept in an upright position one after the other in the cabinet.

The advantages of vertical filing are:

- i. Documents can be retrieved from or inserted into files without removing files from cabinets
- ii. It can be adapted for different filing classification
- iii. Titles of files can be read easily
- iv. It allows for easy expansion
- v. It keeps files tidy

QUESTION 6

- (a) Candidates were asked to explain these types of report
- (i) administrative report
 - (ii) routine report
 - (iii) special report
 - (iv) statutory

Candidates who attempted this question put up an average performance. The explanation of routine report and statutory report as given by the candidates were very clear and understandable.

The expected answers are as follows:

- i. **Routine report:** This is a type of report that an officer writes periodically e.g. weekly, monthly or quarterly
- ii. **Administrative report:** This is a report on a special programme or occasion e.g. on conference or seminars in an organisation.
- iii. **Special report:** It is a report written in response to a request for specific information e.g. on a change of policy or market research.
- iv. **Statutory report:** This is a report which is required by law to be written e.g. annual report and account of a company and auditors report.

- (b) Candidates were asked to state the advantages of organisational chart.

Most candidates who attempted this question did very well.

Their responses included:

- i. It helps to see an organisation's set up at a glance
- ii. It shows the line of authority and responsibility relationship
- iii. It reflects the different levels of management
- iv. It assists a new employee to see where he/she belongs in the organisation hierarchy
- v. It shows the lines of communication flow
- vi. Customers are able to know who to contact on any particular issue

QUESTION 7

(a) Candidates were asked to state the causes of accidents in the office.

(b) Candidates were asked to state five health hazards in the office.

Most candidates mentioned health hazards as the answers for the causes of accidents in the office. They could not draw the distinction between health and safety issues.

The candidates were expected to provide the following answers to the question:

The causes of accidents in the office are:

- i. Oil or liquid spillage on the floor/slippy floor
- ii. Use of part of staircase for storage
- iii. Trailing wires from electrical installation

- iv. Lifting heavy objects carelessly
- v. Non-protection of dangerous equipment
- vi. Wearing loose dresses when operating fast moving machines
- vii. Leaving cigarette stud on the floor with fire

Health hazards in the office are:

- i. Overcrowding of staff
- ii. Using too many machines at the same time in the office
- iii. Emission from machines
- iv. Inadequate ventilation
- v. Poor lighting system
- vi. Insanitary conditions
- vii. Non-use of protective clothing
- viii. Too much exposure to the computer screen
- ix. Assigning too much work to an employee



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 marginally lower than that of the previous year.

2. SUMMARY OF CANDIDATES' STRENGTHS

- (1) Candidates were able to correctly explain the term "accounting concepts".
- (2) The majority of candidates correctly explained the business entity concept and going concern concept.
- (3) Most candidates successfully apportioned the common expenses in the Departmental Trading and Profit and Loss Account.
- (4) Candidates rightly deduced sales and purchases figures from a data of incomplete records.
- (5) Candidates correctly explained entrance fees and subscriptions as sources of funds of not-for-profit making organizations.
- (6) Candidates were able to explain the following banking terms:
 - Bank charges;
 - standing order;
 - dishonoured cheques;
 - unpresented cheques;
 - uncredited cheques.
- (7) Candidates rightly prepared with appropriate workings ledger accounts on the issue of shares.

3. SUMMARY OF CANDIDATES' WEAKNESSES

- (1) The majority of candidates failed to appropriately describe balances carried down and balances brought down.
- (2) Most candidates failed to correctly describe the items in ledger

accounts.

- (3) Most candidates were unable to prepare the Revaluation Account upon the admission of a new partner into the firm.
- (4) Most candidates failed to properly explain the following accounting concepts:
 - consistency concepts
 - periodicity concept
 - historical cost concept
- (5) Candidates failed to adequately explain the operation of petty cash book using the imprest system.
- (6) Most candidates could not compute the profit element on goods Invoiced by Head office to Branch at cost plus a predetermined percentage.
- (7) Candidates wrongly explained accrual concept as matching concept.

4. SUGGESTED REMEDIES

- Candidates should learn the significance of accounting concepts and assumptions by reading beyond their definitions.
- Candidates should learn the advantages and disadvantages as well as the significance of the payment voucher in the operation of the petty cash system.
- Candidates should be engaged more on the calculation of the various bases of transferring goods from the head office to the branches.
- Teachers should lay more emphasis on the on the correct descriptions of corresponding accounts in the preparation of the ledger accounts.
- Candidates should read on the various methods of payment especially that of credit transfer and they relate to the preparation of bank reconciliation statements.

5. DETAILED COMMENTS

QUESTION 1

- (a) **What are accounting concepts?**
- (b) **Explain the following accounting concepts:**
 - (i) **business entity;**
 - (ii) **accrual;**
 - (iii) **going concern;**

- (iv) **consistency;**
- (v) **periodicity;**
- (vi) **historical cost.**

This was a two-part question on accounting concepts. In the ‘a’ part, almost all the candidates who attempted the question explained what accounting concept is.

In the ‘b’ part, the majority of candidates, instead of explaining the accrual concept rather explained the matching concepts. In explaining the going concern concept, most candidates only stated that the business will continue to operate for the foreseeable future. They left out “unless there is evidence to the contrary”. The majority of candidates wrongly assumed that by consistency concept once an accounting method or procedure has been chosen it should not be changed. The overall performance was good.

The expected answers from the candidates include:

(a) ***Accounting Concepts***

Accounting concepts are the assumptions/principles/practices/rules/guidelines; that form the bases for the preparation and disclosure of items in the financial statements.

(b)

- i. ***Business Entity Concept:*** This concept means that the affairs of a business are to be treated as being separate from the personal affairs of its owner.
- ii. ***Accrual Concept:*** This concept means that revenues and expenses are recognised and included in the financial statement as they occur and not as they are paid or received
- iii. ***Going Concern Concept:*** This concept means that the business will continue to operate for the foreseeable future unless there is evidence to the contrary.
- iv. ***Consistency Concept:*** This concept means that once an accounting method or procedure has been chosen, it should not be changed unless it is deemed necessary as a result of better results.
- v. ***Periodicity:*** This concept means that financial statements should be prepared at regular intervals (usually one year) to measure the entity’s performance.
- vi. ***Historical Cost:*** This means that the value of assets of a business should be shown at the cost of acquisition and not at the values which are expected to be earned or the current market value.

QUESTION 2

- (a) **Explain the operation of petty cash book using the imprest system.**
- (b) **Outline two disadvantages of the imprest system of keeping petty cash book.**
- (c) **State four uses of a petty cash voucher.**

In the ‘a’ part, most candidates limited their explanation to the petty cashier’s responsibility of paying for small or minor expenses. This was woefully inadequate. In the ‘b’ part, the majority of the candidates wrongly stated the advantages of keeping a petty cash book instead of the disadvantages as required by the question. In the ‘c’ part, the majority of candidates failed to

state the uses of petty cash voucher. It was a fairly popular question but the performance was poor.

Expected answers were as follows:

(a) **Explanation of the Operation of Petty Cash Book Using the Imprest System:**

- The imprest system of keeping the petty cash book is a method where the petty cashier is given a fixed sum of money called cash float by the main cashier or the accountant periodically;
- The cash float is used to pay for small/minor expenses;
- The petty cashier is reimbursed at the end of the estimated period with the amount spent over the period to restore the amount to its original position.
- The petty cashier then commences the new period with the same amount as it was at the beginning of the previous period.

(b) **Disadvantages of the Imprest System of keeping Petty Cash Book:**

- (i) The operation of the system is time consuming;
- (ii) It is tedious to record repetitive small expenses over a period of time;
- (iii) The cash float may not always meet the total expenses for the period;
- (iv) It creates additional administrative cost to the business;
- (v) The system can be easily abused.

(c) **Uses of Petty Cash Voucher:**

It is used -

- (i) as authority to disburse money;
- (ii) by the main cashier as basis for reimbursement;
- (iii) as a reference point for investigation;
- (iv) as a means of ensuring accountability of the petty cashier/evidence of payment;
- (v) for classifying expenses;
- (vi) as a basis for cost control;
- (vii) as a basis for entering up the payments column in the petty cash book/source document
- (viii) by auditors to verify petty cash transactions.

QUESTION 3

(a) **Explain the following terms as used in accounts of a not-for-profit making organisations:**

- (i) *entrance fees;*
- (ii) *subscriptions.*

(b) **State five features of Income and Expenditure Account.**

In the 'a' part, candidates explained the entrance fees but most of them omitted it being a one-time payment. In an attempt to explain subscriptions, the majority of candidates failed to state that it is a periodic or regular contribution made by members of a club or association.

In the 'b' part, most candidates failed to state the fact that income and expenditure account discloses a closing balance which is either a surplus or deficit. The candidates performed very well in this question.

The expected answers were:

- (a)
- (i) **Entrance fees:**
-These are amounts that prospective members of a not-for-profit making organisation have to pay before being admitted as members;
-It is a one-time payment.
- (ii) **Subscriptions:**
-These are periodic contributions/dues made by members of a not-for-profit making organization;
They are the main source of funds/income to the club.
- (b) **Features of Income and Expenditure Account:**
- (i) This account operates like a profit and loss account of a trading organization;
(ii) All expenses are debited and income credited to the account;
(iii) It is classified as a nominal account;
(iv) It discloses a closing balance which is either a surplus or a deficit;
(v) It is prepared at the end of a period;
(vi) It records only revenue expenditures and revenue receipts;
(vii) All revenue receipts and expenditure items in a period are included in the account whether they are actually paid or not OR The accrual concept underlies its preparation;

QUESTION 4

- (a) **What is a bank reconciliation statement?**
- (b) **Explain the following terms:**
- (i) **Bank charges;**
(ii) **Standing order;**
(iii) **Credit transfer;**
(iv) **Dishonouredcheques;**
(v) **Unpresentedcheques;**
(vi) **Uncreditedcheques.**

In the 'a'part, a few candidates omitted the word balance from the explanation of the bank reconciliation statement. This has resulted in these candidates losing valuable marks.

In the 'b'part, almost all the candidates who attempted the question were able to explain the terminologies. The performance in this question was good.

The expected answers were:

- (a) **Bank reconciliation statement:**
- A bank reconciliation statement is a statement prepared by an account holder;
 - It is prepared to bring the cash book balance (bank column) into agreement with the bank statement balance on a given date.
- (b)
- (i) **Bank charges:**

- These are amounts charged and debited to the customer's bank account;
 - They are for services rendered by the bank to its customers
- (ii) **Standing order:**
- It is a written instruction to a bank by an account holder;
 - It authorises the bank to make specific payments to named persons on specified dates.
- (iii) **Credit transfer:**
- It is an agreement between a firm and its customer;
 - The customer arranges with his bank to transfer an amount directly into the firm's bank account.
- (iv) **Dishonoured cheques:**
- These are cheques received from debtors and paid into the bank account;
 - These cheques were returned unpaid by the bank for various reasons.
- (v) **Unpresented cheques:**
These are cheques issued by a firm to its creditors;
These cheques have not been presented to the bank for payment at the time the bank statement was prepared.
- (vi) **Uncredited cheques:**
- These are cheques received from customers and paid into the business bank account;
These cheques had not been credited by the bank at the time the bank statement is prepared.

QUESTION 5

This was a practice question which tested candidates' ability to prepare the following accounts from incomplete accounting records:

- (a) Total Debtors Account;
- (b) Sales Account;
- (c) Total Creditors Account;
- (d) Trading, Profit and Loss Account.

Most candidates did quite well in the preparation of the Total Debtors and Total Creditors Accounts. However, some candidates found it challenging to determine sales, purchases, rent and expenses figure.

It was a popular question. Candidates' performance was quite good.

The expected solutions from candidates were as follows:

OLUCHI

(a) **Total Debtors Account**

		N		N		
1/1/19	Balance b/f	190,000		31/12/19	Bank	236,000
	Credit sales	276,000				
		466,000		230,000		466,000
		31/12/19 Balance c/d				31/12/19
	1/1/20	Balance b/d				
		230,000				

(b) **Sales Account**

		N		N		
31/12/19	Trading Account	570,000		31/12/19	Credit sales	276,000
					Cash deposit	198,000
	Cash drawings	30,00			Cash expenses	66,000
		570,000				570,000

(c) **Total Creditors Account**

		N		N		
31/12/19	Bank	320,000		1/1/19	Balance b/120,000	31/12/19
	Balance c/d	90,000				
	31/12/19	Purchases				
		410,000				410,000
	1/1/20	Balance b/d				
		90,000				=====

ESSAY

Departmental Trading, Profit and Loss Account for the year ended 31st December, 2019

	Department A		Department B		TOTAL
	<i>GHc</i>	<i>GHc</i>	<i>GHc</i>	<i>GHc</i>	<i>GHc</i>
Sales		30,000		20,000	
Less: <u>Cost of sales:</u>					
Opening stock	500		400		900
Add: Purchases	<u>23,600</u>		<u>16,400</u>		<u>40,000</u>
	24,100		16,800		40,900
Less: Closing stock	<u>600</u>	<u>23,500</u>	<u>300</u>	<u>16,500</u>	<u>900</u>
Gross profit		6,500		3,500	
Less: <u>Operating expenses:</u>	2,000		1,500		3,500
Wages of sales assistants	300		-		300
Delivery expenses	900		600		1,500
General office salaries	52		208		260
Rates	20		80		100
Fire and insurance	48		192		240
Electricity	100		400		500
Repairs to premises	300		200		500
Telephone	120		480		600
Cleaning	1,440		960		2,400
Auditing charges	720	<u>6,000</u>	<u>480</u>	<u>5,100</u>	<u>1,200</u>
Stationery		<u>500</u>		<u>(1,600)</u>	
Net Profit/(Loss)					

QUESTION 7

This was a practice question on Accounting for Branches where the Head Office invoices goods to the branch at cost plus predetermined percentage. Candidates were required to prepare the following accounts:

- (a) Goods Sent to Branch Account
- (b) Branch Stock Account;
- (c) Branch Adjustment Account.

Some candidates failed to convert the mark-up to margin in order to remove the profit loading when preparing the accounts. That is, **mark-up $\frac{1}{3+1} = \frac{1}{4}$ margin.**

The performance was fairly good.

The expected solutions were as follows:

OLOGUN TRADING ENTERPRISES

(a) **Goods Sent to Branch Account**

		₦			₦
31/12/19	Branch stock	240	1/12/19	Branch stock	24,000
	(320 – ¼ (320))				
31/12/19	Trading Account	23,760			
		<u>24,000</u>			<u>24,000</u>

(b) **Branch Stock Account**

		₦			₦
1/12/19	Goods sent to branch	24,000	31/12/19	Sales	20,000
31/12/19	Branch adjustment			Goods sent to branch	
	(24,000 x 1/3)	8,000		(320 – ¼ (320))	240
	Branch adjustment	80			
	Stock deficiency	160			
	Closing stock	<u>11,520</u>			
		<u>32,000</u>			<u>32,000</u>

(c) **Branch Adjustment Account**

		₦			₦
30/12/19	Branch stock		1/12/19	Branch stock	
	(1/4 x 320)	80		(24,000 x 1/3)	8,000
	Stock Deficiency	160			
	Gross profit	4,880			
	Closing stock (11,520 x ¼)	2,880			
		<u>8,000</u>			<u>8,000</u>

Note: Accept **Branch Stock Adjustment Account**

QUESTION 8

This was a practice question on partnership. Candidates were required to prepare the following accounts on the admission of a new partner:

1. Revaluation Account;
2. Capital Account;
3. Balance Sheet after the admission of the new partner.

Most candidates were unable to prepare the Revaluation Account upon the admission of a new partner into the firm. They failed to debit the revaluation account with the amount of decrease in assets and credited with increase in assets but not with the amount of the revalued items.

For example: Dr Revaluation Account Le 20,000

Cr Furniture & Fittings Le 20,000

It was quite a popular question. The overall performance was fairly good.

The expected solutions were as follows:

LOLY AND WILLY PARTNERSHIP

(a)

Revaluation Account			
	<i>Le</i>	<i>Le</i>	<i>Le</i>
Furniture and fittings		20,000	Plant and Machinery 60,000
Stock		10,000	
Provision for doubtful debts		2,000	
Profit on revaluation:			
Loly (3/5 x 28,000)	16,800		
Willy (2/5 x 28,000)	11,200	28,000	
		60,000	60,000

(b)

Partners' Capital Account							
	Loly	Willy	Joe		Loly	Willy	Joe
	<i>Le</i>	<i>LeLeLeLeLeLe</i>	<i>LeLeLeLeLeLe</i>				
Motor vehicle	10,000	-	-	Balance b/f	200,000	150,000	-
Balance c/d	251,800	191,200	100,000	Revaluation profit	16,800	11,200	-
				Cash	-	-	100,000
				Cash/Bank	45,000	30,000	-
	261,800	191,200	100,000		261,800	191,200	100,000
				Balance b/d	251,800	191,200	100,000

(c)

Balance Sheet after the admission of Joe					
	<i>Le</i>	<i>Le</i>		<i>Le</i>	<i>Le</i>
Capital:			Fixed Assets:		
Loly	251,800		Plants and Machinery		300,000
Willy	191,200		Furniture and Fittings		60,000
Joe	100,000		Motor vehicle		20,000
	543,000				380,000
Loan	100,000		Current Assets:		
Current liability:			Stock	40,000	
Creditors	90,000		Debtors	60,000	
			Less provision	7,000	53,000
			Cash		
			(85,000+100,000+75,000)	260,000	353,000
	733,000				733,000

QUESTION 9

This was a practice question on the preparation of accounts on the issue of shares. Candidates were required to prepare:

- (a) Bank Account;
- (b) Ordinary Share Application Account;
- (c) Allotment Account;
- (d) First and Final Call Account;
- (e) Ordinary Share Capital Account.

A few candidates failed to rightly describe the corresponding accounts in any particular account. This has resulted in these candidates losing vital marks.

Performance was fairly good.

The expected solutions were as follows:

BABS COMPANY LTD

(a) **Bank Account**

		\$	\$		
2019			2019		
June 20 Application		80,000	June 30 Application	8,000	June
30 Allotment	126,000	July 31 Balance c/d	360,000		
July 26 First and final call		162,000			
		<u>368,000</u>		<u>368,000</u>	
August 1 Balance b/d		360,000			

(b) **Ordinary Share Application Account**

		\$	\$		
2019			2019		
June 20 Bank		8,000	June 20 Bank	80,000	
June 20 Ordinary Share capital		72,000			
		<u>80,000</u>		80,000	<u>80,000</u>

(c) **Allotment Account**

		\$	\$		
2019			2019		
June 30 Ordinary share capital		<u>126,000</u>	June 30 Bank	<u>126,000</u>	

(d) **First and Final Call Account**

		\$	\$		
2019			2019		
July 20 Ordinary Share capital		<u>162,000</u>	July 20 Bank	<u>162,000</u>	

(e)

Ordinary Share Capital Account

		₦			₦
2019			2019		
Balance c/d	360,000		June 20 Application account	72,000	
			June 30 Allotment	126,000	
			July 20 First and final call	162,000	
		<u>360,000</u>		<u>360,000</u>	

Workings:

- i. Applications monies received $(200,000 \times 0.40)$ ₦80,000
- ii. Applications monies refunded $(200,000 - 180,000 \times 0.40)$ ₦8,000
- iii. Allotment monies $(180,000 \times 0.70)$ ₦126,000
- iv. First and Final Calls monies $(180,000 \times 0.90)$ ₦162,000



PRINCIPLES OF COST ACCOUNTING – PAPER 2

The Chief Examiner reported that the standard of the paper was comparable to those of previous years. The requirements of the questions were clearly stated with no ambiguities. The level of difficulty of the paper has been maintained consistently. Performance of candidates was also comparable to those of previous years. There was improvement in the candidate's performance.

SUMMARY OF CANDIDATES STRENGTHS

Candidates were able to;

- Explain cost.
- Distinguish between the following costing terminologies
 - (a) controllable and uncontrollable cost
 - (b) product and period cost
 - (c) cost unit and unit cost
- Explain the following methods of remuneration
 - (a) piece rate
 - (b) time rate
- Explain the following terms
 - (a) normal loss
 - (b) waste
 - (c) scrap
 - (d) abnormal loss
- Define budget
- Outline the benefits of a budget to an organisation
- Prepare stock ledgers using Last in First Out and Weighted Average methods of costing issues

SUMMARY OF CANDIDATES WEAKNESSES

Candidates were not able to;

1. Explain premium bonus
2. State the factors to consider before instituting incentive schemes in a firm
3. Give examples of cost units for breweries, pharmaceuticals and soliciting firms
4. Prepare journal entries to record cost transactions
5. Compute suitable overhead absorption rates for different operations departments
6. Prepare profit statements for two separate months using marginal costing approach

SUGGESTED REMEDIES FOR THE WEAKNESSES

- The differences between the various incentive schemes like premium bonus and overtime etc. should be well explained.
- Emphasis should be placed on explanation of the factors to consider before instituting incentive schemes
- The meaning of cost unit and examples of cost units in a typical manufacturing and service industries should be well explained.
- Candidates should be taught how to determine the most suitable overhead absorption rate for a firm when there are several alternatives of absorption rates.
- Candidates should also be advised to read the question carefully and understand the exact requirements of the question before attempting to answer.

DETAILED COMMENTS ON EACH QUESTION

Q1.

- (a) What is cost?

- (b) Distinguish between the following costing terminologies:
- (i) controllable cost and uncontrollable cost;
 - (ii) product cost and period cost;
 - (iii) cost unit and unit cost.

Candidates were able explain cost and few candidates distinguished between controllable and uncontrollable cost properly.

Majority of candidates were not able to:

- (a) explain controllable and uncontrollable cost. This is because they used the key word in the question ie. **control** in their explanation. For example ,controllable cost is cost that can be controlled and uncontrollable cost is cost that cannot be controlled
- (b) distinguish between cost unit and unit cost. Both terms were invariably explained as cost unit.

Candidates were expected to answer the question as follows:

- (a) **Cost:** It is an amount of expenditure incurred to produce or obtain a specified product or service or the economic sacrifice made to obtain a specified product or service.
- (b) (i) Controllable cost and Uncontrollable cost;
Controllable cost is a business expense that can be influenced by the action of a specified member in an organisation whiles **uncontrollable cost** is any business expense that cannot be influenced by the action of a given member of an organisation.
- (ii) Product cost and Period cost;
Product cost is cost that forms part of the units produced. It is cost that relates directly to the units produced while **Period cost** is cost that relates to a specified period. It is incurred during the passage of time and is not affected by the number of units produced.
- (iii) Cost unit and Unit cost;
Cost unit is the unit of product, service or time in relation to which costs may be ascertained or expressed while **Unit cost** is the total expenditure incurred to produce a unit of a product or service.

Q2. (a) Explain the following methods of remuneration;

- (i) Piece rate
- (ii) Time rate
- (iii) Premium bonus
- (b) State three factors to consider before instituting an incentive scheme in a firm;
- (c) Mention three advantages of piece work method of labour remuneration.

Candidates were able to;

- (i) explain piece rate
- (ii) explain time rate
- (iii) mention the advantages of piece work method of labour remuneration

Candidates were not able to:

- (i) explain premium bonus as being paid for saving time in production. They rather explained it as overtime or for producing more or just working hard.

- (ii) state the factors to consider before instituting an incentive scheme for a firm. Candidates rather stated the advantages of incentive schemes or the qualities of a good incentive scheme.

Candidates were expected to answer the question as follows:

- (a) (i) **Piece rate:** This is a method of remuneration where workers are paid based on units produced. It is payment by results and is computed as number of unit produced multiplied by the rate per unit.
- (ii) **Time rate:** This is a method of labour remuneration where workers are paid based on the time spent on the job irrespective of the units produced It is calculated as the number of hours or days multiplied by the rate per hour or day.
- (iii) **Premium bonus:** This is an incentive scheme where workers are paid for time saved on the job or in producing a specified number of units in less than the time allowed. It is normally applied where piece rate method of labour remuneration is in use.

(b) **Factors to consider before instituting an incentive scheme in a firm**

- (i) Benefit to be derived from the scheme;
- (ii) The objective of the scheme;
- (iii) The cost of instituting the scheme;
- (iv) Availability of funds to run the scheme;
- (v) The efficiency of production methods;
- (vi) Target performance to qualify for incentive;
- (vii) The ability to measure output and use as a basis for payment;
- (viii) Whether wages are linked to productivity;
- (xi) Sound quality control measure.

(c) **Advantages of piece work method of labour remuneration**

- (i) Wasted time is not paid for.
- (ii) Less supervision is required
- (iii) Workers and management understand the method so there is less disputes
- (iv) The method results in increased output;
- (v) Fair treatment of workers in terms of payment of wages;
- (vi) Workers are motivated
- (vii) Production can easily be measured
- (viii) Workers are in control of their performance and remuneration

Q3. (a) Mention one cost unit each for the following firms;

- (i) Breweries;
- (ii) Pharmaceuticals;
- (iii) Solicitors.

(b) Explain the following terms as used in process costing

- (i) Normal loss
- (ii) Waste
- (iii) Scrap
- (iv) By product
- (v) Abnormal loss

- (vi) Abnormal gain

Candidates were able to explain the following terms:

- (i) Normal loss
- (ii) Waste
- (iii) Scrap
- (iv) Abnormal loss

Candidates were not able to:

- (i) Mention the cost units for the relevant firms. Candidates exhibited complete lack of knowledge of cost units especially for soliciting firms. Many candidates at best just mentioned the name of their product.
- (ii) Explain abnormal gain and mostly explained it as a gain which is more or less than the expected gain

Candidates were expected to answer the question as follows:

(a)	<u>Firm</u>	<u>Cost Unit</u>
	Breweries	a bottle/carton of beer
	Pharmaceuticals	a box of tablets/bottle/carton of syrup
	Soliciting firms	court day/ client day

- (b) (i) **Normal loss**- It is an expected loss in production. It is a loss inherent in the production process and cannot be avoided. It is borne by good production.
- (ii) **Waste** – It is discarded material that has no recovery value. It has no saleable value and therefore not included in stock valuation.
- (iii) **Scrap** – It is a discarded material with minimal recovery value. It could either be disposed off for a small value or re-introduced into production.
- (iv) **By– product**- It is an incidental product that arises as a result of the introduction of the main product. Its value as compared to the main product is less.
- (v) **Abnormal loss**- This is the excess of actual loss over the expected loss. It is a loss normally which not anticipated by management during production process.
- (vi) **Abnormal gain** – This is where the actual loss is less than the expected loss in production.

- Q4. (a) **What is a budget?**
(b) **Outline six benefits of a budget to an organization.**

Candidates were able to;

- Properly explain a budget including using definitions from professional bodies like CIMA
- Outline the benefits of budgets to an organisation

Candidates were however not able to give all the six benefits of a budget to an organization as required by the question. Most candidates outlined up to four benefits.

Candidates were expected to answer the question as follows;

- (a) A **budget** is a quantitative expression of a plan covering a defined period of time.
- (b) **Benefits of a budget to an organisation.**
- (i) It provides clear guidelines for managers and supervisors;
 - (ii) It is an important means of communicating and co-ordinating activities;
 - (iii) It encourages management by exception and this saves time and cost;
 - (iv) It ensures proper allocation of resources.
 - (v) The responsibilities of managers are well defined;
 - (i) Operating activities are better controlled;

- (ii) It serves as motivation for employees to achieve their targets;
- (iii) It serves as means of evaluating performance;
- (iv) Its improves cost consciousness among employees;
- (v) Waste and inefficiencies are minimised.

Q5. This question was a practice question on Cost ledgers.

Candidates were able to make journal entries correctly for the transactions on the 1st, 4th, 10th, 12th, 25th, and 27 August 2020.

Majority of the candidates were not able to record Journal entries for transactions on August 24th and 31st August, 2020.

The candidates made direct entries into the Work in Progress Account and factory Overhead Account for the transactions on August 24, instead of recording them through the Wages Control Account and therefore missed one step. The transaction on August 31st was reversed or was treated as a transfer from Finished Goods Account to Sales Account instead of Work in Progress Account to Finished Goods Control Account.

Candidates were expected to prepare the Journal entries as follows:

JOURNAL ENTRIES

	Debit D	Credit D
August 1. Stores Ledger Control A/c Cost Ledger Control A/c <u>Materials purchased into stores</u>	420,000	420,000
August 4. Work-in-Progress Ledger Control A/c Stores Ledger Control A/c <u>Materials issued to production</u>	380,000	380,000
August 10. Administration O/H Ledger Control A/c Cost Ledger Control A/c <u>Administration overheads incurred</u>	10,000	10,000
August 12. Production O/H. Ledger Control A/c Cost Ledger Control A/c <u>Production overheads incurred</u>	50,000	50,000
August 24. Wages Account Cost Ledger Control A/c <u>Wages paid</u>	550,000	550,000
Work in-Progress Ledger Control A/c Wages A/c <u>Direct wages transferred to production</u>	340,000	340,000
Production Overheads Ledger Control A/c Wages A/c <u>Ind. wages transferred to O/H. Control A/c</u>	210,000	210,000
August 25. Cost Ledger Control A/c Costing profit and loss A/C <u>Sale of finished goods</u>	860,000	860,000
August 27. Stores Ledger Control A/C Work-in-Progress Ledger Control A/c <u>Materials transferred to stores</u>	16,000	16,000

August 31. Finished Goods Ledger Control A/c	690,000	
Work –in – Progress Ledger Control A/c		690,000
<u>Cost of finished goods transferred</u>		

Q6. This was a practice question on Job Costing.

Candidates were required to prepare a Job Cost Sheet for a Company which had secured an order to supply uniforms which was to be completed in one week.

Candidates were able to compute for cost of materials, direct labour which is the wages of tailors, hire of special machine and wages of cleaners.

Candidates were not able to compute the other operating expenses

- Variable overheads was computed as a percentage of total wages instead of direct wages
- Supervisors wages, rent and electricity expenses were calculated per month instead of per week
- The profit figure and the invoice price were therefore mostly computed wrong.

Candidates were expected to answer the question as follows:

YOSEMITE TAILORS
JOB COST SHEET

		GH¢	GH¢
Direct materials	(100 bales x GH¢ 250)		25,000
Wages:			
Direct - Tailors	(20 Tailors x GH¢ 610)	12,200	
Indirect - Cleaners	(2 x GH¢50)	100	
- Supervisor	(720/4)	<u>180</u>	12,480
Hire of special machine			640
Variable overheads	(50/100 x GH¢12,200)		6,100
Fixed : Rent	(GH¢ 1,600/4)	400	
Electricity	(GH¢ 240/4)	<u>60</u>	460
Production Cost			44,680
Add: Profit margin	(40/100 x 44,680)		<u>17,872</u>
Invoice price			<u><u>62,552</u></u>

Q7. This was a practice question on overheads. Candidates were required to:

- Determine the most suitable basis for absorbing overheads in each of the departments
- Compute the overhead absorption rate for each department using the basis determined earlier.

Candidates were able to determine the possible bases of overhead absorption, they **were not able to** link the to the departments as required by the question.

Candidates also calculated all three overhead absorption rates for each department instead of just the **most appropriate one** for each department though the question indicated only one absorption rate for each department.

Candidates were expected to answer the question as follows:

MAMA BETTY

(a) Suitable Overhead absorption basis

- (i) Manufacturing - machine hours
- (ii) Stores - labour hours
- (iii) Sales - direct wages

(b) Computation of overhead absorption rate:

$$\begin{aligned} \text{Manufacturing} &= \frac{\text{Total overheads}}{\text{Machine hours}} = \frac{\text{GH}\text{\textasciitilde} 45,000}{2,400 \text{ hours}} \\ &= \underline{\underline{\text{GH}\text{\textasciitilde} 18.75 \text{ per machine hour}}} \\ \text{Stores} &= \frac{\text{Total overheads}}{\text{Labour hours}} = \frac{\text{GH}\text{\textasciitilde} 27,000}{1,800 \text{ hours}} \\ &= \underline{\underline{\text{GH}\text{\textasciitilde} 15 \text{ per labour hour}}} \\ \text{Sales} &= \frac{\text{Total overheads}}{\text{Direct wages}} = \frac{\text{GH}\text{\textasciitilde} 18,000 \times 100}{6,000 \text{ hours}} \\ &= \underline{\underline{300\% \text{ of direct wages}}} \end{aligned}$$

Q8. This was a practice question on Marginal Costing. Candidates were required to prepare profit statements for two consecutive months using marginal costing technique.

Candidates were able to:

- compute sales and determine variable cost for both months;
- calculate value of closing stock for June;
- determine total contribution for June and deduced fixed cost to obtain profit for the month.

Candidates were not able to;

- bring forward the closing stock of June as opening stock for July;
- realize that there was **no closing stock** for July but calculated closing stock for July which was wrong;
- calculate the contribution for July;
- put both fixed and variable together because they had limited knowledge of the application of Marginal costing technique.

Candidates were expected to answer the question as follows;

CONTEH LIMITED

PROFIT STATEMENT USING MARGINAL COSTING: JUNE

	<u>Le</u>	<u>Le</u>
Sales (3,500 x 400)		1,400,000
Materials	680,000	
Wages	290,000	
Variable Overhead	<u>160,000</u>	
	1,130,000	
Closing stock (<u>1,130,000 x 500</u> 4,000)	<u>141,250</u>	<u>988,750</u>
Contribution		411,250
Less fixed cost		<u>240,000</u>
Profit		<u>171,250</u>

PROFIT STATEMENT USING MARGINAL COSTING: JULY

	<u>Le</u>	<u>Le</u>
Sales (4,000 x 410)		1,845,000
Opening Stock	141,250	
Materials	700,000	
Wages	300,000	
Variable Overhead	<u>200,000</u>	<u>1,341,250</u>
Contribution	503,750	
Less fixed cost	<u>240,000</u>	
Profit	<u>263,750</u>	

Q9. This was a practice question on stock ledgers. Candidates were required to compute

- Prepare stock ledger accounts using
- Last in First Out
- Weighted average method

Candidates were able to prepare the stores ledger using the Last in First out method of pricing issues and majority of candidates scored all the marks for that method

Candidates were however not able to complete the store ledger using the weighted Average method of pricing issues from stores. Majority of candidates could not calculate the weighted average price correctly and therefore got only the first transaction correct.

Few candidates computed the balances on the LIFO basis though the issues were based on weighted average.

Candidates were expected to answer the question as follows;

QUESTION 9

ABOKYE
STORES LEDGER ACCOUNTS – LIFO

(a)

DATE	RECEIPTS			PAYMENTS			BALANCE	
	Qty	Rate GH¢	Amount GH¢	Qty	Rate GH¢	Amount GH¢	Qty	Balance
Aug.1							100	6,000
7				80	60	4,800	20	1,200
9	80	70	5,600				100	6,800
							20	1,200
							<u>40</u>	<u>2,800</u>
14				40	70	2,800	60	4,000
							20	1200
							40	2,800
							<u>140</u>	<u>11,760</u>
16	140	84	11,760				200	15,760
21				140	84	11,760	20	1,200
				<u>20</u>	70	<u>1,400</u>	<u>20</u>	<u>1,400</u>
				160		13,160	40	2,600
23	120	56	6,720				20	1,200
							20	1,400
							<u>120</u>	<u>6,720</u>
							160	9,320
28				120	56	6,720		
				<u>20</u>	70	<u>1,400</u>		
				<u>140</u>		<u>8,120</u>	20	1200

ABOKYE

(b)

STORES LEDGER ACCOUNTS – WEIGHTED AVERAGE

DATE	RECEIPTS			PAYMENTS			BALANCE		
	Qty	Rate GH¢	Amount GH¢	Qty	Rate GH¢	Amount GH¢	Qty	Rate GH¢	Balance GH¢
Aug. 1							100	60	6,000
7				80	60	4,800	20	60	1,200
9	80	70	5,600				100	68	6,800
14				40	68	2,720	60	68	4,080
16	140	84	11,760				200	79.2	15,840
21				160	79.2	12,672	40	79.2	3,168
23	120	56	6,720				160	61.8	9,888
28				140	61.8	8,652	20	61.8	1,236

TYPEWRITING

1. GENERAL COMMENTS

Questions were of standard and compared favourably to those of the previous years. The performance of candidates as compared to the previous year was better. There was creditable improvement in the candidates' performances.

2. SUMMARY OF CANDIDATES' STRENGTHS

Candidates' strengths were identified in the typing of the Speed work which was a great surprise. They were able to complete the Speed aspect but the Accuracy portion was not entirely good. Other areas where the performance improved were noted in the following areas:

- Use of correct date for the letter that is, 24th September, 2021.
- Choosing of correct paper sizes. Those who chose the wrong paper were not penalized. Some also used the pre-printed letterhead and was accepted.
- * Some candidates understood the rubrics and followed it appropriately, i.e. use of line spacing.
- * Marginal instructions were also followed to a greater extent.
- * The Tabulation was well done by a greater number of candidates and therefore secured high marks.

3. SUMMARY OF CANDIDATES' WEAKNESSES

In spite of the positive signs, there were other weaknesses that were identified among some candidates' work. Some of them were identified as follows:

- Non-completion of Speed Test passage.
- They typed numerous errors in the Speed and Accuracy Test and therefore lost marks for Accuracy.
- Inconsistent display in the production tasks.
- Poor alignment of figures, dashes and materials.
- Poor understanding of rubrics e.g. typing of carbon copy.
- Poor understanding and interpretation of manuscript correction signs.
- Inconsistent style of punctuation, as some mixed the open and punctuated styles.
- Overtyping of letters continue to be observed.
- Use of continuation sheet for the letter which was not properly rendered. This was needless, yet some candidates typed on continuation sheets and omitted continuation sheet details. Some candidates typed the same way the manuscript was written on two sheets.

- Wrong use of capital letters.
 - Poor underscoring of headings.
 - Typographical errors and
 - Numerous omissions and repetitions.
- * Candidates' English Language base is not very strong. They type anything at all that come into their heads that do not even fit into the sentence.
- * Mixing of sentences as observed in the Manuscript in Task 4.

4. **SUGGESTED REMEDIES FOR THE WEAKNESSES**

- Candidates' need more time for practice in order to be conversant with the Typewriter.
- Qualified and experienced teachers should be recruited to teach the subject.
- More attention should be given to the typing of the Production Tasks which carry 90% of the total marks.
- Candidates should avoid typographical errors, align properly and avoid Inconsistencies.
- Use correct capitalization and do correct reading and interpretation of the manuscripts correction signs.
- Refresher courses should be facilitated by West African Examinations Council for Typewriting teachers.
- Candidates need to learn correct capitalization and master the art of reading with understanding.
- There is the need for candidates to know the proper interpretation and application of the manuscripts correction signs.

4. **DETAILED COMMENTS**

Task 1 Speed and Accuracy Test.

The examination was in two parts, that is, the Speed portion and the Accuracy portion. Each portion carries **5 marks**. The observation was that:

- 1) Most of the candidates who obtained some marks did so from the Speedwork. The Accuracy in most cases was poor. Those who scored no marks at all either did not complete the passage up to the required level 40wpm or had numerous errors.
- 2) The task was not typed on the provided Speed Test paper (green colour) which candidates' were provided with. The instruction specified that it should be on plain A4 paper. Candidates' were however not penalized for use of paper. Any paper was accepted. The pre-printed Speed Test paper is therefore not needed if they do not use it. I suggest that since Ghana provides the special paper, the instruction should be modified for candidates to use it. e.g. Use plain A4 or pre-printed speed test paper.
- 3) Paragraphing spaces either 5 or 6 spaces were found to be inconsistent.

- 4) There were numerous omissions and repetitions of words and sentences.
- 5) Short works were recorded as a result of non-completion of passage.
- 6) Candidates' should understand that failure in Speed Test does not constitute failure in the entire examination and should therefore not be discouraged. It takes only 10% of the total marks.

Task 2 Programme

Candidates were required to type a Programme on plain A4 paper and use double line spacing in typing. This is a task that is simple to type when candidates set their tabs correctly. This was poorly done by a good number of candidates. The following are the shortcomings:

- 1) Poor use of double-line spacing.
- 2) Poor alignment of figures. Units should be under units and tens should be under tens.
- 3) Wrong use of dashes and non alignment of these dashes.
- 4) Poor interpretation of manuscript correction signs.
- 5) Poor capitalization.
- 6) Poor punctuation.
- 7) Mis-matching of time and items.
- 8) Candidates must read through the task before beginning to type in order to avoid mistakes.

Task 3 Letter with envelope

Candidates were required to type a Letter on plain A4 paper, take a carbon copy and address an envelope. This type of task always appears in Typewriting examinations and candidates should not have problems in producing a perfect copy of it. It was a straightforward task and the manuscript was clear. Candidates who prepared well scored good marks in this task. The following challenges were identified:

- 1) The envelope carried 5 marks and added to the marks of the letter to get the total mark. , Some candidates could not however, get marks for that as a result of typographical errors or entire omission.
- 2) Other marginal instructions were surprisingly misunderstood and wrongly interpreted e.g./=/.
- 3) Typographical errors were identified.
- 4) Wrong use of Capitalization.
- 5) Wrong date typed e.g. 24-9-21, 24/09/21
- 6) Re-arrangement of items (a), (c), (d).
- 7) Inconsistent style of display.
- 8) Use of double line spacing for the letter instead of single line spacing.
- 9) Typing wrongly 'expects' as 'experts'.

Task 4 Manuscript

Candidates were expected to type a Manuscript on plain A4 in double line spacing.

The manuscript was clearly written but only a few candidates performed creditably in this task. Some candidates did not apply the instructions (both rubric and marginal) very well. The candidates were bent on finishing the tasks no matter how and therefore resulted in numerous omissions and typographical errors. The style of display was inconsistent in some cases.

Task 5 Form

Candidates were expected to type a copy of a Form on A4 paper in double line spacing.

This task was a simple one and candidates who attempted it performed very well. Some of the candidates however, could not type it well. Some of the leader dots were omitted. Also some marginal instructions were wrongly interpreted. The style of display was inconsistently done in some cases.

Task 6 Tabulation

Candidates were asked to prepare a table in double line spacing and rule as shown.

This was a simple and straightforward task. The column headings were simple. The mark allotted to the task was huge and serious candidates who prepared well performed very well. The manuscript was clear. About 90% of the candidates answered this question and scored some good marks. A few challenges were however identified as follows:

- 1) Poor ruling of both horizontal and vertical lines.
- 2) Inconsistent style of display (blocked and centered).
- 3) Poor rendering of Cedi sign (¢) as cent sign (c).
- 4) Poor alignment of figures (vertical and horizontal).
- 5) Poor transposition of figures.
- 6) Poor understanding of marginal instructions.

