



UNAM
UNIVERSITY OF NAMIBIA

FACULTY	ECONOMIC AND MANAGEMENT SCIENCES		
DEPARTMENT	ACCOUNTING, AUDITING AND INCOME TAX		
DATE	SEPTEMBER 2017 – DAY 1		
DURATION	120 minutes	MARKS	50

MATURE AGE ENTRY TEST – PAPER 4 – DAY 1

This question paper consists of **11 (ELEVEN) PAGES** AND an additional **ANSWER SCRIPT** of 2 (TWO) PAGES.

INSTRUCTIONS

1. THERE ARE FIFTY (50) QUESTIONS IN THIS PAPER; ANSWER ALL OF THEM.
2. EACH QUESTION WEIGHS ONE (1) MARK.
3. ALL QUESTIONS ARE MULTIPLE CHOICE QUESTIONS.
4. ANSWER ON THE ANSWER SCRIPT PROVIDED BY MAKING A CLEAR CROSS ('X') IN THE APPROPRIATE BLOCK: a/b/c/d/e.
5. READ EACH QUESTION CAREFULLY BEFORE ATTEMPTING TO ANSWER.
6. THE USE OF CORRECTION FLUID IS NOT ALLOWED.
7. ONLY BLUE AND BLACK PENS ARE ALLOWED.
8. NO ANSWERS WRITTEN IN PENCIL WILL BE MARKED
9. THE USE OF A NON-PROGRAMMABLE CALCULATOR IS ALLOWED.
10. THIS IS NOT AN OPEN-BOOK EXAMINATION.
11. **ALL ANSWER SCRIPTS PLUS QUESTION PAPERS MUST BE HANDED IN TO THE INVIGILATOR. NO QUESTION PAPER IS ALLOWED TO LEAVE THE EXAMINATION ROOM.**

Note: Abbreviations used in the question paper:

"Dr" = Debit

"Cr" = Credit

- 3520
-2000
1. The balance of an entity's bank account is N\$5,000 in overdraft. According to the bank reconciliation, there are outstanding cheques of N\$2,000 and outstanding deposits of N\$3,000. What would be the balance according to the general ledger be?
 - a. N\$4,000 Cr
 - b. N\$6,000 Cr
 - c. N\$6,000 Dr
 - d. N\$4,000 Dr
 - e. None of the above
 2. Which transaction will be recorded in both the general ledger and creditor's ledger?
 - a. Purchases of goods by cheque
 - b. Purchases of stationery in cash
 - c. Return of goods by a customer
 - d. Return of goods to a supplier
 - e. None of the above
 3. A vehicle was bought for N\$75 000 on 1 January 2017. The depreciation on the vehicle is charged at 20%p.a. using the straight line method and the residual value is N\$15 000. The financial year ends on 28 February. The book value of the vehicle on 28 February 2017 is:
 - a. N\$72 500
 - b. N\$60 000
 - c. N\$73 000
 - d. N\$63 000
 - e. N\$78 500

1250
 4. International Financial Reporting Standards (IFRS) are compiled by?
 - a. SAICA
 - b. ICAN
 - c. International Accounting Standards Board
 - d. Ministry of Finance
 - e. UNAM
 5. Financial statements must be a _____ reflection of the accounting records.
 - a. True
 - b. Accurate
 - c. Fair
 - d. Correct
 - e. Incomplete
 6. The accounting equation is presented as follows?
 - a. Asset + Equity = Liabilities
 - b. Assets + Liabilities = Equity
 - c. Assets = Liabilities – Equity
 - d. Assets = Equity + Liabilities
 - e. Equity = Assets x Liabilities
 7. Which one of the following account's normal balance is incorrectly reflected?
 - a. Assets – debit (dr)
 - b. Liabilities – credit (cr)
 - c. Expenses – credit (cr)
 - d. Equity – credit (cr)
 - e. All of the above are correct

8. Which of the following transaction will decrease Equity?
- Capital contributions by owners
 - Profits
 - Withdrawals of accumulated profits by the owners
 - Issue of shares
 - None of the above
9. On which of the following adjustments does VAT have an influence?
- Providing an allowance for credit losses
 - Writing off credit losses
 - Recording depreciation
 - None of the above
 - All of the above
10. If a payment of N\$1 150 is made for an expense and VAT is included at 15%, what is the amount of VAT output that is included?
- N\$150.00
 - N\$172.50
 - N\$1 000.00
 - N\$185.00
 - None of the above
11. An item of property, plant & equipment was purchased on 1 January 2015, has a residual value of N\$500 000 and is depreciated over 5 years. By 31 December 2016, its accumulated depreciation is N\$1 000 000. What is the cost price of the asset?
- N\$500 000
 - N\$2 000 000
 - N\$2 500 000
 - N\$3 000 000
 - None of the above
12. A company sells its inventory at 50% mark-up calculated on cost. If the company bought an item of inventory for N\$20 (excluding VAT), what would be the inventory's selling price including 15% VAT?
- N\$11.50
 - N\$23.00
 - N\$34.50
 - N\$40.00
 - None of the above
13. A company selling stationery, and who is a registered VAT vendor, wishes to buy a passenger vehicle to use it as a delivery vehicle. Can the company claim the input VAT from the Receiver of Revenue when submitting its next VAT return?
- Yes
 - No

14. The delivery vehicle mentioned in (13) above – will the company classify it as:
- Asset
 - Liability
 - Income
 - Loan
 - Debtor
15. A company only has one accountant, who earns the following monthly salary and benefits:
- Basic salary: N\$5 000
- Pension fund: 5% of basic salary (contributed by the employer) *250*
- Social Security: 0.9% of basic salary (contributed by both the employer and employee, *45* each)
- Medical Aid: N\$250, of which employer contributes 80% *50*
- What will be the **total monthly salary expense** related to this accountant?
- N\$5 495
 - N\$5 540
 - N\$5 595
 - N\$5 545
 - None of the above
16. An item costs N\$3 266 inclusive of 15% VAT. What is the cost price of the item excluding VAT?
- N\$3 000.00
 - N\$2 840.00
 - N\$489.90
 - N\$2 776.10
 - None of the above
17. The following is an example of an VAT Exempt supply in terms of the Namibian VAT legislation:
- Maize
 - Medical services
 - Stationery
 - Smart phones
 - None of the above
18. The following is an example of an VAT Zero-rated supply in terms of the Namibian VAT legislation:
- Interest on loan
 - Medical services
 - Stationery
 - Smart phones
 - None of the above

19. When you make a cash sale, what will the accounting entries be to record such a sale? (You can ignore VAT for this question)
- Debit Sales; Credit Cash
 - Debit Sales; Credit Debtor
 - Debit Cash; Credit Sales
 - Debit Cash; Credit Debtor
 - None of the above
20. Your delivery vehicle had a cost price of N\$50 000 a few years ago. You decide to sell the vehicle. Its accumulated depreciation on the date of the sale is N\$15 000, and you make a loss of N\$15 000 on the sale of the vehicle. For how much did you sell the vehicle?
- N\$65 000
 - N\$35 000
 - N\$25 000
 - N\$20 000
 - None of the above
21. Resources in the business are called:
- Properties of the business
 - Furniture of the business
 - Assets of the business
 - None of the above
 - None of the above
22. A. Apple from Rundu sells cellphones at N\$3 000 each and each phone costs N\$1 500 from a Windhoek Suppliers. During June 2016, Apple bought 200 cellphones and sold 180. His expenses amounted to N\$11 120 for the month. How much net profit did Mr Apple made in June 2016?
- N\$200 000
 - N\$600 000
 - N\$540 000
 - N\$528 880
 - None of the above
23. ABC Motors are a garage which imports vehicles from Japan at N\$25 000 each and selling at N\$65 000 each. In March 2015, ABC Motors imported 12 vehicles and sold 5 vehicles. Total duty and import tax was N\$5500 per vehicle. What is the gross profit did ABC made in March 2015?
- N\$325 000
 - N\$780 000
 - N\$320 000
 - N\$455 000
 - None of the above

$$200 \times 1500 = 300\ 000$$

$$180 \times 1500 = 270\ 000$$

$$5 \times 65\ 000 = 325\ 000$$

$$66\ 000 \text{ tax}$$

$$\text{Gross Sale} - \text{Cost} = 300\ 000$$

$$325\ 000 - 66\ 000 = 259\ 000$$

24. Which of the following statements concerning accounts payables is not true?

- a. Accounts payables owe money to the business
- b. Accounts payables have supplied goods to the business
- c. Accounts payables are the amounts owed to suppliers of the business who have not yet been paid.
- d. Accounts payables are treated as current liabilities.
- e. None of the above.

25. John has made the following predictions for his business for the first six months of trading to 30 June 2016:

Sales in Jan, Feb and March = N\$20 000 per month
Sales in Apr, May and June = N\$25 000 per month
Sales will be on one month's credit

60 000
75 000

The accounts receivables figure as at 30 June 2016 will be:

- a. N\$20 000
- b. N\$25 000
- c. N\$40 000
- d. N\$45 000
- e. None of the above

26. Which of the following payments is revenue expenditure?

- a. Money put into the business by the owner
- b. Purchase of a motor van
- c. Cost of servicing the motor van
- d. Money taken out by the owner of the business
- e. None of the above

27. Which of the following is a capital expense?

- a. Drawings
- b. Rent and rates
- c. Salaries
- d. Purchase of a motor van
- e. None of the above

28. Which of the following is a record of all the account balances at the year end, and is used to prepare the final accounts?

- a. A trial balance
- b. A balance sheet
- c. A statement of profit or loss
- d. A bank statement
- e. None of the above

29. During the year ended 31 December, the business made sales of N\$45,000 and purchases of N\$25,000. The inventory at the beginning of the year was valued at N\$8,000 and, at 31 December, N\$4 500. The gross profit for the year was:

- a. N\$23 500
- b. N\$20 000
- c. N\$16 500
- d. N\$32 500
- e. None of the above

Sale
- 12 500

Sa

30. Ben started trading on 1 January 2015. His trial balance at 31 December 2015 is given below:

	Debit N\$	Credit N\$
Opening capital		26 000
Sales		105 000
Purchases	64 000	
Rent	6 000	
Motor van	18 000	
Drawings	20 000	
Other expenses	27 000	
Bank overdraft		4 000
Total	135 000	135 000

If the closing inventory at 31 December 2015 was N\$8,000 and depreciation is to be ignored, which one of the following statements is true?

- Gross profit is N\$41 000
- Net profit is N\$16 000
- Expenses are N\$61 000
- Cost of sales is N\$64 000
- None of the above

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Use the following information to answer questions 31 to 34:

Richard McGinty decided to set up a carpet-cleaning business called Care Cleaners. The following transactions took place during the first month:

- Richard deposited N\$20 000 in a bank account at Standard Bank opened in the name of the business.
- The business took a loan from the bank for N\$10 000.
- Purchased the necessary equipment and paid N\$24 000 by cheque.
- Purchased a delivery van on credit from Porter Motors for N\$36 000.
- Purchased cleaning material on credit from Cleankem for N\$2 600.

31. How much money is left in the bank account of the business at the end of the first month?

- N\$60 000
- N\$2 400
- N\$6 000
- N\$0
- None of the above

a. Dr Bank N\$20 000 Cr Liabilities N\$20 000
b. Dr Capital N\$20 000 Cr Bank N\$20 000
c. Dr Bank N\$20 000 Cr Capital N\$20 000
d. Dr Bank N\$20 000 Cr Bank N\$20 000
e. None of the above

a. Dr Bank N\$2 600 Cr Expenses N\$2 600
b. Dr Cleaning Materials N\$2 600 Cr Bank N\$2 600
c. Dr Accounts payable (Cleankem) N\$2 600 Cr Bank N\$2 600
d. Dr Cleaning Materials (expenses) N\$2 600 Cr Accounts payable (Cleankem) N\$2 600
e. None of the above

- a. Equity
- b. Income
- c. Liability
- d. Asset
- e. Expense

..... is a resource controlled by an entity as a result of a past event from which future economic benefits are expected to flow:

- a. Income
- b. Liability
- c. Asset
- d. Expense
- e. Equity

- N\$21 000 000
- N\$20 900 000
- N\$21 100 000
- N\$22 000 000
- None of the above

37. "Value Added Tax" is abbreviated as:

- a. TAV
- b. BTW
- c. VAT
- d. AVT
- e. TAX

38. The current income tax rate on companies in Namibia (excluding manufacturing and mining companies), is:

- a. 32%
- b. 39%
- c. 50%
- d. 40%
- e. None of the above

39. Choose the most appropriate missing word:

The tables the national budget in March each year.

- a. Minister of Health and Social Services
- b. Permanent Secretary of Finance
- c. Minister of Finance
- d. Minister of Justice
- e. None of the above

Use the following information to answer questions **40 to 42**:

Exchange rates:

N\$/US\$	13.2564
N\$/£	17.1532
N\$/€	14.7504

40. Using the above information, how much will you receive if you convert US\$1 000 to Namibian dollars?

- a. N\$15 000
- b. N\$13 256. 40
- c. US\$1 327
- d. N\$132
- e. None of the above

41. Using the above exchange rates, how much will you receive if you convert N\$7 000 to British pounds (£)?
- £4 080
 - £408.09
 - N\$40 800
 - £120 072
 - None of the above
42. Using the above exchange rates, how much will you receive if you convert €54 350 to Namibian dollars?
- N\$3 685.64
 - €800 000
 - N\$801 684
 - €801 684
 - None of the above
43. When goods are purchased on credit, what source document will be issued:
- Till slip
 - Quotation
 - Receipt
 - Invoice
 - Cheque counter foil
44. Choose the most appropriate missing word:
- is a systematic process of identifying, recording, measuring, classifying, verifying, summarizing, interpreting and communicating financial information.
- Finance
 - Accounting
 - Auditing
 - Taxation
 - None of the above
45. Which financial statement displays the expenses and revenues for a period of time:
- Statement of changes in equity
 - Statement of financial position
 - Statement of cash flows
 - Statement of profit or loss and other comprehensive income
 - None of the above

46. Namibian Dollar is usually abbreviated as N\$ or?
- a. NAD
 - b. N
 - c. NADO
 - d. NADOL
 - e. None of the above
47. South African Rand is usually abbreviated as R or ...?
- a. ZAR
 - b. SAAR
 - c. £
 - d. ¥
 - e. None of the above
48. The current Minister of Finance of Namibia is Honourable Minister :
- a. Calle Schlettwein
 - b. Saara Kuugongelwa-Amadhila
 - c. Penda ya Ndakolo
 - d. Sophia Shaningwa
 - e. None of the above
49. Which one of the following statements are false:
- a. Normal tax is levied on the taxable income of companies, trusts and individuals from sources within or deemed to be within Namibia.
 - b. Social Security is payable on a 50:50 contributions from employers and employees.
 - c. Social Security contributions are calculated at 0.9% of earnings. ✓
 - d. A person carrying on a taxable activity with a turnover for the past or future 12 month period in excess of N\$500 000, must register for Value Added Tax.
 - e. None of the above
50. Namibia has got a Double Tax Agreement with:
- a. Mauritius
 - b. Romania
 - c. Russia
 - d. South Africa
 - e. All of the above

END OF PAPER

TOTAL: 50 QUESTIONS @ 1 MARK EACH = 50 MARKS