



THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA

OCTOBER 2022 PATHFINDER

FOUNDATION: PRINCIPLES OF TAXATION

PART I MULTIPLE CHOICE QUESTIONS (MCQ) (60 MARKS)

ATTEMPT ALL QUESTIONS.

Write ONLY the alphabet (A, B, C or D) that corresponds to the correct option in each of the following questions/statements.

1. Taxes collectible under customary law does not include
 - A. Isakole.
 - B. Zakkat.
 - C. Nkwu.
 - D. Indirect Taxation.

2. The underlisted are objectives of Taxation EXCEPT
 - A. Redressing of the rural-population drift.
 - B. Revenue generation to the needs of government.
 - C. Impartiality.
 - D. To encourage the provision of goods and services required for the growth of the economy by decreasing the rate of tax.

3. Which of the following circumstances may not give rise to Tax Refund?
 - A. Double payment of the same liability by the taxpayer.
 - B. Outright overpayment of taxes by taxpayer.
 - C. Over assessment of taxes by the FIRS.
 - D. Tax payers consistent complain.

4. The tax returns for the taxpayers includes the following EXCEPT
 - A. the listings of income and bulk expenses from which the audited accounts were prepared.
 - B. completed tax form IR3C, which is a declaration of income and other information relating to the taxpayer.
 - C. the capital allowance computations and tax liability.
 - D. a declaration which shall be signed by a Director or Secretary of the company that the returns contain a true and correct statement of amount of its profits computed in respect of all sources and that the particulars in such returns are true and complete.

5. Which of the following is not an advantage of Self-Assessment Scheme?
 - A. There is a reduction in time taken to raise assessment by the Federal Inland Revenue Service.

- B. It gives a measure of confidence to the taxpayer to willingly submit himself to be assessed willingly.
- C. It bestows high degree of trust on the taxpayer.
- D. It enables taxpayer to avoid tax payment.
6. Indirect taxes are paid by
- A. All low income and middle income earners only.
- B. All middle income and high income earners only.
- C. All low income, middle income and high income earners.
- D. All low income and high income earners only.
7. The following are functions of the Technical Committee of the Federal Inland Revenue Services **except**
- A. To consider all tax matters that require professional and technical expertise and make recommendations to the Board.
- B. To advise Board on aspect of the functions and powers of the Federal Inland Revenue Service under the Act.
- C. To supervise sales of all tangible assets of the Federal Inland Revenue Service.
- D. To attend to such other matters as may from time to time be referred to it by the Federal Inland Revenue Service Board.
8. Which of the following is a disallowable expense in Nigeria?
- A. Repairs and renewal in respect of premises, plant, machinery, furniture or fixtures, implements, utensils or articles employed in acquiring the profits of the company.
- B. Rent received on the property owned by company included in the profit during the year.
- C. Salaries, wages or other remuneration as well as any benefits-in-kind or allowances granted by the company to senior staff and executives within the limits prescribed by collective agreement entered into between the company and its employees and as approved by the Federal Ministry of Labour, Employment and Productivity.
- D. Interest on money borrowed or employed as capital in generating the profits of the company.
9. In line with Finance Act, 2020 what is the rate of Value Added Tax in Nigeria?
.....
- A. 7½%
- B. 5%
- C. 10%
- D. 15%
10. Which of the following entities does **NOT** pay information technology development levy in Nigeria?
- A. Pharmaceutical Companies.
- B. Internet Service Providers.

- C. Telecommunication Companies.
 - D. Pension Managers.
11. "Back Duty" means tax which has not been assessed for some years. Tax due may be lost due to any of the following except.
 - A. intentional default by the Taxpayer.
 - B. over-zealousness of the taxpayer.
 - C. carelessness on part of the taxpayer.
 - D. taxpayer has not been assessed for some years.
 12. Legislations administered by the Federal Inland Revenue Service are as stated hereunder except.
 - A. Stamp Duties Act.
 - B. Value Added Tax Act.
 - C. Road Taxes Act.
 - D. Capital Gains Tax Act.
 13. Which tiers of government is responsible for the collection of tenement rate and slaughter slab fees?
 - A. Local Government.
 - B. Federal Government.
 - C. State Government.
 - D. Community Development Act.
 14. The relevant tax authority in charge of Education Tax in Nigeria is
 - A. Joint Tax Board.
 - B. Federal Inland Revenue Service.
 - C. State Board of Internal Revenue.
 - D. Tertiary Education Tax Revenue Board.
 15. What is the allowances that are usually granted in lieu of depreciation under the Nigerian Tax Laws?
 - A. General Allowances.
 - B. Utility Allowances.
 - C. Production Allowances.
 - D. Capital Allowances.
 16. Which of the following revenue authority is empowered by the law to collect funds due on National Information Technology Development Agency Act, 2007?
 - A. State Internal Revenue Service.
 - B. The Federal Government of Nigeria.
 - C. Federal Inland Revenue Service.
 - D. The Minister of Finance of Nigeria.

17. What is the rate that reduces as income level or the base increases so that low rate of tax is paid at high levels of income?
- Reductive tax.
 - Regressive tax.
 - Proportional tax.
 - Progressive tax.
18. The process or machinery by which communities or group of persons are made to contribute in some quantum and methods for the purposes of administration and development of the society is known as
- Borrowing.
 - Money collection.
 - Taxation.
 - Taxes and levies.
19. As regards to Nigerian Constitution, which arm of the government is authorised to enact tax legislations in Nigeria?
- The House of Representative.
 - The Minister of Finance.
 - The National Assembly.
 - The Federal Inland Revenue Service.
20. All of the following are tax exempts **except**
- Interests earned on bonds issued by the Federal, State or Local government and their agencies with effect from June 24, 2011
 - Dividend distributed by a unit trust
 - Dividend received from investments in wholly export oriented businesses
 - Dividends, interests, discounts, royalties, charges or annuities
21. How is fine paid by a company for late submission of tax returns treated in computing the adjusted profit?
- Partly allowable expense.
 - Non allowable expense.
 - Allowable expense.
 - Reasonable allowable expense.
22. What is the withholding tax payable by a pioneer company that declared a dividend of ₦900,000 in the second year of its operation?
- NIL
 - ₦180,000
 - ₦45,000
 - ₦90,000
23. A taxpayer can appeal against the decision of the Tax Appeal Tribunal (TAT) after it has delivered its judgment. Which of the following is not correct about this statement?
- The appeal must be made within 30 days from receipt of the judgement.
 - The taxpayer can immediately appeal to Court of Appeal.
 - The appeal must show the grounds of law on which the decision of the TAT is being challenged.
 - The appeal must be in writing.

24. The composition of the Joint Tax Board (JTB) is made up of the following except
- A. The Chairmen of prominent Local Governments in Lagos and Federal Capital Territory.
 - B. The Chairman/Chief Executive of the Federal Inland Revenue Service is also to be the Chairman of JTB.
 - C. One member from each state being a person experienced in income tax matters nominated by name or office, from time to time, by the Commissioner charged with the responsibility for matters relating to income tax in the state in question.
 - D. The Secretary of the JTB who is appointed by the Federal Civil Service Commission and knowledgeable in tax matters.
25. What is the quorum for any meeting of the JTB?
- A. 7
 - B. 3
 - C. 5
 - D. 6
26. Which of the following is an allowable expense according to Section 27 of the Companies Income Tax Act 2004?
- A. Bad debt incurred in the course of trade or business proved to have become bad during the period under review.
 - B. Sums recoverable under an insurance or contract of indemnity.
 - C. Any expense of any description incurred as management fee unless under an agreement for which prior approval of Minister of Finance is obtained.
 - D. Capital repaid or withdrawn and any expenditure of capital nature.
27. Some difficulties encountered by revenue collectors in Nigeria are as follows EXCEPT
- A. Improper books of accounts.
 - B. Correct declaration of income.
 - C. Inadequate provision of information.
 - D. False declaration of income.
28. Which of the following is **NOT** basic concepts in taxation?
- A. Tax burden.
 - B. Tax avoidance.
 - C. Tax impact.
 - D. Tax shift.
29. Which of the following is **NOT** member of the Federal Inland Revenue Service Board?
- A. The Governor of the Central Bank of Nigeria or his representative.
 - B. The Chairman of Revenue Mobilization, Allocation and Fiscal Commission or his representative.
 - C. A representative of the Auditor General of the Federation or an Officer not below the rank of a Director.
 - D. A representative of the Minister of Finance not below the rank of a Director.

30. Which of the following is a disadvantage of progressive tax?
- A. Equitable.
 - B. Convenience.
 - C. Certainty.
 - D. Inflationary.
31. Income derived by an individual through the use of brain or exertion of energy is
- A. Unearned Income.
 - B. Earned Income.
 - C. Total Income.
 - D. Assessable Income.
32. Tax evasion involves the following **except**
- A. Rendering tax returns as and when due.
 - B. Outright and deceitful falsification of account and other documents.
 - C. Documenting fictitious transactions.
 - D. Making false claim for allowances and reliefs.
33. Powers and Functions of the Federal Inland Revenue Service Board includes followings **except:**
- A. Review and approve the strategic plans of the Service.
 - B. To provide the general policy guidelines relating to the functions of the Service.
 - C. Set up the accounting system for business organisations in Nigeria.
 - D. Employ and determine the terms and conditions of Service including disciplinary measures of the employees of the Service.
34. The following are reasons why government collects taxes?
- A. To promote import.
 - B. To redistribute income.
 - C. To provide amenities.
 - D. To maintain general administration of government machinery.
35. Which of the following Acts of parliament provides for the establishment of the Federal Inland Revenue Service Board?
- A. Federal Inland Revenue Service (Establishment) Act, 2004.
 - B. Federal Inland Revenue Service Act, 2007.
 - C. Federal Inland Revenue Service (Establishment) Act, 2014.
 - D. Federal Inland Revenue Service (Establishment) Act, 2007.
36. What is the percentage of rural investment allowance granted to companies established in rural areas without tarred road?
- A. 15%
 - B. 25%
 - C. 35%
 - D. 45%

37. Which of the following is an advantage of tax incentive in Nigeria?
- Tax incentives can be used to discourage new investments into a country.
 - Some people believe that some taxpayers may abuse tax incentives.
 - Some are of the opinion that tax incentives are only available to foreign investors and that local investors may route their investments through foreign routes to escape tax burden.
 - Tax incentives assist companies or individuals carrying on identified activities.
38. Who appoint Secretary to the Federal Inland Revenue Service Board?
- The Minister of Finance
 - The Minister for Budget and Planning
 - The Federal Inland Revenue Service Board
 - The Executive Chairman, Federal Inland Revenue Service
39. The guiding principle of Nigeria tax system is
- Equity and Stewardship.
 - Equity and fairness.
 - Equity and satisfaction.
 - Equity and distribution.
40. What is the advantage of indirect tax in Nigeria?
- It is disincentive to work.
 - It restricts free trade.
 - It is easy to evade.
 - It is easy to collect.
41. The following are key stakeholders in the Nigeria tax system **except**
- The giant investors.
 - The Revenue agencies.
 - The media and advocacy group.
 - The taxpayers.
42. What is the flat charge imposed on every taxable person within a State called?
- Pay As You Earn.
 - Sales tax.
 - Development levy.
 - Land use charge.
43. How many members does Tax Appeal Tribunal consist?
- 4
 - 5
 - 6
 - 7
44. What is the return in form of tax revenue derived from the administration of tax on taxpayers called?
- Tax yield.
 - Tax burden.
 - Tax rate.
 - Tax effect.

45. The following are advantages of acquiring of pioneer status **except**
- A. Dividends declared by a pioneer company in its pioneer period are free from withholding tax.
 - B. The pioneer period of three years can be further extended by two years if the company satisfies necessary conditions for extension.
 - C. A pioneer company enjoys a free import duty during the pioneer period.
 - D. A pioneer company enjoys a tax relief period for years starting from the production day of the company.
46. Any person that is not satisfied with a decision of the Tax Appeal Tribunal may appeal against such decision on a point of law to
- A. The Supreme Court.
 - B. The Federal High Court.
 - C. The Federal Court of Appeal.
 - D. The State High Court.
47. The following are factors likely to improve the efficiency of tax administration in Nigeria **except**
- A. Accounting records.
 - B. Political will.
 - C. Auditing records.
 - D. Honesty and competency of taxpayer's staff.
48. Which of the following issues tax clearance certificates to partners in partnership businesses?
- A. The Local Government Revenue Authority.
 - B. The Federal Inland Revenue Service.
 - C. The Joint Tax Board.
 - D. The State Internal Revenue Service.
49. The following are examples of direct taxes in Nigeria **except**
- A. Value Added Tax.
 - B. Companies Income Tax.
 - C. National Technological Development Agency Levy.
 - D. Tertiary Education Tax.
50. An employment, the duties of which are wholly perform outside Nigeria except during any temporary visit of employee is called
- A. Itinerant employment.
 - B. Foreign employment.
 - C. World employment.
 - D. African employment.
51. In whose hands is the income of a trust taxed?
- A. Trustee.
 - B. Beneficiary.
 - C. Pensioner.
 - D. All of the above.

52. Dividend exempted from withholding tax are as listed hereunder **except**
- Dividend paid out of Pioneer Profit.
 - Dividend paid by a Unit Trust.
 - Dividend paid out of trading profit.
 - Dividend from wholly export oriented companies.
53. The Tribunal shall have power to adjudicate on disputes and controversies arising from the following Nigerian Tax Laws **except**
- Companies Income Tax Act (as amended).
 - Joint Venture Tax Act (as amended).
 - Personal Income Tax Act (as amended).
 - (Petroleum Profits Tax Act (as amended).
54. Advantages of payment of tax liability by instalments are as stated below **except**
- Taxpayers can pay tax whenever be wishes.
 - It is a kind of interest free loan from government.
 - It helps taxpayers' liquidity position.
 - It provides the government with steady inflow of funds.
55. Income tax rate currently applicable to companies with turnover in excess of N100m under the Companies Income Tax Act, is 30% of
- General Allowances Assessable/Profit.
 - Utility Allowances Adjusted/Profit.
 - Chargeable Profit.
 - Total Profit.
56. Which of these is NOT a condition for an expense to qualify as an allowable deduction for tax purposes?
- Exceptionally.
 - Reasonably.
 - Wholly.
 - Exclusively.
57. Under the Companies Income Tax Act, Cap. 21, LFN 2004 (as amended), which of the following donation is NOT allowable for tax purposes?
- Donations to New Nigerian Party.
 - Donation on not of a capital nature.
 - Donations made out of profit.
 - Donations made that is below 10% of the company's total profits.
58. The Federal Inland Revenue Service (FIRS) shall defray from the fund established all the amounts payable under or on pursuance of the Act being sums representing except:
- emoluments and allowances payable to the Executive Chairman and other members of the Board;
 - reimbursements to members of the Board or any committees set up by the Board for such expenses as may be expressly authorized by the FIRS;
 - to reimburse cost of tax appeal expenses incurred by the taxpayer;
 - cost necessary for the day-to-day operations of the FIRS.

59. Documents to be submitted by a Limited Liability Company before filling an application for Tax Clearance Certificate (TCC) includes the followings **except**:
- A. Duly Completed Self Assessment Forms for Income and Education Tax.
 - B. The listing of the Sales or Income Ledgers of major customers on monthly basis.
 - C. Evidence of the tax payment in full or a part of an agreed payment.
 - D. Completed application form for TCC.
60. Taxes and levies collectible by the State Government **excludes**,
- A. Road Taxes.
 - B. Stamp duties on documents executed by individuals.
 - C. Pools betting and lotteries, gaming and casino taxes.
 - D. On and off liquor licence, fees.

PART I MULTIPLE CHOICE QUESTIONS (MCQ) SOLUTION (60 MARKS)

- 1. D
- 2. A
- 3. D
- 4. A
- 5. D
- 6. C
- 7. C
- 8. B
- 9. A
- 10. A
- 11. B
- 12. C
- 13. A
- 14. B
- 15. D
- 16. C
- 17. B
- 18. C
- 19. C
- 20. D
- 21. B
- 22. A

- 23. B
- 24. A
- 25. A
- 26. A
- 27. B
- 28. B
- 29. C
- 30. D
- 31. B
- 32. A
- 33. C
- 34. A
- 35. D
- 36. A
- 37. D
- 38. C
- 39. B
- 40. D
- 41. A
- 42. C
- 43. B
- 44. A
- 45. C
- 46. B
- 47. C
- 48. D
- 49. A
- 50. B
- 51. A
- 52. C
- 53. B
- 54. A
- 55. D

- 56. A
- 57. A
- 58. C
- 59. B
- 60. D

EXAMINER'S REPORT

The question covers all areas of the syllabus and all candidates attempted the questions. Performance was above average.

Candidates' commonest pitfall was lack of understanding of the basic concepts of taxation.

Candidates are advised to ensure they cover all aspects of the syllabus and familiarise themselves with the basic concepts of taxation and relevant tax rates when preparing for future examination.

PART II**SHORT ANSWER QUESTIONS (SAQ)****(40 MARKS)****ATTEMPT ALL QUESTIONS.**

1. is the amount of income, property or consumption tax levied on an individual or business.
2. A tax regime under which various and similar types of taxes are imposed on taxpayers by different tiers of government is regarded as
3.Tax Act deals with the taxation of all limited liability companies in Nigeria.
4. Before independence, govern the taxation of income, goods and property of persons or communities within an ethnic group in Nigeria
5. is imposed on the profits of all corporate entities registered in Nigeria that derive income from upstream oil operations in Nigeria
6. The duty imposed on instruments executed by individuals or corporate entities in Nigeria is called
7. includes an individual or body of individuals, family, corporation, sole trustee or executor or a person who carries out an economic activity.
8. percent of income in convertible currencies derived from tourists provided the income is put in a reserved fund to be utilised within 5 years for the building, expansion or construction by hotels of new hotels, conference centers and new facilities for tourism development.
9. 120% investment tax credit or qualifying capital expenditure is available to companies engaged in for commercialisation.
10. A deliberate act of the taxpayer to pay less than he ought to legally pay is called
11. is the process or machinery by which communities or group of persons are made to contribute their quota for the purpose of administration and development of the society.
12. The general term that describes the consequences of a specific tax scenario with respect to a particular tax paying entity is called
13. Which relevant tax authority is in charge of collection of capital gains tax levied on individuals?
14. A compulsory contribution to the support of government levied on persons, property, income, commodities, transactions etc, at a fixed rate most proportionate to the amount on which the contribution is levied is called
15. A change in taxation that eliminates or reduces one or several taxes and establishes or increases others while keeping the overall revenue the same is called
16. Tax on production and consumption of goods and services is called

17. Proportional tax means that the rate of tax is
18. The tax rate that increases as income increases is called
19. are levied on the income of taxpayers and the incidence of such taxes fall straight on the taxpayers since they cannot shift the tax burden to someone else.
20. Education tax is levied on
21. What is the quorum at any sitting of the Tax Appeal Tribunal?
22. In accordance with Industrial Development (Income Tax Relief) Act, 1971, accounting period means
23. The fee for the extension of application for Pioneer Status is
24. According to the Finance Act, 2019 which took effect from February 1, 2020, any company with a revenue of ₦25,000,000 and below is referred to as a and will not pay tax.
25. National Information Technology Development Agency Act, 2007 imposes 1% of on some companies and such levy shall be tax deductible.
26. Interest on money borrowed or employed as capital in generating the profits of the company is referred to as expenses
27. In taxation laws and practice, all transactions of nature are excluded from income tax.
28. means taxes are used to reduce high levels of inflation and unemployment in order to promote stability and sustainable growth.
29. Excise duty imposed on the locally manufactured goods within the Nigerian territory is collected by the
30. Who chairs the meeting of the Joint Tax Board?
31. Section 92 of Personal Income Tax Act, Cap P8, LFN 2004 (as amended) established the for each State of the Federation.
32. refers to final resting place of the tax or the person who bears the burden of the tax by suffering a loss in his personal disposable income.
33. Information contained on a Tax Clearance Certificate (TCC) covers if it is not a new business.
34. A letter of objection to tax assessment is written by a taxpayer when he is
35. An old established business is required to file its self-assessment return within of the end of its accounting year.
36. The subject of tax imposition is called
37. An individual who is in full employment with the Nigeria Police Force is deemed to be resident for tax purposes in

38. Withholding tax is and not a separate tax.
39. The technical name given to a tax borne by a person other than the taxpayer is called
40. The Personal Income Tax (Amendment) Act 2011, states the Consolidated Relief Allowance (CRA) shall be

PART II SHORT ANSWER QUESTIONS (SAQ) SOLUTION (40 MARKS)

1. Tax burden
2. Multiple taxes
3. Companies Income
4. Customary laws or Native laws
5. Petroleum Profits Tax
6. Stamp duty
7. Taxable person
8. 25
9. Research and development
10. Tax avoidance
11. Taxation
12. Tax effect
13. State Internal Revenue Service
14. Tax
15. Tax shift
16. Indirect taxes
17. the same for all income
18. Progressive tax
19. Direct taxes
20. Assessable profit or Adjusted profit
21. 3 members
22. Accounting period means a period for which accounts have been made up in accordance with paragraph (c) of Section 11 of the Act
23. ₦100,000

24. Small company
25. Profit before tax
26. Allowable expenses
27. Capital
28. Economic stability
29. Nigerian Customs Service
30. The Executive Chairman of Federal Inland Revenue Service
31. Joint State Revenue Committee.
32. Tax Incidence
33. 3 years
34. Dissatisfied with the liability raised on him
35. 6 months
36. Tax burden
37. Federal Capital Territory
38. An advance payment of income tax
39. Indirect tax
40. Higher of ₦200,000 or 1% of gross income plus 20% of gross income

EXAMINER'S REPORT

The question covers all areas of the syllabus and all candidates attempted the questions. Performance was above average.

Candidates' commonest pitfall was lack of understanding of the basic concepts of taxation.

Candidates are advised to ensure they cover all aspects of the syllabus and familiarise themselves with the basic concepts of taxation and relevant tax rates when preparing for future examination.

FOUNDATION: FINANCIAL ACCOUNTING

PART I

MULTIPLE CHOICE QUESTIONS (MCQ)

(60 MARKS)

ATTEMPT ALL QUESTIONS.

Write ONLY the alphabet (A, B, C or D) that corresponds to the correct option in each of the following questions/statements.

1. Which of the following should not be included in the cost of inventory?
 - A. Import duties.
 - B. Selling cost.
 - C. Improvement to the inventory.
 - D. Freight and insurance.

2. All these are examples of a source documents **except**
 - A. Receipts.
 - B. Voucher.
 - C. Credit Note.
 - D. Ledger.

3. All these are examples of a business entity **except**
 - A. Sole-trader.
 - B. Partnership.
 - C. Cooperative Society.
 - D. Limited liability company.

4. The supplier's need for financial information relates mainly to
 - A. Profitability.
 - B. Management efficiency.
 - C. Dividends.
 - D. Liquidity.

5. Which of the following is enhancing qualitative characteristics of financial reports?
- I. Neutrality
 - II. Consistency
 - III. Comparability
 - IV. Prudence
- A. I and II.
 - B. I and III.
 - C. II and III.
 - D. II and IV.
6. After adjusting the cash book for items found in the bank statement, which of the following will not be the reason why the cashbook and the bank balances are not the same?
- A. Unpresented cheques.
 - B. Uncredited cheques.
 - C. Credit transfers.
 - D. Bank error.
7. Nominal Accounts are accounts in which are recorded
- A. Tangible assets.
 - B. Personal and corporate entity.
 - C. Receivers and suppliers.
 - D. Income and Expenditures.
8. Which of the following is an error of commission?
- A. Repair expenses on motor vehicle added to motor vehicle account.
 - B. Wages paid for installing an industrial machine debited to wages account.
 - C. Posting rent paid to building account.
 - D. Posting a wrong amount in a supplier's account.
9. The father of book-keeping system was an/a
- A. French.
 - B. Italian.
 - C. Germany man.
 - D. English man.
10. All these are the internal users of financial statements **except**
- A. Management.
 - B. Employee.
 - C. Tax practitioners.
 - D. Owners of the business.
11. The word "Limited liability" means.....
- A. All the owners stakes in the business and outside the business are mortgage for the business liabilities.
 - B. All the owners stakes in the business only are mortgage for the business liabilities.
 - C. Business liabilities are to be redeemed with all the owners private properties.
 - D. The creditors have the rights to wind-up the business.

12. The accounting concept which explain that profit on any given transaction should be included in the accounts of the period when the profit is realised is
- A. Realisation concept.
 - B. Periodicity concept.
 - C. Going concern concept.
 - D. Matching concept.
13. A document used to obtain authorisation for all payments irrespective of its sizes or mode of payments is called
- A. Credit Note.
 - B. Debit Note.
 - C. Voucher.
 - D. Invoice.
14. The document prepared and sent by a seller to the buyer which usually states the quantity, price, value of goods sold and terms of payment is called
- A. Receipts.
 - B. Purchase order.
 - C. Credit Note.
 - D. Invoice.
15. Which account is to be credited where wages was paid by cash?
- A. Cash a/c.
 - B. Wages a/c.
 - C. Capital a/a.
 - D. Bank a/c.
16. Which account is to be debited where cash was drawn from business for personal use?
- A. Cash a/c.
 - B. Capital a/c.
 - C. Drawing a/c.
 - D. Bank a/c.
17. Where personal car is introduced to run a business which of the following accounts is to be credited?
- A. Motor a/c.
 - B. Vehicle a/c.
 - C. Capital a/c.
 - D. Assets a/c.
18. To which of the following does the matching principle apply?
- A. Assets with liabilities.
 - B. Revenue with expenses.
 - C. Capital with liabilities.
 - D. Capital with income.

19. Which of the following non-current assets is not normally depreciated?
- Computer.
 - Land.
 - Building.
 - Fittings.
20. Which of the following elements of cost may not be found in the calculation of cost of goods sold of a manufacturing company?
- Purchases of finished goods.
 - Cost of goods produced.
 - Opening inventory of finished goods.
 - Closing inventory of finished goods.
21. All these are examples of **receivables, except**
- Trade Debtors.
 - Prepayment.
 - Cash Advance.
 - Payment in arrears.
22. A book of account that can be described as a subsidiary book and a ledger is.....
- Sales day book.
 - General journal.
 - Cash book.
 - Purchases day book.
23. The difference between cash receipts and payments in not -for profit entity books is called
- Bank balance.
 - Cash at hand.
 - Cash surplus/Deficit.
 - Bank overdraft.
24. Which of the following is an example of real accounts?
- Motor vehicle.
 - Expenses.
 - Debtors.
 - Creditors.
25. Favourable bank balance is
- debit balance in the cash book and debit balance in the bank statement.
 - credit balance in the cash book and debit balance in the bank statement.
 - credit balance in the cash book and credit balance in the bank statement.
 - debit balance in the cash book and credit balance in the bank statement.
26. The following are examples of Day Books, **except**
- Credit purchase.
 - Returns inward.
 - Returns outward.
 - Journal.

27. Jack Nahib bought 50 bottle of wines @ ₦120 each with 5% trade discount. Calculate the Net pay
- A. ₦6,000
 - B. ₦5,700
 - C. ₦5,400
 - D. ₦5,000
28. For goods sold on credit to Emma for ₦133,000, which of the following accounts would be debited and credited
- A. Debit Goods, Credit Emma.
 - B. Debit Emma, Credit Goods.
 - C. Debit Emma, Credit Sales.
 - D. Debit Sales, Credit Emma.
29. The difference between the credit and debit sides of a ledger is described as.....
- A. Balance c/d.
 - B. Balance b/d.
 - C. Balance.
 - D. Contra balance.
30. In determining the useful life of a non-current asset, which of the following factors is not considered?
- A. Interest rate.
 - B. Obsolescence.
 - C. Legal limits on the use of the asset.
 - D. Expected usage.
31. A cheque issued to a supplier but was returned unpaid by a bank is called.....
- A. Unpresented cheque.
 - B. Stale cheque.
 - C. Returned cheque.
 - D. Dishonoured cheque.
32. The net realisable value of inventory (NRV) is defined as
- A. Value in use.
 - B. Fair value.
 - C. Selling price less cost to sell.
 - D. Selling price less cost to completion and cost to sell.
33. Which of the following is not required by the Companies and Allied Matters Act to be included in the Memorandum of Association of a company?
- A. The name of the company ending with the word limited or guaranteed as the case may be.
 - B. Location of the registered office of the company.
 - C. Power and duties of company secretary.
 - D. The main object of the company or the nature of its business.

34. When a bank customer is allowed to draw cheques over and above his or her credit balance in the bank, such customer is enjoying
- A. Dishonoured cheque.
 - B. Bank facility.
 - C. Bank overdraft.
 - D. Credit facility.
35. A rebate granted by a wholesaler to the retailers for patronage is called
- A. Cash discount.
 - B. Bank discount.
 - C. Trade discount.
 - D. Bulk discount.
36. A system for recording petty cash transactions, which are paid out of a cash float is called.....
- A. Petty cash system.
 - B. Imprest system.
 - C. Cash float system.
 - D. Petty expenses.
37. A petty cash float was ₦100,000 and in a particular period, the following expenses were paid for postages ₦20,000, travelling ₦50,000 and stationeries ₦25,000. How much will be reimbursed to the petty cashier?
- A. ₦100,000
 - B. ₦95,000
 - C. ₦70,000
 - D. ₦75,000
38. Which of the following is NOT an example of preliminary expenses?
- A. Legal cost of incorporating a company.
 - B. Registration fee paid for share capital.
 - C. Stamp duty paid on the issue of share capital.
 - D. Repairs and maintenance of plant and machinery.
39. An instruction given by the bank account holder to the bank to make regular payment on his behalf at a given time is called
- A. Credit order.
 - B. Standing order.
 - C. Countermand order.
 - D. Credit transfers order.
40. Lodgment made into a bank account but not reflected on the bank statement is described as.....
- A. Dishonoured lodgment.
 - B. Uncredited lodgment.
 - C. Stale cheque.
 - D. Unpresented cheque.

41. A cheque that has been in circulation for more than six (6) months is called
- Stale cheque.
 - Statute Bar cheque.
 - Dishonoured cheque.
 - Unpresented cheque.
42. A schedule or list of ledger's balances extracted periodically to ascertain the arithmetical accuracy of book -keeping is called
- List of trade debtors.
 - List of trade payables.
 - List of trade creditors.
 - Trial balance.
43. Balance in the petty cash book at the reporting date is reported in the statement of financial position as
- imprest balance.
 - cash-in-hand.
 - bank balance.
 - overdraft.
44. All these are errors which a trial balance will not disclose **except**
- Error of commission.
 - Single entry error.
 - Error of principle.
 - Compensating errors.
45. Cost of a motor van wrongly posted to purchases accounts in error is called
- Error of principle.
 - Error of commission.
 - Error of omission.
 - Error of original entry.
46. A temporary account that has to be created to force a trial balance to agree is called.....
- Debtors account.
 - Posting errors account.
 - Temporary account.
 - Suspense account.
47. All these are elements of depreciation, **except**
- Salvage value of the asset.
 - Life span of the asset.
 - Depreciation rate.
 - Replacement value of asset.
48. The cost of a car is ₦10m and the salvage value is ₦0.5m with five years life span. Which method of depreciation is being tested above?
- Straight line.
 - Reducing balance.
 - Revaluation.
 - Adjusted straight line.

49. Discount received is a memorandum record in the
- A. Payables ledger.
 - B. Receivables ledger.
 - C. Returns inward ledger.
 - D. Cash book.
50. Another name for Trade Debtor in accordance with Financial Reporting Standard is
- A. Debtors.
 - B. Prudential trade debtors.
 - C. Trade payables.
 - D. Trade Receivables.
51. All these are components of determining Gross Profit **except**
- A. Carriage outwards.
 - B. Carriage inwards.
 - C. Returns inwards.
 - D. Returns outwards.
52. The net assets of a not-for-profit organisation is represented by
- A. Shareholders fund.
 - B. Excess of income over expenditure.
 - C. Annual subscriptions.
 - D. Accumulated fund.
53. Which of the following is not found in the statement of changes in equity?
- A. Bonus issue.
 - B. Revaluation reserves.
 - C. Proposed dividends.
 - D. Retained profits.
54. In which of the following components of financial statements are the resources and the claim to the resources, of an entity, recognised?
- A. Statement of comprehensive income.
 - B. Statement of changes in equity.
 - C. Statement of financial position.
 - D. Statement of cash flows.
55. In accordance with the accounting concepts and conventions, a comprehensive income statement is prepared for how many months?
- A. 24 months.
 - B. 20 months.
 - C. 18 months.
 - D. 12 months.
56. All these are found on the Debit side of profit or loss statement, **except**
- A. Repairs.
 - B. Discount received.
 - C. Discount allowed.
 - D. Rate.

57. All these are examples of reserves, **except**
- A. Share premium.
 - B. Capital redemption.
 - C. Provisions.
 - D. Revaluation surplus.
58. The amount due and remained unpaid over a period of time against all credit sales is described as
- A. Receivables.
 - B. Prepayments.
 - C. Credit sales.
 - D. Doubtful debts.
59. The financial stakes of an owner of a business is described as
- A. Asset.
 - B. Liability.
 - C. Capital.
 - D. Current asset.
60. A business's assets was valued as N15m, while the capital is N6.8m, calculate the value of liabilities
- A. ₦21,800,000
 - B. ₦15,000,000
 - C. ₦8,200,000
 - D. ₦7,500,000

PART I MULTIPLE CHOICE QUESTIONS (MCQ) SOLUTION (60 MARKS)

- 1. B
- 2. D
- 3. C
- 4. A
- 5. C
- 6. B
- 7. D
- 8. D
- 9. B
- 10. C
- 11. B
- 12. A

13. C
14. D
15. A
16. C
17. C
18. B
19. B
20. A
21. D
22. C
23. C
24. A
25. D
26. D
27. B
28. C
29. A
30. A
31. D
32. D
33. C
34. C
35. C
36. B
37. B
38. D
39. B
40. B
41. A
42. D
43. B
44. B
45. A

46. D
 47. D
 48. A
 49. D
 50. D
 51. A
 52. D
 53. C
 54. C
 55. D
 56. B
 57. C
 58. D
 59. C
 60. C

TUTORIAL NOTES

| | | | |
|-----|-----------------------|---------------|---------------|
| Q37 | Float | ₦ | ₦ |
| | Expenses: | | 100,000 |
| | Postages | 20,000 | |
| | Traveling | 50,000 | |
| | Stationeries | <u>25,000</u> | <u>95,000</u> |
| | Balance | | <u>5,000</u> |
| | Reimbursement needed: | | |
| | Float | | 100,000 |
| | Less balance on hand | | <u>5,000</u> |
| | Reimbursement | | <u>95,000</u> |

| | | |
|-----|--------------|------------------|
| Q60 | | ₦ |
| | Total Assets | 15,000,000 |
| | Less capital | <u>6,800,000</u> |
| | Liabilities | <u>8,200,000</u> |

EXAMINER'S REPORT

The question tests all areas of the syllabus. All candidates attempted the questions and performance was average.

Candidates' commonest pitfall was lack of understanding of basic accounting concepts.

Candidates are advised to study well and ensure they cover all areas of the syllabus when preparing for future examination.

ATTEMPT ALL QUESTIONS.

1. The difference between business assets and the owners' stake is called
2. All business current assets are nature.
3. Business trade outstanding to suppliers are described as.....
4. Goods sold on credit to a customer will the assets of the business.
5. is the total money provided by the owner of business to start the business.
6. is the properties or resources of a business at any point in time.
7. The difference between all incomes and expenses in the profit or loss statement is called
8. Example of a business non-current liabilities is
9. is the difference between a non-current assets costs and its cumulative depreciation?
10. Example of a business intangible asset is
11. Another name for business balance sheet in accordance to the Financial Reporting Standard is
12. Rebate granted on sales invoice by a seller to its customer to encourage prompt payment is called
13. According to the Conceptual Framework, what basis is required to be used for preparation of financial statements when the going concern assumption is no more valid?
14. Recording business transaction in a systematic way is called
15. The accounting entry for bad debts recovered are
16. The accounting entries for the provision for depreciation charged during the year are
17. Under not for profit organisation, its employed capital is called
18. Under the current review of CAMA 2020, the minimum membership number of a private company is

19. A business that dies with its owner is
20. is an income which are due in respect of the current year but such income have not been received at the close of the current years account.

21. From the following information, calculate the owner's equity

| | ₦ |
|-------------------------|----------|
| Non-current assets | 370, 000 |
| Current assets | 75,000 |
| Non-current liabilities | 120,000 |
| Current liabilities | 44,000 |

22.is the cost of transportation charged on goods purchased to the point of usage.
23. When an entity receives cash from their customers, the accounts to debit and credit are and
24. Which component of financial statements is prepared using cash basis only?
25. A business machinery cost is ₦25,600,000, its salvage value is ₦1,950,000 with five years life span. Calculate the depreciation chargeable per year.
26. Which depreciation method is defined by this formula?

$$\text{Depreciation} = \frac{\text{Cost less scrap value}}{\text{Estimated useful life}}$$
27. A machine cost ₦12,500,000 and has four years life span, with a scrap value of ₦5,120,000, calculate the annual depreciation.
28. All business non -current assets are depreciable **except**.
29. account is created and inserted into a trial balance to force it to agree.
30. is committed when the same amount of money wrongly posted to the two sides of a ledger account and which cancelled one and other.
31. is a method whereby lodgements are made directly to the customer's account without his/her knowledge by his/her debtors.
32. The portion of the company's profits, that are distributable to shareholders is called
33. One example of cash and cash equivalents is
34. The name of a ledger account that represents the owner of a business is referred to as
35. The book of prime entry which is normally used to correct accounting errors is known as

36. The cash book used to record small business cash transactions is called
37. Olu and Aina who were trading separately in the same line of business decided to form a partnership; Olu contributed ₦500,000 and Aina contributed ₦400,000 as capital. There was no partnership agreement. Profit during the first year of operations was ₦120,000. How much was Aina's share of profit?
38. Dividends received from investment in entities are shown as cash inflows from activities.
39. Which account should be credited if a business owner introduced his/her personal property to his/her business?
40. The book of original entry where all credit purchases made by a business are recorded is known as

PART II SHORT ANSWER QUESTIONS (SAQ) SOLUTION (40 MARKS)

1. Liabilities
2. Short time/revolving
3. Trade payables
4. Has no effect
5. Capital
6. Assets
7. Net profit
8. Long term bank loan/Debenture/Long term loan
9. Book value/Carrying amount
10. Goodwill/Patent/Royalty
11. Statement of Financial Position
12. Cash discount
13. Break-up basis
14. Book-keeping
15. DR Bank account CR Bad debts recovered A/c

16. DR depreciation expenses A/c CR provision for depreciation A/c
17. Accumulated fund
18. One (1)
19. Sole trader/One man business/Sole proprietorship
20. Unearned income
21. ₦281,000 (Total Assets-total liabilities)
22. Carriage inwards
23. Dr. Cash a/c; CR Customer's a/c
24. Statement of cash flow
25. ₦4,730,000
26. Straight line method
27. ₦1,845,000
28. Land
29. Suspense Account
30. Compensating error
31. Direct credit
32. Dividend
33. Cash in hand, cash at bank, bank overdraft, or bank deposit with not more than 3 months maturity.
34. Capital account
35. Journal
36. Petty cash book
37. ₦60,000 (Profit is shared equally in the absence of partnership agreement)
38. Investing
39. Capital account

40. Purchases day book/Purchases journal

TUTORIAL NOTES

| | | | |
|-----|-------------------------|---------------|----------------|
| Q21 | | ₦ | |
| | Non-current assets | 370,000 | |
| | Current assets | <u>75,000</u> | |
| | Total assets | 445,000 | |
| | Less: | | |
| | Non-current liabilities | 120,000 | |
| | Current liabilities | <u>44,000</u> | <u>164,000</u> |
| | Owner's equity | | <u>281,000</u> |

| | | |
|-----|------------------------------------|------------------|
| Q25 | | ₦ |
| | Cost of the machine | 25,600,000 |
| | Less salvage value | <u>1,950,000</u> |
| | | 23,650,000 |
| | Life span | 5years |
| | Annual depreciation (23,650,000/5) | <u>4,730,000</u> |

| | | |
|-----|-----------------------------------|------------------|
| Q27 | | ₦ |
| | Cost of the machine | 12,500,000 |
| | Scrap value | <u>5,120,000</u> |
| | | 7,380,000 |
| | Life span | 4years |
| | Annual depreciation (7,380,000/4) | <u>1,845,000</u> |

| | | |
|-----|--------------------------|----------------|
| Q37 | | ₦ |
| | Profit | 120,000 |
| | Share of profit: | |
| | Olu = 120,000/2 = 60,000 | |
| | Awa = 120,000/2 = 60,000 | <u>120,000</u> |

The partners will share profit equally because the partnership law provides that where there is not partnership deed (agreement) profits are to be shared equally.

EXAMINER'S REPORT

The question tests all areas of the syllabus. All candidates attempted the questions and performance was average.

Candidates' commonest pitfall was lack of understanding of basic accounting concepts.

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FOUNDATION: BUSINESS LAW

PART I

MULTIPLE CHOICE QUESTIONS (MCQ)

(60 MARKS)

ATTEMPT ALL QUESTIONS.

Write ONLY the alphabet (A, B, C or D) that corresponds to the correct option in each of the following questions/statements.

1. Which of the following contains power to make tax law?
 - A. The Constitution of the Federal Republic of Nigeria.
 - B. Common Law.
 - C. Doctrines of Equity.
 - D. Statutes of General Application.

2. What is the last step to be taken in voluntary settlement of a trade dispute?
 - A. Conciliation.
 - B. Arbitration.
 - C. Mediation.
 - D. Peace making.

3. What tiers of government have the powers to legislate and impose taxes on matters on the concurrent legislative list of the Constitution?
 - A. Federal and State.
 - B. State.
 - C. Local Government.
 - D. Federal.

4. Which of the following taxing authorities administers the Personal Income Tax of residents of the Federal Capital Territory?
 - A. Federal Inland Revenue Service.
 - B. High Court of the Federal Capital Territory.
 - C. Proximate State Tax Authority.
 - D. Federal Capital Territory Internal Revenue Service.

5. Which of the following subject is exempted from tax?
 - A. Discounts and rebates.
 - B. Interest on foreign currency domiciliary account.
 - C. Profit from disposal of short-term money instrument.
 - D. Profits from saving certificates.

6. In the law of contract, auction sale is an example of
 - A. Invitation to treat.
 - B. Offer.
 - C. Open acceptance.
 - D. Counter offer.

7. Which of the following elements of a contract is *quid pro quo* in nature?
- Intention to create legal relations.
 - Offer.
 - Acceptance.
 - Consideration.
8. Which of the following is binding on an infant?
- Contract for hire of a car.
 - Beneficial contract of service/contract for necessaries.
 - Contract for loan.
 - Contact of employment.
9. Which type of mistake occurs when one party offers a thing and the other party accepts another?
- Unilateral mistake.
 - Bilateral mistake.
 - Common mistake.
 - Mutual mistake.
10. In a contract of personal service, what is the effect of the death of one of the parties
- Terminal discharge.
 - Discharge by frustration.
 - Repudiation of the contract.
 - Unliquidated discharge.
11. Occupier's liability is owed to the following persons except:
- lawful visitors.
 - licensees.
 - Invitees.
 - building experts.
12. Which of the following is an intentional tort?
- Trespass to property.
 - Medical Malpractice.
 - Negligence.
 - Tale bearing.
13. Voluntary assumption of risk has the effect of:
- assumpta*.
 - volenti non fit injuria*.
 - complicit negligentia*.
 - volenti non fit remedia*.
14. Which of the following explains disposal of perishing goods without the prior authority of the principal?
- Ready market.
 - Factoring.
 - Ratification.
 - Agency of necessity.

15. Which of the following forecloses the right of an agent to indemnity?
- A. Commission.
 - B. Illegality.
 - C. Custom.
 - D. Expenses.
16. Retention of the principal's goods in security for the payment of the agent's commission is called:
- A. Subrogation.
 - B. Retention fee.
 - C. Lien.
 - D. Carbotage.
17. Which of the following is required of both paid and gratuitous agents?
- A. Care and skill.
 - B. Obligation to perform the agency.
 - C. Liability for damages for non-performance.
 - D. Obedience of all orders of the principal.
18. Which of the following is not true of a limited liability partnership under CAMA 2020?
- A. It has perpetual succession.
 - B. The death of a partner dissolves the partnership automatically.
 - C. It is a body corporate with separate legal personality.
 - D. It must be registered with the Corporate Affairs Commission.
19. A person that undertakes to form a company and raise capital for it is called a/an:
- A. entrepreneur.
 - B. financier.
 - C. promoter.
 - D. consultant.
20. When the Board of Directors of a company intends to remove the Company Secretary it must give him for his defence a notice of:
- A. 28 work days.
 - B. 21 work days.
 - C. 14 work days.
 - D. 7 work days.
21. Which type of company is required to hold a statutory meeting?
- A. Public company.
 - B. Private company.
 - C. Company limited by share.
 - D. Unlimited liability company.
22. Which of the following may assess tax on the turnover of a foreign digital company involved in e-commerce?
- A. Board of Digital Economy.
 - B. Board of Cross-border Revenue.
 - C. Federal Inland Revenue Service.

- D. Bureau of Foreign Income revenue.
23. Which duty does the Finance Act, 2021 impose on every person with taxpayer information acting in official capacity for tax administration?
- A. Cooperation.
 - B. Confidentiality.
 - C. Disclosure.
 - D. Compounding.
24. The *United Nations Convention on Contracts for the Sale of Goods* does not apply to the following transactions **except**:
- A. sale by auction.
 - B. sales of ships, vessels Hovercraft or aircraft.
 - C. sale of electricity.
 - D. when foreign States are contracting parties.
25. What is the consequence of breach of condition in a sale of goods contract?
- A. Action for damages.
 - B. Repudiation of contract.
 - C. Claim for damages.
 - D. Restitution.
26. Which of the following differentiates hire purchase from sale of goods?
- A. Instalments payment.
 - B. The goods involved.
 - C. It begins as a lease.
 - D. Sale of the goods in market overt.
27. In credits sales, the goods become the property of the customer:
- A. immediately.
 - B. after payment of two-thirds of the price.
 - C. at the option of the seller.
 - D. at the option of the buyer.
28. Which of the following is true of directors' remuneration?
- A. It is net.
 - B. It is payable only out of profits.
 - C. It is subject to income tax.
 - D. It is automatic for non-executive directors.
29. When does a share transferee become a member of the issuer company?
- A. On execution of the instrument of transfer.
 - B. Once the transferee notifies the company.
 - C. Once the transferee has paid for the unpaid shares.
 - D. When the name of the transferee is entered in the register of members.
30. Policies, procedures and practices put in place by the management of a company to ensure safety of assets and accuracy of financial records and reporting are named:
- A. Due diligence.
 - B. Control of externalities.
 - C. Internal controls.

D. Transparency initiatives.

31. Which of the following is a recognised organisation involved in the promotion of International trade?
- A. International Commercial Body of Traders.
 - B. International Chamber of Trades.
 - C. World Trade Organisation.
 - D. World Chamber of Businesses.
32. Which of the following businesses is exempted from payment of minimum tax under the Finance Act, 2020?
- A. Agricultural businesses.
 - B. Businesses involved in government contracts.
 - C. Foreign businesses operating in Nigeria.
 - D. Businesses that declared losses in year 2020.
33. In law of contracts, agreements made between parents and their children are referred to as
- A. Domestic agreement.
 - B. Domiciliary agreement.
 - C. Dormant agreement.
 - D. Docile agreement.
34. Under law of torts, which of the following is classified as economic tort?
- A. Injurious falsehood.
 - B. Retinue.
 - C. Rectitude.
 - D. Beatitude.
35. Under law of agency, how many parties are involved in an agency contract?
- A. Two.
 - B. Three.
 - C. Four.
 - D. Five.
36. Under credit sale transaction, which of the following is a right of an unpaid seller?
- A. Sue for imprisonment of buyer.
 - B. Charge the buyer to court for theft.
 - C. Exercise lien on the goods.
 - D. Fight the buyer.

37. A written partnership agreement under seal is called
- A. Partnership Act.
 - B. Partnership Deed.
 - C. Partnership Memorandum.
 - D. Partnership Article.
38. Which of the following is a fixed income capital of a limited liability company?
- A. Preference shares.
 - B. Equity shares.
 - C. Founders shares.
 - D. Authorised shares.
39. When a company is being wound up, who of the following is authorised to act in the name of the company?
- A. Prosecutor.
 - B. Directors.
 - C. Administrator.
 - D. Liquidator.
40. Which of the following agencies regulates securities trading under the Investments and Securities Act?
- A. Securities and Exchange Commission.
 - B. Nigeria Deposit Insurance Corporation.
 - C. Investment Promotion Commission.
 - D. Chambers of Commerce and Industries.
41. What is the name given to a person who is appointed by a shareholder to represent him at a company's general meeting?
- A. Appointee.
 - B. Proxy.
 - C. Associate.
 - D. Surrogate.
42. Who appoints the Statutory Auditor of a public company?
- A. Audit Committee.
 - B. Company Secretary.
 - C. Board of Directors.
 - D. Shareholders.
43. The meeting of a company where dividends are declared is called
- A. Annual General Meeting.
 - B. Special General Meeting.
 - C. Statutory Meeting.
 - D. Ordinary General Meeting.
44. The law developed to address the deficiencies in common law is called
- A. Litigation.
 - B. Equity.
 - C. Statutes.
 - D. Laws of General Application.

45. Under the Joint Tax Board legislation, the authority of a tier of government to legitimately exercise control over tax by its own laws is called
- A. Taxing power.
 - B. Tax sharing.
 - C. Taxing mobilisation.
 - D. Tax derivation.
46. Under the Finance Act, 2020, what is the new rate of import duty payable on imported cars?
- A. 5%
 - B. 10%
 - C. 15%
 - D. 20%.
47. When goods are displayed with price tags attached to them in a supermarket, this is known as
- A. Offer to purchase.
 - B. Invitation to inspect.
 - C. Invitation to treat.
 - D. Offer to bargain.
48. Under the law of contract, which of the following is a minor (infant) liable for?
- A. Credit purchases of luxuries.
 - B. Credit purchases of necessaries.
 - C. Loan for his marriage expenses.
 - D. Loan for gambling.
49. What is the effect when a party to a contract is adjudged bankrupt?
- A. The contract is discharged.
 - B. The contract is suspended.
 - C. The contract is renewed.
 - D. The contract is interdicted.
50. What is the minimum number of partners that must be in a limited liability partnership, under the Companies and Allied Matters Act, 2020?
- A. Two.
 - B. Three.
 - C. Four.
 - D. Five.
51. A conciliation process of resolving dispute between persons doing business and are resident in Nigeria, without going through litigation process is called
- A. National arbitration.
 - B. Multi-lateral arbitration.
 - C. Domestic arbitration.
 - D. Bi-lateral arbitration.

52. Dividends received on income after deduction of tax at source is referred to as
- A. Post-franked investment income.
 - B. Pre-franked investment income.
 - C. Unfranked investment income.
 - D. Franked investment income.
53. Which of the following is to enjoy special tax incentives under the Finance Act 2020?
- A. All export products and services.
 - B. All import products and services.
 - C. All indigenous products and services.
 - D. All technical products and services.
54. Under the law of contract, which of the following will not terminate an offer?
- A. Offeree's bargaining.
 - B. Offeree's acceptance through postage.
 - C. Offeree's silence.
 - D. Offeree's conditional acceptance.
55. Which of the following is an example of economic tort, under law of torts?
- A. Passing off.
 - B. Battery.
 - C. Trespass.
 - D. False imprisonment.
56. A sale agreement which gives the buyer option to reject the goods within a specified period is referred to as
- A. Sale on credit.
 - B. Sale or return.
 - C. Sale on delivery.
 - D. Sale or buy.
57. Which of the following is a feature of hire purchase agreement?
- A. It is a sale by rental payment.
 - B. It is a sale by instalments payment.
 - C. It is a sale by guaranteed payment.
 - D. It is a sale by solicited payment.
58. Which of the following determines existence of partnership?
- A. Profit making.
 - B. Joint tenancy.
 - C. Friendship bond.
 - D. Political affiliation.
59. What is the period of notice to be given to members of a company for Annual General Meeting?
- A. 7 days.
 - B. 14 days.
 - C. 21 days.
 - D. 28 days.

60. Which court has jurisdiction to sanction merger of two companies?
- A. States High Court.
 - B. Federal High Court.
 - C. Court of Appeal.
 - D. National Industrial Court.

PART I MULTIPLE CHOICE QUESTIONS (MCQ) SOLUTION (60 MARKS)

- 1. A
- 2. C
- 3. A
- 4. D
- 5. B
- 6. A
- 7. D
- 8. B
- 9. D
- 10. B
- 11. D
- 12. A
- 13. B
- 14. D
- 15. B
- 16. C
- 17. A
- 18. B
- 19. C
- 20. D
- 21. A
- 22. C
- 23. B
- 24. D
- 25. B
- 26. C
- 27. A
- 28. C

- 29. D
- 30. C
- 31. C
- 32. A
- 33. A
- 34. A
- 35. B
- 36. C
- 37. B
- 38. A
- 39. D
- 40. A
- 41. B
- 42. D
- 43. A
- 44. B
- 45. A
- 46. A
- 47. C
- 48. B
- 49. A
- 50. A
- 51. C
- 52. D
- 53. A
- 54. C
- 55. A
- 56. B
- 57. B
- 58. A
- 59. C
- 60. B

EXAMINER'S REPORT

The questions test all aspect of the syllabus and requires candidates to demonstrate knowledge of principles and concepts in Business Law. All the candidates attempted the questions and performance was above average.

The commonest pitfall was candidates' lack of knowledge of basic principles and concepts of Business Law.

Candidates are advised to ensure they prepare adequately for future examination and make use of the Institute's study pack and pathfinders.

PART II**SHORT ANSWER QUESTIONS (SAQ)****(40 MARKS)****ATTEMPT ALL QUESTIONS.**

1. Which Act recently amended the Companies Income Tax Act and Capital Gains Tax Act?
2. What is the main function of World Trade Organisation (WTO)?
3. What is the aim of criminal law?
4. Under Personal Income Tax Act, what is the penalty on a person that unlawfully refuses or neglects to pay tax?
5. Which authority or court can apply labour related treaties in Nigeria in its judgements?
6. Under the Value Added Tax Act (as amended by the Finance Act, 2021), what is the registration obligation of a non-resident person that makes a taxable supply to Nigeria?
7. Which condition must duress fulfil to be actionable?
8. When would a court uphold an intention to create legal relations in an agreement between husband and wife?
9. In a transaction of hire purchase of a car, what else must Ahmed do after completing instalments payment?
10. On what principle would a tax consultant be liable for the professional negligence of his employee in the performance of his duty?
11. What can an owner of hired goods do after repossessing the goods for unpaid instalments?
12. Tax deducted at source before payment for supply of goods and services is called
13. Under which head of torts is the escape of a dangerous animal from the defendant's premises, which causes harm classified?
14. Which condition must a trademark have fulfilled for its infringement to be actionable?
15. Under which category of agency is a valid pre-incorporation contract?
16. What type of agent is a broker?
17. What is the essential nature of an agreement to sell goods?
18. Under the law of contract, fundamental terms which go to the root of the contract is called

19. By which document must a public company offer its debentures to the public?
20. An equitable charge by a debenture holder over the whole of a debtor-company's assets is called
21. Under the doctrine of equity, a remedy which stipulates that a contract should be carried out as agreed by the parties is referred to as:
22. Bills passed jointly by the Senate and House of Representatives is called
23. Under the law of contract, an unconditional agreement by the offeree to the terms of an offer is called
24. Under the law of contract, what is the effect of counter offer by the offeree?
25. What is the type of agency created where a principal neglect to take due precaution to prevent a situation in which a person portrays himself to act as agent to the principal?
26. Under the Carriage of Goods Act, which type of carrier may suffer strict liability for goods carried by him?
27. Under the Sale of Goods Act, goods which are sold by description but not agreed upon or identified at the time of sale are called
28. What is the type of partnership where all the partners are jointly and severally liable for the debts of the partnership?
29. What is the meaning of *caveat emptor*?
30. What is another name for naked debenture?
31. The meeting which a public company must hold within 6 months from the date of incorporation is called
32. Which document of incorporation contains the object clause of a company?
33. A written contract under seal is classified as
34. Who appoints the first directors of a limited liability company?
35. In the Constitution of the Federal Republic of Nigeria 1999 (as amended), a provision that guarantees freedom of expression by citizens is classified under the heading called
36. Under the law of contract, what is the effect of a conditional assent by the offeree?
37. The general principle of law, which states that a person who is not a party to a contract cannot benefit or suffer from the contract is called
38. When two or more persons contribute capital for business purposes with the aim of making profit, it is called

39. What is the effect when a company director is convicted for fraudulent act?
40. The type of company which prohibits the company from inviting the public to subscribe for its shares and debentures is called

PART II SHORT ANSWER QUESTIONS (SAQ) SOLUTION (40 MARKS)

1. The Finance Act, 2021.
2. To regulate and facilitate international trade between nations.
3. The aim of criminal law is to punish offenders.
4. A fine of ₦50,000 or imprisonment for not more than six months.
5. The National Industrial Court.
6. He must register for tax with the FIRS and obtain a Tax Identification Number.
7. It must have emanated from the other party to the contract.
8. When the relationship between the husband and wife has become strained.
9. Ahmed must exercise his option to purchase the car.
10. Vicarious liability.
11. He could sue to recover the unpaid instalments.
12. Withholding Tax
13. Strict liability torts.
14. The trademark must have been registered under the Trade Marks Act.
15. Agency by ratification.
16. Special agent.
17. Transfer of property in the goods is to take place in future or on subject to a condition.
18. Condition.
19. Debenture trust deed.
20. Floating charge.
21. Specific performance.
22. Act.
23. Acceptance.
24. The offer is terminated
25. Agency by Estoppel
26. Common carrier
27. Unascertained goods
28. General partnership

29. Let the buyer beware
30. Unsecured debenture
31. Statutory meeting
32. Memorandum of Association
33. Specialty contract
34. Subscribers to the memorandum of association
35. Fundamental Rights
36. Offer is terminated
37. Privity of contract
38. Partnership
39. He vacates office
40. Private company.

EXAMINER'S REPORT

The questions test all aspect of the syllabus and requires candidates to demonstrate knowledge of principles and concepts in Business Law. All the candidates attempted the questions and performance was above average.

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FOUNDATION: ECONOMICS

PART I

MULTIPLE CHOICE QUESTIONS (MCQ)

(60 MARKS)

ATTEMPT ALL QUESTIONS.

Write ONLY the alphabet (A, B, C or D) that corresponds to the correct option in each of the following questions/statements.

1. In which of the following are basic economic questions answered only by the price system?
 - A. Mixed economy.
 - B. Socialist economy.
 - C. Capitalist economy.
 - D. Barter economy.

2. The following are advantages of division of labour **except**
 - A. Saving of time.
 - B. Monotony of work.
 - C. Increase in productivity.
 - D. Workers become more skillful.

3. If the price of a good falls from ₦100.00 to ₦80.00 and the quantity demanded increases from 50 to 90 units, the point price elasticity of demand is
 - A. 2
 - B. 3
 - C. 4
 - D. 5

4. Basic economic problems arise because
 - A. Human wants are insatiable.
 - B. Resources are scarce relative to human wants.
 - C. Money is generally scarce.
 - D. Resources are unlimited while human wants are limited.

5. Efficiency of resources utilisation is attained when
 - A. The maximum output is achieved from given inputs.
 - B. Production method is altered.
 - C. A combination of goods can be produced with available resources.
 - D. Production is only by public enterprises.

6. A shift in the supply curve to the right illustrates
 - A. An increase in quantity demanded.
 - B. An increase in supply.
 - C. A decrease in supply.
 - D. A decrease in quantity supplied.

7. If the demand curve is vertical and parallel to the Price-axis, the price elasticity of demand is
- A. Infinity.
 - B. Equal to 1.
 - C. Zero.
 - D. Greater than 0 but less than 1.
8. Demand for goods that are substitutes can be described as
- A. Derived demand.
 - B. Composite demand.
 - C. Complimentary demand.
 - D. Competitive demand.
9. The factor of production that is usually referred to as all man-made aids to production is
- A. Land.
 - B. Capital.
 - C. Labour.
 - D. Entrepreneur.
10. It is generally agreed that the founder of modern economics is
- A. Alfred Marshall.
 - B. Lionel Robbins.
 - C. Adam Smith.
 - D. David Ricardo.
11. The simplest form of business organisation is
- A. Partnership.
 - B. Sole proprietorship.
 - C. Private limited company.
 - D. Cooperative society.
12. The decreasing unit cost a firm incurs as a result of increasing its plant size is called
- A. Decreasing returns to scale.
 - B. Diseconomies of scale.
 - C. Economies of scale.
 - D. Increasing returns to scale.
13. Which of the following statements is NOT true about factors of production?
- A. The reward to capital is interest.
 - B. Land implies natural resources.
 - C. Entrepreneur organises other factors of production.
 - D. Labour receives profit as reward.
14. In the short-run, the perfect competitive firm is in equilibrium at the output level where
- A. Marginal cost is greater than marginal revenue.
 - B. Average cost equals marginal revenue.
 - C. Marginal cost equals marginal revenue.
 - D. Average variable cost equals average revenue.

15. The functions of an Entrepreneur **exclude**
- Bears the risk of business failure.
 - Organises and combines the other factors of production.
 - Provides the capital needed in the business.
 - Owens the intellectual property of labour needed in the business.
16. Suppose the total cost (TC) function of a firm is given as $TC = 600 + 20q$, where q is the units of the product produced, the average variable cost (AVC) function is
- 20
 - $20q$
 - $\frac{600+20q}{q}$
 - $300 + 10q$
17. The following are advantages of Joint-stock company **except**
- Ability to raise larger capital.
 - Easy transfer of membership.
 - Decision making process is very easy.
 - Liabilities of shareholders are limited to the capital contributed.
18. Which of the following is NOT a source of finance to a sole proprietorship?
- Personal savings.
 - Ploughing back of profits.
 - Selling of shares to the public.
 - Borrowing from relations.
19. Examples of direct taxes **exclude**
- Personal income tax.
 - Petroleum profit tax.
 - Value-added tax.
 - Company income tax.
20. Taxes levied on goods which are manufactured within a country are called
- Excise duties.
 - Import duties.
 - Export duties.
 - Capital transfer taxes.
21. Economic policy which uses taxation and government expenditure to regulate economic activities in a country is
- Commercial policy.
 - Fiscal policy.
 - Monetary policy.
 - Income policy.
22. The principle of taxation which enables tax payers know in advance the exact amount to pay and when to make payment is
- Economy.
 - Equality.
 - Convenience.
 - Certainty.

23. A sustained increase in the general price level caused by increase in the prices of factors of production is referred to as inflation
- A. Demand-pull.
 - B. Cost-push.
 - C. Creeping.
 - D. Galloping.
24. The proportion of disposable income that is consumed is called
- A. Marginal propensity to consume.
 - B. Marginal propensity to save.
 - C. Average propensity to consume.
 - D. Consumption function.
25. A situation where government revenue exceeds government expenditure is known as
- A. Budgetary control.
 - B. Budget deficit.
 - C. Budget surplus.
 - D. Balanced budget.
26. Those who are out of work due to reasons of physical and mental disability are classified as
- A. Cyclical unemployment.
 - B. Structural unemployment.
 - C. Frictional unemployment.
 - D. Residual unemployment.
27. An inverse relationship between the quantity demanded and price of a particular commodity illustrated by a graph is called
- A. Demand schedule.
 - B. Demand curve.
 - C. Abnormal demand.
 - D. Consumption function.
28. Which of the following is NOT a function of a deposit money bank?
- A. Granting loans and advances.
 - B. Accepting deposit of money.
 - C. Buying and selling shares for their customers.
 - D. Issuing bank notes and coins.
29. Controlling the amount of money in circulation to promote economic growth and development is a function of
- A. Development banks.
 - B. Deposit money banks.
 - C. The Central bank.
 - D. Microfinance banks.
30. Which of the following is NOT an argument in support of trade protection?
- A. Expand domestic employment.
 - B. Protect infant industries.

- C. Prevent dumping.
 - D. Promote globalisation.
31. Gross national product (GNP) less depreciation gives
- A. Net national product.
 - B. Net domestic product.
 - C. Gross domestic product.
 - D. Net income from abroad.
32. If the total product and average product of a given number of labour is 610 units and 122 units respectively, the number of labour employed is
- A. 5
 - B. 50
 - C. 60
 - D. 488
33. Which of the following best describes the concept of 'GDP at factor cost'?
- A. GDP + direct taxes – subsidies.
 - B. GDP + indirect taxes – subsidies.
 - C. GDP – indirect taxes + subsidies.
 - D. GNP – indirect taxes + subsidies.
34. Given a consumption model as $C = 150 + 0.85Y$, the marginal propensity to save is
- A. 0.85
 - B. 0.25
 - C. 0.15
 - D. 0.05
35. The reason for cash balances held to take care of our daily needs is known as motive
- A. Transaction.
 - B. Precautionary.
 - C. Speculative.
 - D. Commercial.

36. The feature of modern money that makes it same in all respect everywhere in the country is called
- General acceptability.
 - Durability.
 - Portability.
 - Homogeneity.
37. Which of the following is NOT a member of Economic Community of West Africa States (ECOWAS)?
- Togo.
 - Lesotho.
 - Cote d'Ivoire.
 - Republic of Benin.
38. Which of the following is NOT an objective of ECOWAS?
- Gradual reduction and eventual elimination of tariffs and other barrier to free trade among members.
 - Elimination of obstacles restricting free movement of persons, services and capital between member countries.
 - Establishment of different tariffs structure and commercial policy towards non-member countries.
 - Harmonisation of industrial and monetary policies of member countries.
39. The full meaning of the acronym 'OPEC' is
- Organisation of Producing and Exporting Countries.
 - Organisation of Petroleum Exporting Countries.
 - Organisation of Private Economic Congress.
 - Organisation of Petrochemical and Enterprising Communities.
40. A member of the World Bank Group established to help members to overcome balance of payments problems by providing credit and technical guidance is called
- International Bank for Reconstruction and Development (IBRD).
 - International Monetary Fund (IMF).
 - International Finance Corporation (IFC).
 - Multilateral Investment Guarantee Agency (MIGA).
41. Determinants of economic growth **exclude**
- Capital accumulation.
 - Technological progress.
 - Growth rate of labour force.
 - Unemployment growth rate.
42. Which of the following is NOT a characteristic of developing countries?
- High rate of population growth rate.
 - Low standards of living.
 - Low level of illiteracy.
 - Widespread of income inequality.

43. A conscious effort of the government to maximise the social and economic welfare of the people through efficient allocation of the available productive resources defines
- A. Development planning.
 - B. Economic growth.
 - C. Economic recession.
 - D. Social mobilisation.
44. Expansionary monetary policy measures does NOT include
- A. Reducing cash reserve ratio.
 - B. Raising the liquidity ratio.
 - C. Buying treasury bills by the government.
 - D. Reducing monetary policy rate.
45. The component of balance of payments which shows changes in the volume of a country's foreign assets and liabilities through movements of capital and investment is called
- A. Balance of trade.
 - B. Capital account.
 - C. Current account.
 - D. Official reserve account.
46. The following are measures to reduce balance of payment deficit **except**
- A. Import restrictions.
 - B. Export promotion.
 - C. Encouraging foreign investment.
 - D. Currency revaluation.
47. The price of one country's currency in terms of another country's currency is called
- A. Foreign exchange rate.
 - B. Foreign Exchange.
 - C. Currency devaluation.
 - D. Currency Depreciation.
48. If the demand for a product is perfectly price elastic, the burden of tax on such a product will be borne entirely by the
- A. Retailers.
 - B. Consumer.
 - C. Producer.
 - D. Wholesalers.
49. Which of the following pairs of goods is NOT an example of joint supply?
- A. Palm oil and Kernel.
 - B. Crude oil and gas.
 - C. Beef and hides.
 - D. Tea and coffee.

50. The final stage in the production process of any commodity is
- Retailer to the consumer.
 - Wholesaler to the retailer.
 - Producer to the wholesaler.
 - Producer to the retailer.
51. If the total revenue realised from the sale of the first apple is ₦22.00, and the marginal revenue of the second apple is ₦6.00, the total revenue realised from the sale of the second apple is
- ₦16.00
 - ₦20.00
 - ₦28.00
 - ₦36.00
52. If the marginal cost (MC) and marginal revenue (MR) functions of a firm are given as $3q - 9$ and $2q + 4$ respectively, the quantity (q) that will maximise the firm's profit is
- 13
 - 16
 - 20
 - 25
53. If the co-efficient of price elasticity of supply for a product is $2\frac{1}{2}$, then the supply is
- Price inelastic.
 - Price elastic.
 - Perfectly price elastic.
 - Perfectly price inelastic.
54. A tax that takes lower percentage of income as income rises is a/an
- Progressive tax.
 - Proportional tax.
 - Regressive tax.
 - Personal income tax.
55. In a two-sector circular flow model, goods and services are produced by the
- Firms and Government.
 - Government.
 - Households.
 - Firms.
56. A system where the value of each and every good is expressed in terms of the other good is referred to as
- Price system.
 - Barter system.
 - Open economic system.
 - Capitalist system.

57. Suppose an initial deposit of ₦5,000 in the banking system leads to a total increase in bank deposit of ₦50,000, the required legal cash reserve ratio is
- 5%
 - 10%
 - 15%
 - 20%
58. Increase in public expenditure over time in West African countries is NOT associated with
- Banditry and terrorisms.
 - Public debt servicing.
 - Increasing urban-rural migration.
 - Rapid population growth.
59. Inflation rate in an economy is measured by means of
- Aggregate index.
 - Price legislation.
 - Transparency index.
 - Consumer price index.
60. The arrangement of an unsatisfied individual wants in order of priority is referred to as
- Opportunity cost.
 - Transformation table.
 - Demand schedule.
 - Scale of preference.

PART I MULTIPLE CHOICE QUESTIONS (MCQ) SOLUTION (60 MARKS)

- C
- B
- C
- B
- A
- B
- C
- D
- B
- C
- B
- C
- D
- C

15. D
16. A
17. C
18. C
19. C
20. A
21. B
22. D
23. B
24. A
25. C
26. D
27. B
28. D
29. C
30. D
31. A
32. A
33. C
34. C
35. A
36. D
37. B
38. C
39. B
40. B
41. D
42. C
43. A
44. B
45. B
46. D
47. A

- 48. C
- 49. D
- 50. A
- 51. C
- 52. A
- 53. B
- 54. C
- 55. D
- 56. B
- 57. B
- 58. C
- 59. D
- 60. D

EXAMINER'S REPORT

The questions test various concepts and definitions in economics, and cover all areas of the syllabus. Performance was fair.

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ATTEMPT ALL QUESTIONS.

1. The popular definition of economics as “a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses” is credited to
2. An economic system which combines features of both the capitalist and socialist system is called
3. A curve that shows the maximum combinations of commodities which can be produced in an economy using all the available productive resources at a given level of technology is called
4. Assuming commodities X and Y are jointly supplied, an increase in the price of X will cause a/anin the quantity supplied of Y
5. An illegal trading arrangement in which buyers and sellers do business at prices higher than the legally imposed price ceiling is called
6. The concentration of industries in a geographical area is referred to as
7. The form of business organisation in which the death of the owner may terminate the existence of the business is called
8. If the entire burden of an indirect tax falls on the consumers, then the demand for the good is
9. The maximum combination of two goods that the consumers can buy with his money income given unit prices of the two goods is graphically illustrated by
10. The market structure in which a seller has the opportunity to sell all what he can sell at the prevailing market price is
11. The method of measuring national income that excludes expenditures on intermediate goods is called
12. A sustainable fall in the general price level in an economy is called
13. A specialised financial institution established primarily to contribute to the development of the housing sector in an economy is the
14. Incomes accruable to the government from mining rights are known as
15. The market structure in which there is mutual interdependency among the few firms in the industry is called

16. If the total cost (TC) of production rises from ₦2,500 to ₦2,800 as output increases from 7 to 8 units, the marginal cost (MC) is
17. When a firm sells a product in an overseas market at a price lower than that which is prevailing in its domestic market, it is called
18. The type of national budget in which government revenue is planned to exceed the estimated government expenditure is
19. A system of taxation where taxpayers pay the same percentage of their income is called
20. A deliberate policy of the government to reduce the external value of a domestic currency is called
21. The instrument of trade protection which allows the entry of only the specified quantity of foreign goods into a country is
22. The difference between the values of a country's visible exports and visible imports over a period of time is called
23. A group of firms producing similar or identical good or services is called
24. The quantity supplied (Q_s) of yams per week in certain market is represented by the function $Q_s = 70 + \frac{1}{2}P$. At a price (P) of ₦8.00, the quantity supplied will be
25. A person who organises, manages and takes the risks of a business enterprise is called
26. Anything that is generally accepted in payment for goods and services and in settlement of debt is called
27. A demand schedule which shows a direct relationship between a range of prices and the corresponding quantities demanded of a good describes demand.
28. The method of measuring national income expressed by the sum of final incomes earned by all factors of production in a country during a given period of time is
29. A summary of a country's total payments to, and total receipts from international economic transactions within a specific period of time is
30. The view that economics is "the study of mankind in the ordinary business of life" belongs to
31. The price at which the quantity demanded and quantity supplied of a commodity are the same is called
32. Under the indifference curve approach, consumer equilibrium is achieved at the point where the indifference curve is tangential to the

33. The aspect of economics which concerns with government revenue and expenditure as well as the public debt is called
34. The exchange rate system in which the exchange rate of a country currency is determined by the market forces is called
35. The responsiveness of quantity demanded of a particular commodity to changes in the income of the consumer is measured by the concept of
36. The price paid for labour services is called
37. The satisfaction derived from the consumption of given units of a good is called
38. Kinked demand curve is a feature of
39. If Mr. Kayode earns ₦30,000 per month and pays ₦3,000 as tax; and Mrs Okoro earns ₦40,000 per month and pays ₦3,200 as tax, the tax system is known as
40. The function of money which eliminates the problem of 'double coincidence of wants' associated with the barter system is called

PART II SHORT ANSWER QUESTIONS (SAQ) SOLUTION (40 MARKS)

1. Lionel Robbins
2. Mixed economy
3. Production possibilities curve (PPC)
4. Increase
5. Black market
6. Localisation of industries
7. Sole proprietorship/Sole trader
8. Perfectly price inelastic
9. Budget line
10. Perfect competition/Perfect market
11. Expenditure method
12. Deflation
13. Mortgage Bank
14. Royalties
15. Oligopoly
16. ₦300.00
17. Dumping
18. Budget surplus

19. Proportional tax
20. Currency devaluation
21. Quota
22. Balance of trade
23. An industry
24. 74 units
25. Entrepreneur
26. Money
27. Exceptional/Abnormal
28. Income method
29. Balance of payments
30. Alfred Marshall
31. Equilibrium price
32. Budget line
33. Public finance
34. Flexible/Floating exchange rate system
35. Income elasticity of demand
36. Salaries and wages
37. Total utility
38. Oligopoly
39. Regressive tax
40. Medium of exchange

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