



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 of 2019.		
DATE	JULY/AUGUST 2019 – DAY 2		
DURATION	120 minutes	MARKS	50

MATURE AGE ENTRY TEST – PAPER 4 – DAY 2

This question paper consists of **11 (ELEVEN) 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

1. Which financial statement displays the company's assets, liabilities and shareholders' equity at a specific point in time?
 - 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. Which of the following is not a purpose of preparing Statement of Profit or Loss?
 - a) To show total revenue
 - b) To show total expenses
 - c) To show net profit
 - d) To show total cash
 - e) None of the above
3. Which of the following is the correct accounting equation?
 - a) Assets + liabilities = owner's equity
 - b) Assets = owner's equity
 - c) Cash = owner's equity
 - d) Assets – liabilities = owner's equity
 - e) None of the above
4. Which of the following items will appear in an entity's Cash Book?
 - a) Sales invoices
 - b) Depreciation expense
 - c) Cash sales
 - d) Purchases returns
 - e) None of the above
5. Which of the following is an example of a liability?
 - a) Trade receivables
 - b) Plant and machinery
 - c) Share capital
 - d) Inventory
 - e) None of the above

6. Which of the following factors would explain an increase in equity?
- a) Dividends
 - b) Net profit
 - c) Net loss
 - d) Share redemption
 - e) None of the above
7. Which of the institutions/department below is statutorily mandated with the auditing of the State Revenue Fund in Namibia:
- a) The Office of the Auditor-General (OAG)
 - b) Inland Revenue
 - c) Financial Intelligence Centre (FIC)
 - d) Public Accountants' and Auditors' Board (PAAB)
 - e) None of the above
8. Diamond mining companies are taxed at a rate of?
- a. 35%
 - b. 32%
 - c. 37.5%
 - d. 55%
 - e. None of the above
9. The taxable income threshold on which individuals are not required to pay tax is?
- a. N\$20,000
 - b. N\$50,000
 - c. N\$75,000
 - d. N\$100,000
 - e. None of the above
10. Which of the following expenditure is not allowed as a deduction for companies and close corporations?
- a. Expenditure incurred on repairs made to the place of business
 - b. One third (for three years) of the cost of capital expenditure such as vehicle and machinery
 - c. Domestic or private expenses
 - d. An allowance of 20% of the cost of erecting a building in the year the building is brought into use
 - e. None of the above
11. Which of the following are features of any partnership?
- a. Owner-management, joint liability
 - b. Limited liability, owner-management
 - c. Separate legal entity, limited liability
 - d. Joint liability, separate legal entity
 - e. All of the above

12. Which of the following is NOT a component of financial statements?

- a. A statement of comprehensive income
- b. A statement of changes in equity
- c. A cash flow forecast
- d. Accounting policies and explanatory notes
- e. A statement of financial position

13. Which of the following is NOT a liability?

- a) Accrued expenses
- b) Bank overdraft
- c) Drawings
- d) Trade payables
- e) None of the above

14. The money owed to a supplier will be classified as an example of which of the followings:

- a. Asset
- b. Liability
- c. Income
- d. Loan
- e. Debtor

15. Which one of the following is a book of prime entry?

- a. Asset register
- b. Inventory records
- c. Receivables ledger
- d. Journal
- e. None of the above

16. A company acquired a new minicomputer system for N\$50,000.00 on 1 November 2014. The computer's estimated useful life is five years, at the end of which it is expected to have a scrap value of N\$4,550.00. The company's financial year ends on 31 March and straight line depreciation is applied on a time- apportioned basis. What is the depreciation charge on the computer in profit or loss statement for the year ended 31 March 2015.

- a. N\$3,788.00
- b. N\$4,167.00
- c. N\$9,090.00
- d. N\$10,000.00
- e. None of the above

17. The following is an example of an VAT Exempt supply in terms of the Namibian VAT legislation:
- a. Maize
 - b. Medical services
 - c. Stationery
 - d. Smart phones
 - e. None of the above
18. At the end of its accounting period a business erroneously excluded goods bought on credit from its closing inventory. It also failed to record the purchase of those goods in its accounting records. The effect of these omissions is to understate which of the following?
- a. Cost of sales and current assets
 - b. Gross profit and current liabilities
 - c. Current assets only
 - d. Current assets and current liabilities
 - e. Current liabilities only
19. A Greengrocer made sales during the year for N\$49,200.00. Opening inventory amounted to N\$3,784.00 the closing inventory was N\$5,516.00. During the year Greengrocer purchased inventory for cash to the value of N\$38,632.00. Calculate the gross profit?
- a. N\$8,836.00
 - b. N\$10,568.00
 - c. N\$12,300.00
 - d. N\$89,564.00
 - e. None of the above
20. Which one of the following represent cost of goods sold in a statement of profit or loss?
- a. Purchases – closing inventory + opening inventory
 - b. Purchases – opening inventory + closing inventory
 - c. Opening inventory + purchases + closing inventory
 - d. Closing inventory + purchases – opening inventory
 - e. None of the above
21. Resources in business terms are called:
- a. Properties of the business
 - b. Furniture of the business
 - c. Assets of the business
 - d. Stocks of the business
 - e. None of the above

22.

Which ONE of the following is correct?

As a general rule, in a contract for the sale of goods, the goods must correspond with:

- a. The expectations of the buyer
- b. The description given by the seller or given on behalf of the seller
- c. That recognized in the trade
- d. That understood to be the description from a course of dealings with the seller
- e. None of the above

23.

In

a contract for the sale of goods, the goods must be:

- a. Of a satisfactory size and shape
- b. Satisfactory to the buyer
- c. Satisfactory to all involved in its sale
- d. Of satisfactory quality
- e. None of the above

24.

Which ONE of the following is not correct?

A regulated consumer credit agreement is one where:

- a. A bank provides a loan or overdraft
- b. A consumer purchases goods on hire purchase
- c. A creditor provides a personal loan to a debtor
- d. A creditor provides a business with credit
- e. None of the above

25. Which of the following categories of law constitute Public Law?

- a. Administrative law, criminal law and revenue law.
- b. Law of delict, law of person and the law of unjustified enrichment.
- c. Law of person, law of obligations, and mercantile law.
- d. Intellectual property law, conflict of laws and the Judicial Service Commission.
- e. None of the above

26. Which of the following is not a factor that can terminate a contract?

- a. Death
- b. Merger
- c. imprisonment
- d. set-off
- e. None of the above

27. Where a contract does not stipulate an expiry date, it will remain open:

- a. Forever, until accepted by the offeree.
- b. Until expressly revoked by the offeror.
- c. Until a counter-offer is made.
- d. for a reasonable time, after which it will automatically expire
- e. None of the above

28. Where the offeror has promised to keep open an offer for a specific period of time, he/she:

- a. May revoke the offer before the time has expired where this has been communicated to the offeree.
- b. Must keep the offer open for this period of time.
- c. May refuse to go ahead with contract if he/she changed his/her mind but failed to communicate this to the offeree
- d. may revoke the offer before the expiry of the time limit only where he/she has obtained permission from the offeree
- e. None of the above

29. At common law, duress makes the contract:

- a. Voidable
- b. Void
- c. Illegal
- d. A valid contract that binds both parties
- e. None of the above

30. Current portion of a long term liability is?

- a. The balloon portion of the long term debt.
- b. The total payment on a loan due in the next 12 months.
- c. The principle payment on a loan due in the next 12 months.
- d. The interest payment on a loan due within 12 months
- e. None of the above.

31. Which of the following factors would explain an increase in retained earnings?

- a. Net loss.
- b. Net profit.
- c. Share issue

- d. Dividends.
- e. None of the above

Use the following information to answer questions **32 to 36**:

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
Trade receivables	300,000	
Land and building	1,260,000	
Accumulated depreciation on buildings		304,000
Vehicles	550,000	
Accumulated depreciation on Vehicles		100,000
Inventory	104,000	
Bank	120,000	
Mortgage bond		200,000
Trade payables		145,000
Sales		1,400,000
Cost of sales	750,000	
Selling and distribution expenses	85,000	
Administration expenses	350,000	
Finance costs	30,000	
TOTAL	3,549,000	3,549,000

32. Calculate the gross profit percentage?

- a. 53.57%
- b. 86.67%
- c. 46.43%
- d. 13.21%
- e. None of the above

33. Calculate the quick ratio/acid test ratio?

- a. 2.90
- b. 3.61
- c. 2.79
- d. 2.07

e. None of the above

34. Calculate the average collection period, assuming 365 days a year?

- a. 37.80 days
- b. 195.54 days
- c. 146 days
- d. 78.21 days
- e. None of the above

35. Calculate the debt ratio?

- a. 16.96%
- b. 17.88%
- c. 10.36%
- d. 14.78%
- e. None of the above

36. Calculate the times interest earned ratio?

- a. 4.83 times
- b. 7.17 times
- c. 6.67 times
- d. 6.17 times
- e. None of the above

For questions **37 to 42**, indicate whether the following items are (a) Standard rated or (b) Zero-rated or (c) Exempt supplies in terms of the current VAT Act of Namibia.

37. Interest paid on a loan

- a. Standard rate
- b. Zero-rate
- c. Exempt supply

38. Supply of land and buildings for residential purposes

- a. Standard rate
- b. Zero-rate
- c. Exempt supply

39. Fees charged by a school for educational services

- a. Standard rate
- b. Zero-rate
- c. Exempt supply

40. Maize meal

- a. Standard rate
- b. Zero-rate
- c. Exempt supply

41. Exports of goods where the seller consigns and delivers the goods at an address in another country

- a. Standard rate
- b. Zero-rate
- c. Exempt supply

42. Medical services delivered by a surgeon

- a. Standard rate
- b. Zero-rate
- c. Exempt supply

43. The following is an example of an VAT Exempt supply in terms of the Namibian VAT legislation:

- a. Maize
- b. Medical services
- c. Stationery
- d. Smart phones
- e. None of the above

44. 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\$10,000 on the sale of the vehicle. For how much did you sell the vehicle?

- a. N\$40,000
- b. N\$35,000
- c. N\$25,000
- d. N\$45,000
- e. None of the above

45. Company a has the following balances as at 01 Jan 2019:

Land	N\$800,000
Machinery	N\$20,000
Cash	N\$10,000
Debt	N\$500,000

What is the value of the owner's equity?

- a. N\$500,000
- b. N\$830,000
- c. N\$1,330,000
- d. N\$330,000
- e. None of the above.

46. Which of the following transactions would have no impact on owners' equity?

- a. Purchase of land from the proceeds of a bank loan.
- b. Dividends to shareholders.
- c. Net loss.
- d. Share issue.
- e. None of the above

47. Which of the following account types will be increased by a debit?

- a. Liabilities and expenses.
- b. Assets and equity.
- c. Assets and expenses.
- d. Equity and revenues
- e. None of the above

48. Inventory accounts should be classified in which section of the statement of financial position?

- a. Current assets
- b. Investments
- c. Property, plant, and equipment
- d. Intangible assets
- e. None of the above

49. Which of the following items would **not** fall under the definition of an asset?

- a. Land
- b. Machinery
- c. Cash
- d. Owner's equity
- e. None of the above

50. Which one of the following items would fall under the definition of a liability?

- a. Cash
- b. Debtors
- c. Owner's equity
- d. Income received in advance
- e. None of the above

END OF PAPER

TOTAL: 50 questions @ 1 mark each = 50 marks