CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD
General Certificate of Education Examination

705 ACCOUNTING 1

JUNE 2015 **ADVANCED LEVEL**

Centre Number	
Centre Name	
Candidate Number	
Candidate Name	

Mobile phones are NOT allowed in the examination room
MULTIPLE CHOICE QUESTION PAPER
One and a half Hours

INSTRUCTIONS TO CANDIDATES

Read the following instructions carefully before you start answering the questions in this paper. Make sure you have a soft HB pencil and an eraser for this examination.

1. USE A SOFT HB PENCIL THROUGHOUT THE EXAMINATION.
2. DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.

Before the examination begins:

3. Check that this question booklet is headed "**Advanced Level – 705 Accounting 1**"
4. Fill in the information required in the spaces above.
5. Fill in the information required in the spaces provided on the answer sheet using your HB pencil: **Candidate Number and Name, Centre Number and Name.**
   Take care that you do not crease or fold the answer sheet or make any marks on it other than those asked for in these instructions.

How to answer the questions in this examination

6. Answer **ALL** the **50** questions in this Examination. All questions carry equal marks.
7. Calculators are allowed.
8. Each question has FOUR suggested answers: **A, B, C** and **D**. Decide on which answer is correct. Find the number of the question on the Answer Sheet and draw a horizontal line across the letter to join the square brackets for the answer you have chosen.
   For example, if **C** is your correct answer, mark C as shown below:
   [A] [B] [~~C~~] [D]
9. Mark only one answer for each question. If you mark more than one answer, you will score a zero for that question. If you change your mind about an answer, erase the first mark carefully, then mark your new answer.
10. Avoid spending too much time on any one question. If you find a question difficult, move on to the next question. You can come back to this question later.
11. Do all rough work in this booklet, using, where necessary, the blank spaces in the question booklet.
12. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet after. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**

1. A business started its first operation on the 1/03/2011, when shall it prepare its first financial statements?
   A On the 31/12/2011.
   B On the 31/12/2012.
   C On the 28/02/2012.
   D On the 1/03/2012.

2. Another business started its first operation on the 1/07/2011, when shall it prepare its first financial statements?
   A On the 31/12/2011
   B On the 30/06/2012
   C On the 31/12/2012
   D On the 01/07/2012

3. Which of the following statements corresponds to Accruals?
   A Annual bonus paid from suppliers: 1,000,000 FCFA.
   B Rents paid in advance: 6,000,000 FCFA.
   C Consumption of water settled: 150,000 FCFA.
   D Telephone bill expected from Camtel: 250,000 FCFA.

4. Which of the following is a prepayment?
   A Annual insurance paid on the 1st October: 1,200,000 FCFA.
   B Rents payable: 300,000 FCFA.
   C Interest receivable from a loan: 180,000 FCFA.
   D Annual bonus expected from a supplier: 1,000,000 FCFA.

5. A fixed asset is acquired on the 1/01/2013, at the cost of 10,000,000 FCFA, with a useful life span of 10 years. Using the reducing balance method of depreciation, the annual charge for depreciation as at 31/12/2013 should be:
   A 1,000,000 FCFA
   B 2,500,000 FCFA
   C 2,000,000 FCFA
   D 1,500,000 FCFA

6. A company's financial statements are made up of the following:
   A The operating report and the table of application and source of funds.
   B The balance sheet, the profit and loss accounts, the financial table of applications and sources of funds (FTASF) and the appended documents.
   C The differential operating table and the functional balance sheet.
   D The balance sheet and the appended documents.

7. The users of Financial Statements Analysis are:
   A Static and dynamic analysts.
   B Mathematicians and statisticians.
   C Balance sheet and FITAS analyst.
   D The manager of the firm, the shareholders and the lenders.

8. The last annuity of the fixed asset acquired on the 1st July of the financial year at 10,000,000 FCFA and depreciated over four years, constant depreciation is:
   A 1,000,000 FCFA
   B 1,200,000 FCFA
   C 1,250,000 FCFA
   D 1,350,000 FCFA

9. An invoice has the following items:
   (i) Net amount: 10,260,000 FCFA
   (ii) First discount 10 %
   (iii) Second discount 5 %
   The gross amount of the invoice was:
   A 11,268,000 FCFA
   B 8,772,300 FCFA
   C 12,000,000 FCFA
   D 11,850,300 FCFA

10. The amount of an invoice after taxation is 10,136,250 FCFA. What was the amount before taxation?
    A 12,087,478 FCFA
    B 9,500,000 FCFA
    C 8,400,000 FCFA
    D 8,500,000 FCFA

11. The VAT in Q10 above is:
    A 1,951,228 FCFA
    B 1,636,250 FCFA
    C 1,630,000 FCFA
    D 1,700,000 FCFA

12. The Zero rate of VAT applies on:
    A Transactions exempted from the VAT.
    B Transactions which are exonerated from tax.
    C Imports within CEMAC Zone.
    D Exports.

13. The gross margin on goods is known as:
    A The difference between the turnover and costs.
    B The difference between the turnover and the cost of goods sold.
    C The difference between the sales value and the costs of raw materials.
    D The difference between sales value and prime costs.

14. The normal hours of work per week for security guards is:
   A 45 hours
   B 54 hours
   C 56 hours
   D 48 hours

15. A worker whose hourly wage is 800 FCFA, puts in 18 hours of overtime in a certain week. The overtime earned by the worker for that week is:
   A 18,240 FCFA
   B 14,400 FCFA
   C 20,160 FCFA
   D 18,080 FCFA

16. The acid-test ratio of a business is found as follows:
   A The ratio of Equity over Fixed Assets.
   B (current assets-stock) over current liabilities.
   C The current assets over liabilities.
   D The current assets over current liabilities.

17. The current assets of TMC Co. Ltd. is 35,600,000 FCFA (including stock for 5.600,000 FCFA) and the Current liabilities amounted to 60,000,000 FCFA. What is the Liquid ratio of this company?
   A 0.5
   B 0.5933
   C 0.687
   D 0.093

18. The prudence concept stresses that:
   A Anticipated revenues and profit should be taken into account in the profit and loss account.
   B Anticipated expenses should not be recognized in the profit and loss account.
   C Anticipated expenses and revenues should not be taken in the profit and loss account.
   D Anticipated revenues and profit have no place in the profit and loss account until they have been realized in the form of cash or assets.

19. Which of the following statements best describes the purpose of financial accounting in a limited liability company?
   A To assist in the day-to-day management of the company.
   B To enable the business to pay the correct amount of tax.
   C To ensure that the business pays the correct dividend.
   D To help the directors discharge their obligation to the shareholders.

20. A company sells goods on credit valued at 250 000 FCFA to a customer. At what point in the sales cycle should this sale be recognized in the accounts?
   A When the customer's order is received.
   B When the goods are ready for dispatch to the customer.
   C When the goods are sent, accepted and invoiced.
   D When the customer pays.

21. An examination of the sources and uses of funds statement is part of:
   A a forecasting technique.
   B a cash flow statement analysis.
   C a ratio analysis.
   D calculations of preparing the balance sheet.

22. Which of the following is **NOT** a cash outflow from the firm?
   A Depreciation
   B Dividends paid
   C Interest payments
   D Taxes paid

23. For a limited company, return on capital employed is calculated by using:
   A Net profit as a percentage of the average of the opening and closing borrowings.
   B Net profit as a percentage of the sum of fix assets and working capital
   C Net profit as a percentage of the average of the opening and closing total assets.
   D Net profit as a percentage of the average of the opening and closing fixed assets.

24. A business has the following transactions recorded in its sales ledger for 2013:
Debtors at 1 January 2013, 25,000 FCFA, credit sales in 2013, 345,000 FCFA, Receipts from debtors 318,000 FCFA, Credit notes raised in 2013, 23,000 FCFA. Which is the correct figure for debtors at 31st December, 2013?
A 29,000 FCFA
B 27,000 FCFA
C 52,000 FCFA
D 75,000 FCFA

25. A business has the following transactions recorded in its purchase ledger: Creditors at 1st January 2013, 35,000 FCFA, Purchases during 2013, 275,000 FCFA, Creditors at 31st December 2013, 49,000 FCFA, Debit notes raised on suppliers 5,000 FCFA. Which is the correct figure for the total of payments to suppliers during the year 2013?
A 221,000 FCFA
B 256,000 FCFA
C 284,000 FCFA
D 289,000 FCFA

26. The cash budget is the summary of:
A Expenses and revenues.
B Supplies and production.
C Receipts and payments.
D Three budgets.

27. The steps of budgetary management are:
A Planning – hierarchy – control.
B Planning – budget preparation – control.
C Planning – hierarchy – variance.
D Planning – control – variance.

28. The rent payable on packing stores of goods is part of:
A Cost of purchases.
B Cost of stock holding.
C Cost of handling goods.
D Cost of selling the goods.

29. A stock turnover is a ratio which provides for a given period:
A The number of orders.
B The EOQ.
C The number of stock turnover.
D The average stock.

30. The trend of a company sales in units have been found to be represented by:

$$Y = 1.6X + 250$$

Where Y = sales units
X = an accounting period reference
In accounting period 34, the seasonal variation will have an index value of 110. The expected sale for the period 34 to the nearest unit is:
A 335 units
B 329 units
C 426 units
D 304 units

31. Production overheads are absorbed into production units by the use of an overhead absorption rate. Which one of the following best describes how the absorption rate is calculated?
A Total number of units produced divided by the total cost centre overheads.
B Total number of units produced multiplied by the unit overhead cost.
C Total cost centre overheads divided by the cost centre activity level.
D Total indirect costs for the business divided by the total number of units produced.

32. In a manufacturing company, which of this budget will normally be prepared first in the budget preparation cycle?
A The stock budget.
B The production budget.
C The cash flow forecast.
D The sales budget.

33. The following balances are taken from the trial balance of the DELTA Manufacturing company: Raw material purchases 480,000FCFA, Direct labour 250,000 FCFA, Direct expenses 80,000 FCFA, Indirect labour 250,000 FCFA, Indirect expenses 60,000 FCFA, Transportation costs 40,000 FCFA. The prime cost of production is:
A 1,160,000 FCFA
B 1,120,000 FCFA
C 810,000 FCFA
D 1,060,000 FCFA

34. Direct expenses are those which can be identified with particular products. Which of the following items is a direct cost?
A The rent of the factory in which products are made.
B The wages of the production supervisor.
C The royalty paid to the holder of a patent after each item is produced.
D The cost of the glue used to attach labels to the products.

35. Direct material total variances can be analysed into:
   A Efficiency and price variances.
   B Price and productivity variances.
   C Price and quantity usage variances.
   D Efficiency and usage variances.

36. Which of the following statements is not correct?
   A The value added tax is a neutral tax.
   B The VAT is a direct tax.
   C The VAT is painless tax.
   D The VAT is a tax on consumption.

37. Which of the following transaction is not liable to the VAT?
   A Purchase of a tourism car.
   B Purchase of a truck
   C Purchase of agricultural input.
   D Purchase of TOURISM equipments.

38. In a Public Limited Company with a board of directors, the decision to increase the capital is taken by:
   A The board of directors.
   B The General Manager.
   C The Chairperson of the Board of Directors.
   D The Ordinary General Meeting of shareholders.

39. The minimum number of shareholders in a PLC is:
   A 7 shareholders.
   B 20 shareholders.
   C 1 shareholder.
   D 2 shareholders.

40. The minimum amount of the capital of the PLC is:
   A 10,000,000 FCFA
   B 100,000,000 FCFA
   C 1,000,000 FCFA
   D 50,000,000 FCFA

41. In a company, the issue premium is the difference between:
   A The issue price and redemption value.
   B The issue price and mathematical value.
   C The issue price and nominal value.
   D The issue price and right to issue.

42. The company tax basis of assessment is the income of:
   A Natural persons.
   B Artificial persons.
   C Common initiative groups.
   D Cooperative societies.

43. A fiscal profit is determined on basis of:
   A Financial regulation.
   B Accounting principles.
   C Administrative procedures and principles.
   D Fiscal regulations.

44. Consider that 160,000,000 FCFA and 440,000,000 FCFA are values for contribution in kind and in cash respectively for EYOMES LTD. Given that shares are made up of 10,000 FCFA each, the numbers of shares in kind are:
   A 16,000 shares.
   B 60,000 shares.
   C 28,000 shares.
   D 16,000 FCFA.

45. XYZ LTD has a net profit before tax of 267,000 FCFA, taxation amount is 87,000 FCFA, a dividend on ordinary share capital of 45,000 FCFA has been declared and the company will transfer 50,000 FCFA to a capital reserve. What is the retained profit for the year?
   A 180,000 FCFA
   B 135,000 FCFA
   C 85,000 FCFA
   D 267,000 FCFA.

46. Given 79,249,606 FCFA as profit for BB and Co Ltd for financial year ending , after stock taking and turnover of 770,000,000 FCFA. The company tax for the year is:
   A 30,510,000 FCFA
   B 30,510,865 FCFA
   C 22,040,865 FCFA
   D 30,511,098 FCFA

47. Given 79,249,606 FCFA as profit for BB and Co Ltd for financial year ending after stock taking and turn over 770,000,000 FCFA. The tax payable for the financial year is:
   A 8,470,000 FCFA
   B 30,510,865 FCFA
   C 22,040,865 FCFA
   D 30,511,098 FCFA

48. Total shares of company XYZ PLC before increase of capital is 5,000 shares and after increase is 5,600 shares. Knowing that shares are evaluated at 10,000 FCFA, the value of capital before and after the increase is:
   A 56,000,000 FCFA and 6,000,000 FCFA respectively.
   B 56,000,000 FCFA and 50,000,000 FCFA respectively.
   C 50,000,000 FCFA and 6,000,000 FCFA respectively.
   D 50,000,000 FCFA and 56,000,000 FCFA respectively.

49. The latest date of payment of VAT payable for the month of January 2013 is:

A 15/01/2013
B 15/02/2013
C 15/01/2014
D 15/03/2013

50. Consider the following for Saby LTD for the months of January and February, 2013:

Month	Description	Purchase	Sales
January	Goods	120,000,000 FCFA	70,000,000 FCFA
February	Raw materials/ finished goods	50,000,000 FCFA	60,000,000 FCFA

VAT credit for the month of January is:

A 13,475,000 FCFA
B 23,100,000 FCFA
C 50,000,000 FCFA
D 9,625,000 FCFA

STOP

NOW GO BACK AND CHECK YOUR WORK