GENERAL CERTIFICATE OF EDUCATION BOARD
Technical and Vocational Education Examination

7015 CORPORATE ACCOUNTING 1

JUNE 2021 ADVANCED LEVEL

Specialty Name & Code	**ACCOUNTING - ACC (CG)**
Centre No.	
Centre Name	
Candidate No.	
Candidate Name	

Mobile phones are **NOT** allowed in the examination room

7015 CORPORATE ACCOUNTING 1: MULTIPLE CHOICE QUESTION PAPER

One and a half hours

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7. Insert the information required in the spaces provided on the answer sheet using your HB pencil: **Candidate Name, Exam Session, Subject Code, Centre Number and Candidate Number.** 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.
8. **Answer ALL questions**
9. 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.
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Turn Over

SECTION A: COMPANY AND PARTNERSHIP ACCOUNTS

1. In company formation, contributions in know-how are forbidden in
   A General partnership
   B Limited partnership
   C Private limited companies
   D Public limited companies

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2. This is a characteristic of a general partnership
   A The minimum share is 5,000 CFAF.
   B The minimum capital is 1,000,000 CFAF
   C All partners have unlimited liabilities
   D All partners have limited liabilities

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3. On the 01/01/2019 AMONDEM plc called one-quarter of its capital (shares of a nominal value of 10,000 CFAF) with a deadline of payment being 31/01/2019. All shareholders paid, except Mr. Priso, holder of 400 shares who paid on 20/02/2019 and was charged a lateness interest of 9% per annum.

   Assuming that one month is 30 days, the amount of lateness interest is
   A 20,000 CFAF
   B 50,000 CFAF
   C 30,000 CFAF
   D 7,500 CFAF

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4. What is a condition to be fulfilled in order to increase capital?
   A The initial capital must be fully paid up
   B The company must not comply with publicity requirements
   C The issue price must not be greater than the nominal value
   D The issue price must be greater than the mathematical value

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5. The issue price (IP) of a new share for cash contributions must be
   A Less than the nominal value (NV)
   B Greater than the mathematical value (MV)
   C NV ≤ IP ≤ MV
   D Greater than the stock exchange price

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6. The word issue premium as used during increase in capital means the excess of
   A The issue price over the nominal value of new shares
   B The issue price over the mathematical value of new shares
   C The mathematical value over the nominal value of a share
   D Nominal value over the mathematical value of a new share

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7. The legal personality is obtained when
   A The members have made their contributions available to the company
   B The constituent general assembly of members has been held
   C The company has registered its creation in Trade and Personal property credit register
   D The company has drafted its articles of association

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8. In a general partnership, the control of management is exercised by
   A The internal auditor
   B The President of the board of directors for all partnerships
   C the audit committee set up by all members
   D The floor members

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9. Which of the following capital subscription entries best fit the formation of a partnership?

A	Dr:4611	Contributors, in-kind contributions
	4612	Contributors, cash contributions.
	Cr:1012	Subs, called up, unpaid capital.
B	Dr:4611	Contributors, in-kind contributions
	4612	Contributors, cash contributions.
	Cr:1011	Subs, uncalled up capital.
C	Dr:4611	Contributors, in-kind contributions
	4612	Contributors, cash contributions.
	Cr:1013	Subs, called and paid up non-redeemed capital.
D	Dr:4611	Contributors, in-kind contributions
	4612	Contributors, cash contributions.
	Cr:1011	Subs, uncalled up capital.
	1012	Subs, called up, unpaid capital.

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10. In limited liabilities companies, the appropriation of profit or losses is decided by
    A the general assembly of shareholders after approval of accounts presented to them by management
    B management after approval of accounts by the general assembly of members
    C a court decision to best integrate the needs of all parties involved
    D board of directors who best understand the needs of the company

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11. For the year ending 31/12/2020, the general assembly of KWAM plc held in March 2021. This general assembly decided to allocate gross dividend per share of 8,400 CFAF. Mr. Kwallar is a holder of 3,568 shares.
    The total net dividends to be transferred into the individual bank account of Mr. Kwallar is
    A 4,945,248 CFAF
    B 25,025,952 CFAF
    C 29,971,200 CFAF
    D 18,432,288 CFAF

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12. LUMA Co Plc with a capital of 70,000,000 CFAF (divided into shares of 10,000 CFAF) distributes total dividends of 14,000,000 CFAF and has to constitute a total reserve of 7,000,000 CFAF. If the rate of interest is 10%, then the financial value of a share is in this company is?
   A 30,000 CI
   B 20,000 CI
   C 10,000 CI
   D 40,000 CI

13. A public limited company with capital of 24,000 shares of 15,000 CFAF each increases its capital by issuing 5 new shares for 12 subscription rights at 18,000 CFAF each. The shares are quoted at 25,000 CFAF each.
   What is the number of shares after the increase?
   A 57,600
   B 36,000
   C 42,000
   D 34,000

14. IKOME plc with a capital of 20,000 shares decided to convert 1,600 debentures of 52,000 CFAF each into shares of 10,000 CFAF nominal value. The conversion is done as in one debenture for four shares. The total issue premium is?
   A 8,400,000 CFAF
   B 16,800,000 CFAF
   C 4,800,000 CFAF
   D 19,200,000 CFAF

15. LIM plc with a capital of 50,000,000 CFAF has accumulated legal reserves of 9,000,000 CFAF realised a net profit of 15,000,000 CFAF for the year ended 31/12/2020.
   The legal reserves to be constituted for 2021 is
   A 1,500,000 CFAF
   B 900,000 CFAF
   C 1,000,000 CFAF
   D 500,000 CFAF

16. Which of the following characteristics makes a company a contract?
   A Penal responsibility
   B Legal formality
   C Moral personality
   D Contributions by all partners

17. JINGO plc is made up of 2,000 shares for contributions in kind and 5,000 shares for cash contributions. The nominal value of a share is 20,000 CFAF.
   The minimum amount to be paid during creation is
   A 65,000,000 CFAF
   B 25,000,000 CFAF
   C 35,000,000 CFAF
   D 10,000,000 CFAF

18. The profit of JARA plc is shared as follows: legal reserves 10%; statutory interest 6%; optional reserves 1,500,000 CFAF, gross dividend 3,900,000 CFAF. The capital of the company is made up of 2,000 shares at 10,000 CFAF each

   The amount of profit for appropriation is
   A 7,200,000 CFAF
   B 6,000,000 CFAF
   C 5,400,000 CFAF
   D 2,540,000 CFAF

19. What is the effect of increasing the capital by incorporation of reserves?
   A The capital and net assets will increase
   B The capital will increase but net assets will decrease
   C Capital will increase and reserves reduce
   D Reserves will reduce and net assets will increase

20. APOLLO plc was created on the 15th of March 2019 with a capital of 900,000,000 CFAF.
   Calculate the regressive tax, given that

Range of capital (CFA)	Rate	Maximum (CFA)
0 to 750 Million	2%	750,000
750M to 1,500 Million	1.5%	1,500,000

   A 2,250,000 CFAF
   B 3,000,000 CFAF
   C 1,500,000 CFAF
   D 13,500,000 CFAF

Turn Over

SECTION B: TAXATION

21. VAT liability of month M is calculated as
   - A VAT Collected in M – VAT recoverable in M
   - B VAT Recoverable in M – VAT collected in M
   - C VAT Collected in M – VAT recoverable in M_{-1}
   - D VAT Collected in M_{-1} – VAT recoverable in M

22. Which of the following qualifies a person to be registered for VAT?
   - A The person is in the value added system.
   - B The person is in the actual system.
   - C The person is in the simplified system.
   - D The person is in the taxation system.

23. ATIKO plc has a capital of 500,000,000 CFAF. For the year ended 31/12/2020, it recorded a turnover of 800,000,000 CFAF and definite taxable profit of 348,275,165 CFAF. Given that the company tax rate is 33% and the minimum tax is 2.2% of turnover (tax exclusive), the tax liability of the company in 2020 is
   - A 114,930,750 CFAF
   - B 114,930,804 CFAF
   - C 17,600,000 CFAF
   - D 97,330,750 CFAF

24. MBOLO plc bought raw materials for 8,600,000 CFAF (VAT exclusive). Knowing that the principal VAT rate is 17.5%, what is the additional council tax on VAT
   - A 1,505,00, CFAF
   - B 8,750,500 CFAF
   - C 1,655,500 CFAF
   - D 150,500 CFAF

25. J&K plc is registered for VAT. For the month of May 2021, information relating to VAT declaration (in CFAF) is thus:

Sales (Tax inclusive)	10,155,000 [1]
Purchases (tax inclusive)	6,916,500

[1] In which exports stand at 3,000,000 CFAF

Given that local sales are taxed at 19.25%, exports at 0% and all purchases at 19.25%, the VAT liability and deadline for payment are respectively
   - A 38,500 CFAF and 15/06/2021
   - B 38,500 CFAF and 31/05/2021
   - C 1,155,000 CFAF and 15/06/2021
   - D 1,155,000 CFAF and 31/05/2021

26. What is the reason for imposing taxes?
   - A To raise revenue for companies
   - B To reduce food shortages
   - C To raise revenue for the state
   - D To improve the health of citizens

27. Which of the following reflects the value added tax?
   - A The burden falls on producers
   - B It is a neutral tax to registered taxpayers
   - C It is a neutral tax to all business
   - D It is a direct tax

28. CHEBU plc has a final fiscal profit of 170,000,000 CFAF and an accounting profit of 120,000,000 CFAF for the year 2020. Given that the company tax liability of this company is 56,100,000 CFAF, determine the net profit for appropriation?
   - A 4,840,000 CFAF
   - B 56,100,000 CFAF
   - C 72,600,000 CFAF
   - D 63,900,000 CFAF

29. Which of the following is a condition for the taxation of revenue?
   - A It should include taxed income of the previous year
   - B It should not relate to a tax allowance
   - C It includes non-business-related income
   - D It is a tax exempted recorded revenue

30. ZENONG plc is a registered company taxpayer. It wishes to achieve an advanced company tax on turnover of 8,404,000 CFAF for the year ended 31/12/2020. Given that the company tax rate is 33% and minimum tax is 2.2% of turnover. What is the assessment base of the advance company tax?
   - A 500,000,000 CFAF
   - B 382,000,000 CFAF
   - C 25,466,667 CFAF
   - D 600,000,000 CFAF

31. What is the deadline to file for the company tax of 2019?
   - A 15th of March 2020
   - B 31st of March 2020
   - C 15th of March 2019
   - D 31st of March 2019

32. AJASCO plc bought goods in Cameroon for 4,200,000 CFAF (VAT exclusive) and sold them in Ghana for 7,450,000 CFAF (VAT exclusive) in June 2020.

   What is the VAT due or credit of June 2020?
   - A VAT due of 808,500 CFAF
   - B O CFAF
   - C VAT credit of 808,500 CFAF
   - D 625,625 CFAF

33. JARA Ltd, classified under the simplified tax regime realised an annual turnover of 41,260,500 CFAF (VAT inclusive) in 2020 and a taxable profit of 12,320,950 CFAF.
Given that the advance company tax on sales is 5.5% of turnover for the simplified tax regime, the advance company tax of 2020 is
A 1,903,000 CFAF
B 2,269,327.5 CFAF
C 677,652.25 CFAF
D 677,600 CFAF

34. POLA plc, under the actual tax regime realised a turnover of 102,300,000 CFAF (Excl. VAT) in 2020 and an advance company tax on purchases of 1,080,000 CFAF with a final taxable profit of 24, 870,800 CFAF.
Given that the company tax rate is 33%, advance tax on turnover is 2.2%, the company tax payable in 2020 is
A 8,207,100 CFAF
B 8,207,364 CFAF
C 4,876,764 CFAF
D 4,876,500 CFAF.

35. ABAKWA Co Ltd (a VAT subject) realised an annual turnover of 78,900,000 CFAF (VAT exclusive) and a taxable profit of 56,780,980 CFAF in 2020.
In August 2020, this company made a donation of 4,760,000 CFAF to FECAFOOT to support Elite 1 teams.
Given that deductible donations to support sporting events and their organisers is 5%, the deductible donation is
A 3,945,000 CFAF
B 815,000 CFAF
C 4,760,000 CFAF
D 2,839,000 CFAF

SECTION C: FINANCIAL STATEMENT PREPARATION AND ANALYSIS

36. Which of the following is eligible to opt for the minimum cash system?
A A trading entity with annual turnover not exceeding 100,000,000 CFAF.
B A trading entity with annual turnover not exceeding 60,000,000 CFAF.
C A trading entity with annual turnover not exceeding 40,000,000 CFAF.
D A trading entity with annual turnover not exceeding 30,000,000 CFAF.

37. How is cash balance carried down in a cash flow statement controlled?
A From the cash balance with the cashier
B From the cash balance at the bank
C From the balance sheet
D From the profit and loss account.

38. Which of the following is an activity listed in a cash flow statement?
A Funding activities
B Restructuring activities
C Self-financing activities
D Investing activities

39. All of the following will appear on the statement of comprehensive income except;
A VAT recoverable
B Rental expenditure
C Finance cost
D Depreciation expense

40. Company tax is a tax imposed on the
A Capital of a taxpayer
B Profit of a taxpayer
C Reserves of a taxpayer
D Assets of a taxpayer

41. Which of the following is a financial statement to be prepared by an entity?
A Cash flow statement
B Trial balance
C Bank reconciliation
D Ledger accounts

42. What are financial statements prepared by entities that use the minimum cash system?
A Cash flow statement, balance sheet and income statement
B Balance sheet, cash flow statement
C Income statement, balance sheet and notes to account
D Balance sheet, cash flow and notes to accounts

43. Which of the financial statements below shows the way in which an entity raises and uses cash?
A Income statement
B Statement of financial position
C Cash flow statement
D Notes to accounts

44. During the reclassification of assets, safety stock is included in
A fixed assets
B current assets
C stocks
D Stable stock

Turn Over

45. An increase in unpaid debts in foreign currencies due to increase in exchange rate is to be reported by the debtor as
    A an exchange loss
    B an asset conversion variance
    C a liability conversion variance
    D a shortage in foreign currency

46. The functional balance sheet is best described as the reclassification of the accounting balance sheet
    A after profit appropriation into investment cycle, operating cycle and financing cycle
    B before profit appropriation into fixed assets, current assets, equity capital, non-current liabilities and current liabilities, operating cycle and financing cycle
    C after profit appropriation into investment cycle, operating cycle and financing cycle
    D before profit appropriation into investment cycle, operating cycle and financing cycle

47. Which of the following describes a fall in the value of an intangible asset?
    A Amortisation
    B Depletion
    C Provision
    D Loss

48. The cash flow statement is made up of the following rubrics
    A Fixed assets, current assets, equity capital and current liabilities.
    B Operating cash flow, non-current cash flows, investing cash flows and financing cash flows.
    C Current cash flow, fixed cash flow and long term cash flow.
    D Operating, financing and investing cash flows.

49. Which of the following best describes a balance sheet?
    A Fixed assets, current assets, equity capital, non-current liabilities and current liabilities
    B Gross profit, value added, gross operating surplus, operating profit and financial profit
    C Operating, financing and investing cash flows.
    D Current cash flow, fixed cash flow and long term cash flow.

50. When the net accounting value of an asset is more than its actual value, the difference is referred to as
    A provision for expenses
    B capital loss
    C reversible loss
    D actual loss

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GO BACK AND CHECK YOUR WORK

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