



FACULTY	ECONOMIC AND MANAGEMENT SCIENCES		
SCHOOL	SCHOOL OF ACCOUNTING		
PROGRAMME	B. ACCOUNTING (HONOURS) PLEASE NOTE: Mature Age entrants are not allowed for B. Accounting (Chartered Accountancy) programme, in accordance with the Faculty Prospectus 2019.		
DATE	JULY/AUGUST 2019 – DAY 1		
DURATION	120 minutes	MARKS	50

MATURE AGE ENTRY TEST – PAPER 4 – DAY 1

This question paper consists of **12 (TWELVE) PAGES** AND an additional **ANSWER SCRIPT** of 2 (TWO) PAGES.

INSTRUCTIONS

1. THIS QUESTION PAPER CONSISTS OF FIFTY (50) MULTIPLE CHOICE QUESTIONS OF 1 (ONE) MARK EACH.
2. READ EACH QUESTION CAREFULLY.
3. ANSWER ON THE ANSWER SCRIPT PROVIDED BY CROSSING ('X') THE APPROPRIATE BLOCK: a/b/c/d/e.
4. THE USE OF CORRECTION FLUID IS NOT ALLOWED.
5. YOU ARE ONLY ALLOWED TO USE BLUE OR BLACK INK PENS.
6. NO ANSWERS WRITTEN IN PENCIL WILL BE MARKED
7. THE USE OF A NON-PROGRAMMABLE CALCULATOR IS ALLOWED.
8. THIS IS NOT AN OPEN-BOOK EXAMINATION.
9. ROUND OFF TO TWO (2) DECIMALS WHERE APPLICABLE.
10. **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
- “VAT” = Value Added Tax
- “EFT” = Electronic Fund Transfer

1. Which financial statement displays the periodic revenues and expenses of a company?
 - a. Statement of financial position
 - b. Statement of changes in equity
 - c. Statement of profit or loss
 - d. Statement of cash flows
 - e. None of the above
2. The accrual basis of accounting states that revenues should be recorded when:
 - a) Cash is received
 - b) Contracted
 - c) Accrued
 - d) Earlier of **a) or c)**
 - e) None of the above
3. Which of the following factors would explain an increase in retained earnings?
 - a) Dividends
 - b) Net profit
 - c) Net loss
 - d) Share issue
 - e) None of the above
4. Which of these items would be accounted for as an expense?
 - a) Purchase of a delivery vehicle
 - b) Dividends to shareholders
 - c) Repayment of a loan
 - d) VAT payment
 - e) None of the above
5. Which of the institutions/department below is statutorily mandated to assist with combatting money laundering and financing of terrorism in Namibia:
 - a) Bank of Namibia (BoN)
 - b) Inland Revenue
 - c) Financial Intelligence Centre (FIC)
 - d) Public Accountants' and Auditors' Board (PAAB)
 - e) None of the above

6. Which of the institutions/department below is mandated with the administration of tax laws in Namibia:
- a) Bank of Namibia (BoN)
 - b) Inland Revenue
 - c) Financial Intelligence Centre (FIC)
 - d) Public Accountants' and Auditors' Board (PAAB)
 - e) None of the above
7. Which of the following supply is **NOT** a zero-rated supply
- a. Exports of goods
 - b. Sale of land and buildings for residential purposes
 - c. Fresh milk
 - d. Supply of water and electricity to a business account
 - e. None of the above
8. Which of the following supply is **NOT** an exempt supply
- a. Financial services
 - b. Commercial accommodation
 - c. Education services
 - d. Public transport services
 - e. None of the above
9. Companies and close corporations (other than mining operations, including oil and gas extraction) are taxed at a flat rate of?
- a. 35%
 - b. 32%
 - c. 37.5%
 - d. 55%
 - e. None of the above
10. Which of the following is **NOT** a requirement for a valid tax invoice:
- a. The words 'tax invoice'
 - b. Name, address and VAT registration number of supplier
 - c. Name and address of recipient of supply
 - d. Invoice number & date
 - e. None of the above

11. On 1 May, Mr. James owed Denu distributor a supplier an amount of N\$1,200.00. During the month of May, Mr James had the following transactions:
- Purchased goods for \$1,700.00 and the supplier offered a 5% discount for payment within the month.
 - Returned goods valued at N\$100.00 which had been purchased in April.
 - Paid N\$1,615.00 for goods delivered in May.

What is the balance on the supplier's account at the end of May?

- a) N\$1,015.00
 - b) N\$1,100.00
 - c) N\$1,185.00
 - d) N\$1,300.00
 - e) None of the above
12. Johan enters into the following transactions with Marius, a supplier who is also a customer. Marius buys goods from Johan on credit terms. Johan agrees to make a contra entry in Marius's individual ledger account. Which of Johan's accounting records are affected by these transactions?
- a) Sales day book, payables ledger and sales ledger
 - b) Purchase day book, payables ledger and sales ledger
 - c) Sales day book and sales ledger
 - d) Purchases day book and purchases ledger
 - e) None of the above
13. Mr. Shikololo, a sole proprietor has taken goods during the year for his own use. This has not been recorded in his books. Which one of the following is the correct adjustment for the above.
- a) Dr Drawings and Cr Purchases
 - b) Dr Drawings and Cr Closing Inventory
 - c) Cr Drawings and Dr Purchases
 - d) Cr Drawings and Dr Closing Inventory
 - e) None of the above
14. Musica Cc commenced trading on 1 January 2018 and had a zero inventories at that date. During 2018 it has purchases of N\$455,000.00 incurs carriage inwards of N\$24,000.00 and carriage outward of N\$29,000.00. Inventories at 31 December 2018 were valued at N\$52,000.00. Which of the following is the cost of sales figure for the year ended 31 December 2018?
- a) N\$427,000.00
 - b) N\$432,000.00
 - c) N\$456,000.00
 - d) N\$531,000.00
 - e) None of the above

15. Which one of the following formulae may be used to calculate the profit of a business?

- a) Opening capital – drawings + capital introduced – closing capital
- b) Closing capital + drawings - capital introduced – opening capital
- c) Opening capital + drawings - capital introduced – closing capital
- d) Closing capital – drawings + capital introduced – opening capital
- e) None of the above

16. The general purpose of financial statements is intended to satisfy whose needs?

- a) Shareholders of incorporated entities
- b) The general public
- c) Users of financial statements
- d) Ministry of Finance
- e) Company director

17. 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

18. A sole proprietor has a bank credit balance of N\$5,000.00. She receives N\$1,000.00 from a credit customer. Which elements of the financial statements will change due to this transaction?

- a) Assets and liabilities only
- b) Liabilities only
- c) Assets only
- d) Assets, liabilities and equity
- e) None of the above

19. What is the effect on working capital of an increase in inventories of N\$500.00, a decrease in the bank balance of N\$600.00 and an increase in payables of N\$1,400.00?

- a) N\$1,500.00 decrease
- b) N\$1,300.00 decrease
- c) N\$1,300.00 increase
- d) N\$1,500.00 increase
- e) None of the above

20. Which of the following statements is true?

- a) The interpretation of an entity's financial statements using ratios is only useful for potential investors
- b) Ratios based on historical data can predict the future performance of an entity
- c) The analysis of financial statements using ratios provides useful information when compared with previous performance or industry averages
- d) An entity's management will not assess an entity's performance using financial ratios
- e) All of the above

21. Which of the following statement is not correct?

- a) The Labour Court is normally presided over by a High Court Judge appointed by the Judge-President.
- b) All Parliamentary Bills are initiated in the National Council of Namibia.
- c) In Practice, there is a fusion of powers among the three tiers of Government in Namibia.
- d) The Married Person Equality Act (No.1) of 1996 ensured treatment of married women with their spouses.
- e) None of the above

22. Which of the following statement is correct?

- a) The Namibian judiciary is headed by the Judge- President.
- b) Namibia practices a unicameral form of legislature.
- c) In practice, there is absolute separation of power in Namibia.
- d) The provisions of Chapter 3 of Namibia's Constitution are entrenched and may not be amended.
- e) None of the above

23. If the offeree does not reject the offer but wishes to negotiate the offer on terms of the more favourable to him, this constitutes:

- a) Lapse of time.
- b) A counter –offer and therefore a rejection of the original offer.
- c) A revival of the original offer and, therefore, the offeree may accept within a reasonable period.
- d) All the above
- e) None of the above

24. One of the cardinal rules of offer and acceptance is that:

- a) The offer must be accepted equivocally by the offeree.
- b) The offer must be left open indefinitely until the offeree makes up his mind to accept it with equivocation.
- c) The acceptance of the offer must be absolute, unambiguous and correspond with the terms of the offer.
- d) The offeree must just accept the offer through inactive silence and must not do anything to create serious legal relations between the parties.
- e) None of the above

25. In the event of a breach of contract, which of the following actions is the innocent party expected to take:

- a) To reasonably attempt to mitigate losses
- b) To take all measures possible to reduce the associated to the breach
- c) To establish a new contract with any alternative source available.
- d) To take no action until the full consequences of the breach are identified so damages action can incorporate all sustained losses
- e) None of the above

26.

Which ONE of the following is a correct statement of law?

An agent is a person who acts on behalf of another:

- a) To protect a principal's goods or services
- b) To promote the sales of his principal
- c) In entering into contracts
- d) To improve a businesses' performance
- e) None of the above

27.

A

contract for the sale of goods is one where:

- a. A seller gives goods to another by way of a contract, for safe keeping
- b. Goods are passed to another to use in his business
- c. A seller transfers or agrees to transfer, the property in goods to the buyer for a money consideration called the price
- d. Goods are loaned under a contract of hire to a customer
- e. None of the above

Use the following information to answer questions **28 to 32**:

You are given the following is a trial balance from ABC Limited in preparing the financial statements for the year ended 28 February 2019:

TRIAL BALANCE AS AT 28 FEBRUARY 2019

	N\$	N\$
Share Capital		1,200,000
Retained earnings (28 February 2018)		200,000
Profit for the year		120,000
Trade and other receivables	70,000	
Allowance for credit losses		10,000
Prepaid expenses	3,000	
Land and building	1,260,000	
Accumulated depreciation on buildings		304,000
Vehicles	550,000	
Accumulated depreciation on Vehicles		100,000
Investment (Long-term deposit)	130,000	
Inventory	34,000	
Bank	120,000	
Cash on hand	2,000	
Mortgage bond		200,000
Trade and other payables		35,000
TOTAL	2,169,000	2,169,000

28. Calculate the total non-current assets to be presented in the statement of financial position?

- a. N\$1,406,000
- b. N\$1,940,000
- c. N\$1,536,000
- d. N\$1,810,000
- e. None of the above

29. Calculate the total current assets to be presented in the statement of financial position?

- a. N\$219,000
- b. N\$226,000
- c. N\$229,000
- d. N\$156,000
- e. None of the above

30. Calculate the total equity to be presented in the statement of financial position?

- a. N\$1,200,000

- b. N\$1,400,000
 - c. N\$1,320,000
 - d. N\$1,520,000
 - e. None of the above
31. Calculate the total non-current liabilities to be presented in the statement of financial position?
- a. N\$235,000
 - b. N\$200,000
 - c. N\$245,000
 - d. N\$215,000
 - e. None of the above
32. Calculate the total current liabilities to be presented in the statement of financial position?
- a. N\$449,000
 - b. N\$35,000
 - c. N\$235,000
 - d. N\$45,000
 - e. None of the above

For questions **33 to 40**, indicate whether the Cashbook will be (a) debited or (b) credited or (c) no entry made.

33. Cheque from a credit customer was returned by the bank, marked "insufficient funds in drawer's account".
- a. Debit
 - b. Credit
 - c. No entry.
34. Goods purchased on credit from a supplier.
- a. Debit
 - b. Credit
 - c. No entry
35. Goods sold on credit to a customer.
- a. Debit
 - b. Credit
 - c. No entry
36. Bank charges and interest paid on bank overdraft.
- a. Debit
 - b. Credit
 - c. No entry
37. Stationery bought by cheque.
- a. Debit
 - b. Credit
 - c. No entry

38. Depreciation calculated on fixed assets.
- Debit
 - Credit
 - No entry
39. Cash received from a customer for payment of his account.
- Debit
 - Credit
 - No entry
40. Cash received from customer for cash sales.
- Debit
 - Credit
 - No entry
41. A motor vehicle was purchased on 1 January 2017, has a residual value of N\$50,000 and is depreciated over 5 years. By 31 December 2018, its accumulated depreciation is N\$100,000. What is the cost price of the asset?
- N\$50,000
 - N\$200,000
 - N\$250,000
 - N\$300,000
 - None of the above
42. A company sells its inventory at 35% mark-up calculated on cost. If the company bought an item of inventory for N\$200 (excluding VAT), what would be the inventory's selling price including 15% VAT?
- N\$270.00
 - N\$230.00
 - N\$200.00
 - N\$310.50
 - None of the above
43. A company buys a delivery vehicle. How should the company classify the delivery vehicle in the Statement of Financial Position?
- Non-current Asset
 - Current Asset
 - Non-current Liability
 - Current Liability
 - None of the above
44. A company receives a bank overdraft from ABC Bank. How should the company classify the loan in the Statement of Financial Position?
- Non-current Asset
 - Current Asset

- c) Non-current Liability
- d) Current Liability
- e) None of the above

45. When you make a cash sale, what will the accounting entries be to record such a sale?
(You can ignore VAT for this question)

- a. Debit Sales; Credit Cash
- b. Debit Sales; Credit Debtor
- c. Debit Cash; Credit Sales
- d. Debit Cash; Credit Debtor
- e. None of the above

46. 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 and other comprehensive income
- d. A bank statement
- e. None of the above

47. What is the main purpose of financial accounting?

- a. Organize financial information
- b. Provide useful, financial information to stakeholders
- c. Keep track of company expenses
- d. Minimize company taxes
- e. None of the above

48. Peter applies for a loan of N\$100,000 from ABC Bank. The loan will carry interest at 12% per annum, calculated on the simple interest method. How much will the interest be for the first 6 months?

- a. N\$12,000
- b. N\$72,000
- c. N\$5,000
- d. N\$6,000
- e. None of the above

49. Which definition best applies to the concept of relevance?

- a) The quality of information that assures that information is reasonably free from error and bias.

- b) The quality of information that enables users to comprehend the message being communicated.
 - c) The quality of information that enables users to identify similarities and differences between two sets of economic phenomena.
 - d) The capacity of information to make a difference in the decision process.
 - e) None of the above
50. International Financial Reporting Standards (IFRS) are compiled by?
- a. ICAN/SAICA
 - b. International Accounting Standards Board
 - c. Ministry of Finance
 - d. ACCA
 - e. None of the above

END OF PAPER

TOTAL: 50 QUESTIONS @ 1 MARK EACH = 50 MARKS