

0705 ACCOUNTING 1

GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

JUNE 2024

ADVANCED LEVEL

Centre Number			
Centre Name			
Candidate Number			
Candidate Name			SCAN TO VISIT THE WEBSITE

Mobile phones are NOT allowed in the examination room

MULTIPLE CHOICE QUESTION PAPER

Duration: 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 – 0705 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 Name, Exam Session, Subject Code and Candidate Identification 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.

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. DO NO ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**

Turn Over

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1. An invoice carries a gross amount of 8,000,000 CFAF, rebate 10%, trade discount 5%, a cash discount of 2% and VAT at 19.25%. What is the net amount of the invoice?
 - A 7,993,566 CFAF
 - B 7,200,000 CFAF
 - C 6,840,000 CFAF
 - D 6,703,200 CFAF
2. The net amount of an invoice that carries 10% and 5% trade discount and cash discount respectively without VAT is 427,500 CFAF. What is the gross amount of the invoice?
 - A 500,000 CFAF
 - B 450,000 CFAF
 - C 384,750 CFAF
 - D 365,513 CFAF
3. In a particular week, Mrs Njomia worked for 50 hours at an hourly rate of 1,500 CFAF. Normal weekly working hours are 40. Determine his overtime pay for the week.
 - A 75,000 CFAF
 - B 60,000 CFAF
 - C 18,300 CFAF
 - D 18,000 CFAF
4. An extra monthly remuneration paid to a worker in order to ameliorate the worker's welfare and living standard is known as:
 - A Overtime
 - B Bonus
 - C Indemnity
 - D Allowance
5. Which of the following is NOT normally expected to appear on a worker's payslip?
 - A Basic salary
 - B Net salary
 - C Personal Income Tax
 - D Benefit in kind
6. A reduction in value of an intangible fixed asset over time is known as:
 - A Depreciation
 - B Provision
 - C Impairment
 - D Amortisation
7. A doubtful customer, with a debt of 1,000,000 CFAF has paid 800,000 CFAF to balance his account. The amount of bad debt created is:
 - A 200,000 CFAF
 - B 800,000 CFAF
 - C 1,000,000 CFAF
 - D 1,200,000 CFAF
8. The concept that states that revenues should not be recognised until it is earned but expenses should be recorded once anticipated is known as:
 - A Prudence concept
 - B Accrual concept
 - C Going concern concept
 - D Matching concept
9. You are given the following items:

- Land	5,000,000 CFAF
- Building	9,000,000 CFAF
- Equipment	4,000,000 CFAF
- Stock	1,000,000 CFAF
- Supplier	3,000,000 CFAF
- Customer	2,000,000 CFAF
- Loan	6,000,000 CFAF

 The total amount of liability is:
 - A 6,000,000 CFAF
 - B 9,000,000 CFAF
 - C 21,000,000 CFAF
 - D 12,000,000 CFAF
10. The following information concerns AKOR Ltd.

Asset	Liability	Capital
13,000,000 CFAF	4,000,000 CFAF	?

 What is the capital of AKOR Ltd?
 - A 17,000,000 CFAF
 - B 9,000,000 CFAF
 - C 4,000,000 CFAF
 - D 13,000,000 CFAF
11. The following ratios are used to test the efficiency of an enterprise, EXCEPT:
 - A Gearing ratio
 - B Stock turnover ratio
 - C Debtor's collection period
 - D Creditor's payment period
12. You are provided with the balance sheet of TIM Ltd as follows.

Assets	Amount	Liabilities	Amount
Land	5,000,000	Capital	10,000,000
Building	8,000,000	Reserves	5,000,000
Equipment	3,000,000	Net profit	2,000,000
Stock	2,000,000	Creditors	3,000,000
Debtors	1,500,000		
Bank	500,000		
Total	20,000,000	Total	20,000,000

 Calculate the working capital of TIM Ltd.
 - A 1,000,000 CFAF
 - B 4,000,000 CFAF
 - C 17,000,000 CFAF
 - D 10,000,000 CFAF



13. According to IAS7, issue of cash shares and debentures is a cash inflow realised from:
- Operating activities
 - Investing activities
 - Financing activities
 - Extra-ordinary activities
14. On 31/12/2015 before inventory, equipment bought on 01/01/2013 and depreciated at a constant rate of 20% had an accumulated depreciation of 5,400,000 CFAF. Determine the original value of the equipment.
- 9,000,000 CFAF
 - 13,500,000 CFAF
 - 1,080,000 CFAF
 - 27,000,000 CFAF
15. A certain material is purchased at 20,000 CFAF and a trade discount at 10% is received. The material is transported for 1,000 CFAF. Determine the purchase cost of the material.
- 20,000 CFAF
 - 18,000 CFAF
 - 19,000 CFAF
 - 21,000 CFAF
16. In a certain week, a worker used 4 hours on a public holiday working in the workshop, 51 hours on ordinary days and 2 hours late in the night after 10 p.m. If normal working week is made up of 40 hours, calculate the overtime earned by the worker for the week according to the law given that the hourly rate is 400 CFAF.
- 20,400 CFAF
 - 8,840 CFAF
 - 6,800 CFAF
 - 7,640 CFAF
17. Which of the following best explains why enterprises prepare bank reconciliation statements?
- To adjust bank account balance to tie with that of bank statement
 - To adjust errors committed by the bank or the enterprise
 - To correctly treat unpresented cheques and uncredited cheques
 - To have a unique bank balance to be used in the balance sheet
18. For a limited company, return on capital employed is calculated by using:
- Net profit as a percentage of the average of the opening and closing fixed assets.
 - Net profit as a percentage of the average of the opening and closing borrowings.
 - Net profit as a percentage of the sum of fixed assets and working capital
 - Net profit as a percentage of the average of the opening and closing total assets.
19. Which of the following statements corresponds to accruals
- Annual bonus paid from suppliers: 1,000,000 CFAF
 - Rents paid in advance: 6,000,000 CFAF
 - Consumption of water settled: 150,000 CFAF
 - Telephone bill expected from Camtel: 250,000 CFAF
20. The ability of a business to pay its short term creditors can be measured by means of:
- Current Ratio
 - Acid Test Ratio
 - Gross Profit Ratio
 - Net Profit Ratio
21. Which of the following will appear on the statement of financial position as a current asset?
- Accrued expenses
 - Prepaid expenses
 - Furniture and equipment
 - Revenue in advanced
22. When preparing a bank reconciliation statement, bank charges are recorded on:
- Debit side of bank account in the bank reconciliation statement
 - Credit side of bank account in the bank reconciliation statement
 - Debit side of bank statement in the bank reconciliation statement
 - Credit side of bank statement in the bank reconciliation statement
23. Which of the following is NOT a financial statement?
- Balance sheet
 - Profit and loss account
 - Trial balance
 - Statement of cash flows



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24. Which of the following expenses is a liability?

- A Salary
- B Transport paid
- C Rent owed
- D Insurance premium

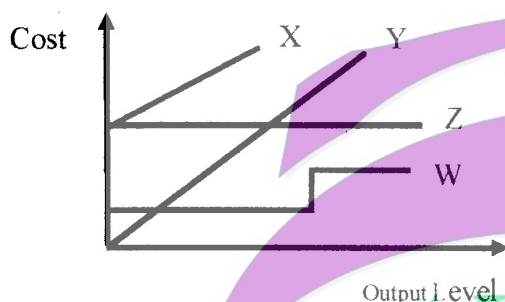
25. A doubtful customer with a debt of 90,000 CFAF is bankrupt with the following balance sheet situation:

- Total real asset 3,000,000 CFAF
- Privilege liability 2,000,000 CFAF
- Ordinary liability 4,000,000 CFAF

What amount of provision should be created on the doubtful customer?

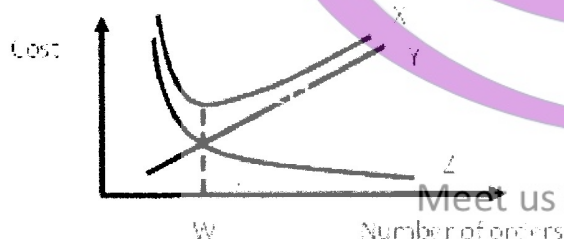
- A 22,500 CFAF
- B 67,500 CFAF
- C 90,000 CFAF
- D 45,000 CFAF

26. Study the graphs below based on cost behaviour and identify the line that represents total variable cost.



- A X
- B Y
- C Z
- D W

27. Study the graph of optimal number of orders (N) below and identify the line that represents total holding cost.



- A X
- B Y
- C Z
- D W



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28. A company uses 900 units of a certain material each year. The ordering cost per order is 300 CFAF and the holding cost is 150 CFAF per unit of the material held per annum. Calculate the Economic Order Quantity.

- A 3,600 units
- B 60 units
- C 900 units
- D 30 units

29. Using the data in Question 28 above, the optimal number of orders is:

- A 3 orders
- B 15 orders
- C 1 order
- D 30 orders

30. Which of the following formulae is suitable for calculating break-even point in quantity?

- A $\frac{\text{Fixed Cost}}{\text{Contribution per unit}}$
- B $\frac{\text{Fixed Cost} \times \text{Selling Price}}{\text{Contribution per unit}}$
- C $\frac{\text{Fixed Cost} \times \text{Turnover}}{\text{Contribution Margin}}$
- D $\frac{\text{Fixed Cost}}{\text{Contribution to sales ratio}}$

31. The excess of turnover over variable cost is known as:

- A Profit
- B Margin of safety
- C Contribution margin
- D Costing result

32. A budget that uses linear programming as its main tool of estimation is known as:

- A Sales budget
- B Production budget
- C Supply budget
- D Cash budget

33. SULA Plc uses standard costing and has made available the following information related to the labour hours used for production:

	Standard	Actual
Labour Hours Consumed	600	800
Wage (in CFAF)	7,500	7,000

The labour wage rate variance is:

- A 300,000 CFAF (unfavourable)
- B 300,000 CFAF (favourable)
- C 400,000 CFAF (favourable)
- D 400,000 CFAF (unfavourable)

34. Production overheads are absorbed in to 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 indirect cost for the business divided by the total number of units produced.
- B Total cost centre overhead divided by the cost centre activity level
- C Total number of units produced multiplied by the unit overhead cost.
- D Total number of units produced divided by the total cost centre overheads.

35. A firm is producing two products BM and QS. The information below relates to the products.

Elements	Product BM	Product QS	Availability
Material	8 units	5 units	4000 units
Labour	1 hour	6 hours	3600 hours
Unit Selling Price(CFAF)	2,000	3,500	

The linear programming constraint for material is:

- A $8 \text{ BM} + 5 \text{ QS} \leq 4000$
- B $8 \text{ BM} + 5 \text{ QS} \geq 4000$
- C $8 \text{ BM} + 5 \text{ QS} = 4000$
- D $8 \text{ BM} + 5 \text{ QS} > 4000$

36. On 31/12/2021, the balance sheet of a Joint Stock Company revealed that following items:

- Share capital 10,000,000 CFAF
- Legal reserves 1,900,000 CFAF
- Loss carried forward (500,000) CFAF
- Net profit for the year 2,400,000 CFAF

What amount of legal reserve should be endowed for the year 2021?

- A 1,900,000 CFAF
- B 240,000 CFAF
- C 190,000 CFAF
- D 100,000 CFAF

37. The following balances are available on 01/01/2021 for NKEM Plc:

- Account 1011 9,000,000 CFAF
- Account 1012 11,000,000 CFAF
- Account 1013 10,000,000 CFAF
- Account 1014 5,000,000 CFAF
- Account 109 9,000,000 CFAF

The authorised share capital of NKEM Plc is:

- A 44,000,000 CFAF
- B 35,000,000 CFAF
- C 30,000,000 CFAF
- D 26,000,000 CFAF

38. Which ONE of the following capital accounts has right to statutory interest during profit appropriation?

- A Account 1011
- B Account 1012
- C Account 1013
- D Account 1014

39. A firm's turnover for a month amounted to 140,000,000 CFAF (VAT exclusive) including 50,000,000 CFAF for exports. If purchases amounted to 40,000,000 CFAF (VAT exclusive), then the amount of state VAT payable for the month is:

- A 19,250,000 CFAF
- B 17,325,000 CFAF
- C 9,625,000 CFAF
- D 7,700,000 CFAF

40. Which ONE of the following is EXEMPTED from VAT?

- A Household consumption of electricity above 220 KWH
- B Household consumption of water below 20 m³
- C Purchase of computer equipment
- D Transactions carried out by professionals

41. The following are conditions for capital increase EXCEPT:

- A The old capital must be paid in full
- B The new capital must be paid in full
- C The issue premium must be paid in full
- D The advertisement must be done on official newspapers

42. A company with 1,000 shares has a net asset of 18,000,000 CFAF and a share capital of 11,000,000 CFAF. The mathematical value of a share in the company is:

- A 18,000 CFAF
- B 11,000 CFAF
- C 7,000 CFAF
- D 29,000 CFAF

43. Mathematical value Ex-coupon means:

- A The mathematical value calculated before profit appropriation
- B The mathematical value calculated after profit appropriation
- C The mathematical value with dividend
- D MV cum-coupon



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44. A PLC provided you with the following extracts:

Capital	20,000,000 CFAF
Legal reserve	3,600,000 CFAF
Profit carried forward	500,000 CFAF
Net profit for the year	16,000,000 CFAF

What is the legal reserve to be endowed for the year?

- A 5,200,000 CFAF
- B 3,600,000 CFAF
- C 1,600,000 CFAF
- D 400,000 CFAF

45. The following are methods of depreciations: which of them is applicable for tax purposes in Cameroon?

- A Reducing balance method
- B Machine output method
- C Sum of the years' digit method
- D Straight line method

46. Which of the following statements is most appropriate for successive increase of capital?

- A Increase of capital by incorporating reserves and by issuing new shares at the same time
- B When two increases of capital are carried out one after the other
- C The determination of right is related to the first increase
- D The determination of rights is attached to an old share.

47. A company with capital made up of 6000 shares has declared a dividend of 1600 CFAF per share. The total reserves of the company is 6,000,000 CFAF. At a capitalisation rate of 8% per annum, the profitability value of a share in the company is:

- A 32,500 CFAF
- B 12,500 CFAF
- C 2,600 CFAF
- D 20,000 CFAF

48. Which of the following statements is NOT true about provision in calculating company tax?

- A The provision must concern an expense which is deductible
- B The provision should be journalised
- C The provision should concern the current financial year.
- D The provision should be incidental

49. A company decided to increase its capital from 60,000,000 CFAF to 90,000,000 CFAF by issuing cash shares of 10,000 CFAF at 11,250 CFAF fully paid up by cheque at subscription. If the mathematical value before increase is 12,000 CFAF, what is the subscription right per share?

- A 750 CFAF
- B 2,000 CFAF
- C 250 CFAF
- D 1,250 CFAF

50. A company, with 2,000 shares of nominal value 10,000 CFAF each, decides to triple its capital by the issue of new cash shares for an issue price of 12,500 CFAF each. What will be the amount of the total issue premium?

- A 5,000,000 CFAF
- B 10,000,000 CFAF
- C 15,000,000 CFAF
- D 2,500 CFAF

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