



UNIVERSITY OF EDUCATION, WINNEBA

SUBJECT AREA TEST (SAT)

SCHOOL OF BUSINESS

BBA ACCOUNTING AND BSC ACCOUNTING EDUCATION

MATURE ENTRANCE EXAMINATION, NOV. 2024

INDEX NUMBER: TIME ALLOWED: TWO HOURS

Instruction: This paper consists of 100 multiple choice questions. You are required to attempt **all** questions. Each question is followed by four options, A – D. Choose the right answer. The total marks for this paper is **100**.

1. The purpose of making a provision for depreciation in the accounts is to ...
 - A. charge the cost of fixed assets against profits
 - B. make a provision for repairs
 - C. make cash available to replace fixed assets
 - D. show the current market value of fixed asset
2. Which of the following can be ignored in the computation of the depreciation of a fixed asset?
 - A. length of expected useful economic life to the business
 - B. cost
 - C. cost of repairs
 - D. estimated residual value at the end of its useful life in the business
3. What does it mean by the yearly method of depreciation?
 - A. No depreciation in the year of purchase and full year's depreciation in year of sale
 - B. Full year's depreciation in year of purchase and no depreciation in year of sale
 - C. Full year's depreciation in year of purchase and sale
 - D. Monthly depreciation in year of purchase and sale

4. In the accounting records, the fixed assets are normally recorded at ...
 - A. book value
 - B. cost
 - C. replacement value
 - D. scrap value
5. Which of the following is NOT a method of depreciation?
 - A. Revaluation
 - B. Reducing balance
 - C. Replacement method
 - D. Straight line
6. In Straight line method of depreciation, which of the following is excluded?
 - A. Annual cost of repairs
 - B. Cost of the assets
 - C. Expected salvage value
 - D. Useful life of the assets
7. The following are the differences between Bar Sales and Bar Sales Control Ledger except
 - A. Bar Sales Ledger Control deal with credit sales only but bar sales is the summation of credit and cash sales
 - B. Unlike Bar sales, Bar Sales Ledger Control is prepared to ascertain total debt outstanding at the end of the accounting period
 - C. The whole bar sales amount is send to P/L Account but the debtors balance ascertained from Bar Sales Ledger Control is recorded in the statement of financial position

- D. Bar Sales Ledger Control deal with credit sales and bar sales deal with cash sales
8. Bar wage paid in advanced is recorded as ...in the financial position
- Fixed Asset
 - Current Asset
 - Current Liability
 - Long term Liability
9. The excess of the market value of goods produced over the cost of production is ...
- Profit on manufacturing.
 - Net profit on sales of product
 - Goodwill.
 - Gross profit on sales of product.
10. Determine the profit of the year if company A has the following information in relation to the current period.
- | | |
|--------------------|------------|
| Closing Capital | GH¢ 40,000 |
| Opening Capital | GH¢ 30,000 |
| Additional Capital | GH¢ 10,000 |
| Drawings | GH¢ 20,000 |
- GH¢ 20,000
 - GH¢ 15,000
 - GH¢ 10,000
 - GH¢ 5,000
11. The cost of the fixed asset is GH¢100,000, provision for depreciation is GH¢10,000, depreciation charge for the year are GH¢2,000. What is the net book value of the fixed asset?
- GH¢74,000
 - GH¢55,000
 - GH¢24,000
 - GH¢78,000
12. Drawings by a sole trader are ...
- An appropriation of profit
 - A liability
 - An expense
 - Items of office decoration
13. A business has net assets at the beginning of 2017 of GH¢101,700. The profit earned by the business during 2017 was GH¢72,500. The owner withdrew goods for his own private use which had cost GH¢2,500. Estimate the net assets at the end of 2017?
- GH¢174,200
 - GH¢171,700
 - GH¢176,700
 - GH¢99,200
14. A business changes from depreciating its vehicles at 25% on a straight-line basis to 10%. What will be the effect of this change on profit?
- No effect
 - Decrease profits
 - Not able to quantify
 - Increase profits
15. According to accrual concept of accounting, financial or business transaction is recorded when ...
- cash is received or paid
 - transaction occurs
 - profit is computed
 - statement of financial position is prepared
16. Which one of the following would be a fixed asset for a car dealership?
- Office equipment
 - Cash
 - Debtors
 - Motor vehicles for sale on the forecourt
17. Ame Ltd provides advertising services to an investment company in year 2015 but receives advertising fee in year 2016. The

Ame Ltd recognizes this revenue in year 2015. This action of Ame Ltd is justified by...

- A. business entity concept
- B. revenue recognition principle
- C. economic entity concept
- D. going concern concept

18. Which of the following is NOT a correct expression of the accounting equation?

- A. $\text{Assets} - \text{Liabilities} = \text{Owners' Equity}$
- B. $\text{Net Assets} = \text{Liabilities} + \text{Equities}$
- C. $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$
- D. $\text{Net Assets} = \text{Owners' Equities}$

19. Which of these is NOT a limitation of financial statements?

- A. Qualitative data are not reflected in financial statements.
- B. Market values of assets are generally reported.
- C. Estimates are commonly used and are sometimes inaccurate.
- D. It may be difficult to compare firms in the same industry because they often use different accounting methods.

20. The distinction between a current asset and other assets is based on ...

- A. how long the asset has been owned.
- B. amounts that will be paid to other entities within a year.
- C. the ability to determine the current fair market value of the asset.
- D. when the asset is expected to be converted to cash, or used to benefit the entity.

21. The purpose of the income statement is to show the ...

- A. change in the fair market value of the assets from the prior income statement.

B. market value per share of stock at the date of the statement.

C. revenues collected during the period covered by the statement.

D. net income or net loss for the period covered by the statement

22. The principle of consistency means that the ...

- A. accounting methods used by an entity never change.
- B. same accounting methods are used by all firms in an industry.
- C. effect of any change in an accounting method will be disclosed in the financial statements or notes thereto.
- D. balance sheet must always balance.

23. What will be debited, if business sold goods for GH¢10,000 on credit?

- A. Cash account
- B. Sales account
- C. Accounts receivable account
- D. Purchases account

24. Bank balance as per cash book is GH¢12,000 taking into account cheques worth GH¢20,000 deposited in bank. Of the cheques deposited one cheque for GH¢5,000 was yet to be cleared and another cheque for GH¢4,000 was returned unpaid. What is the balance as per passbook?

- A. GH¢11,000
- B. GH¢9,000
- C. GH¢5,000
- D. GH¢3,000

25. Recording of business transactions in a systematic manner in the books of account is called ...

- A. Book keeping
- B. Financial Accounting
- C. Financials keeping
- D. Financials recording

26. Which of the following is not a liability?
- Accrued Accountancy Fees
 - Bank Overdraft
 - Depreciation on Motor Vehicle
 - Hire Purchase Creditor
27. Which of the following is not an expense?
- Dividend Payments
 - Materials
 - Stationery
 - Wages and Salaries
28. Which of the following is not a debit balance?
- Capital Account
 - Cost of Buildings
 - Taxation Paid
 - Wages and Salaries
29. Which of the following is NOT a credit balance?
- Accumulated Depreciation of Fixtures and Fittings
 - Sales Income
 - Interest Paid
 - Interest Received
30. Which of the following source books will not be required in a 'cash' business?
- Bank Account
 - Petty Cash Account
 - Sales Ledger
 - Nominal Ledger
31. Which of the following is a classification of cost according to functions?
- Promotion cost
 - Variable cost
 - Fixed cost
 - Stepped fixed cost
32. The cost of decision made earlier that cannot be altered by future decision is referred to as ...
- Abnormal cost
 - Differential cost
 - Opportunity cost
 - Sunk cost
33. All the following are limitations of cost behavior except ...
- Mixed cost
 - Step-variable cost
 - Linearity
 - Variable cost
34. Which of the following is NOT a factor that influence cost behaviour?
- Time
 - Non-related volume factors
 - Activity level
 - Linearity
35. The cost to the organization at zero level of output is refers as ...
- Fixed cost
 - Variable cost
 - Semi-variable cost
 - Stepped cost
36. Which of the following is correct classification of cost according to nature?
- Direct cost, indirect cost and general cost
 - Material, labour and expense
 - Fixed cost, variable cost and semi-fixed/variable cost
 - Material cost, cost centre, departmental
37. The method of classifying cost as a fixed and variable cost falls under ... classification
- Functional
 - Product
 - Natural
 - Behaviour

38. An effective cost accounting system should ...
- be brief and provide only significant highlights;
 - meet statutory requirements.
 - provide an accurate profit figure for the period.
 - be simple and avoid over elaboration.
39. Which of the following categories of members are NOT on the Ghana stock exchange?
- Associate members
 - Government security dealers
 - Licensed dealing members
 - Practical dealing members
40. Which one of the following is not a role of the financial intermediaries?
- Maturity transformation
 - Risk transformation
 - Setting exchange rates
 - Size transformation
41. The purpose of financial markets is to ...
- Allocate savings efficiently.
 - Control inflation.
 - Increase the price of common stocks.
 - Lower the yield on bonds.
42. Which of the following ratios in relation to Nyamekye Company Limited is particularly interesting to Oliver Twist a creditor of Nyamekye Company?
- Long-term Solvency Ratios
 - Profitability Ratios
 - Liquidity Ratios
 - Market Value Ratios
43. The Boards of directors of Gidmadjor Limited Company are evaluating the financial policy for the year ended 31st December, 2019, which of the following is appropriate for the board's evaluation?
- Gross profit Margin
 - Debt – equity ratio
 - Trade Receivable Collection Period
 - Profit Margin
44. The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if...
- Dividend increased.
 - Interest rate increased.
 - Operating expenses increased.
 - Finance Minister through Parliament increased the tax rate
45. In primary markets, the first time issued shares to be publicly traded in stock markets is considered as
- initial public offering
 - issuance offering
 - public markets
 - traded offering
46. If a firm's Debt : Equity ratio is 1 : 0.4, this means ... of the firm's assets are financed by equity.
- 71%
 - 60%
 - 40%
 - 29%
47. Which of the following is also known as overhead costs?
- Cost of direct labour
 - Cost of indirect labour
 - Direct expenses
 - Indirect expenses
48. Which of the following costs is not included while computing unit product cost under variable costing?
- Direct materials cost
 - Direct labor cost

- C. Variable manufacturing overhead cost
D. Fixed manufacturing overhead cost
49. The reports generated by variable costing system of a company is mostly used by...
A. lenders and creditors
B. internal management
C. government and tax agencies
D. investors and stockholders
50. Variable costing is also known as ...
A. direct/marginal costing
B. absorption costing
C. activity based costing
D. normal costing
51. Cost accounting provides all of the following information except...
A. Cash forecasts
B. Cost of goods sold
C. Inventory values
D. Product cost
52. Which of the following is cost behavior-oriented approach to product costing?
A. Absorption cost
B. Job – order costing
C. Marginal costing.
D. Process costing
53. An item of cost that is direct for one business may be for another business.
A. direct
B. fixed
C. indirect
D. variable
54. An opportunity cost is ...
A. additional income
B. cost for replacement
C. cost incurred in post
D. the advantage foregone
55. The market price of a share of common stock is determined by...
A. individuals buying and selling the stock.
B. the board of directors of the firm.
C. the president of the company.
D. the stock exchange on which the stock is listed.
56. How are funds allocated efficiently in a market economy?
A. Receipt of the funds is rotated so that each economic unit can receive them in turn.
B. The economic unit that considers itself most in need of funds receives them.
C. The economic unit that is willing to pay the highest expected return receives the funds.
D. The most powerful economic unit receives the funds.
57. Which of the following would not improve the current ratio?
A. Borrow short term to finance additional fixed assets.
B. Issue long-term debt to buy inventory.
C. Sell common stock to reduce current liabilities.
D. Sell fixed assets to reduce accounts payable.
58. The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if...
A. cost of goods sold increased relative to sales.
B. dividends were decreased.
C. sales increased relative to expenses.
D. the Finance Minister through Parliament increased the tax rate.
59. A cost centre which is engaged in production activity is called
A. production cost centre
B. process cost centre
C. impersonal cost centre
D. production unit
60. One of the following is NOT a costing system?
A. marginal costing
B. uniform costing
C. absorption costing
D. process costing

61. Cost ascertainment involves...
- ascertainment of cost
 - control of cost
 - estimation of cost
 - fixation of price
62. Product cost means....
- Variable cost
 - Fixed cost
 - Prime cost
 - Indirect cost
63. The cost which does not involve any cash outlay is
- Sunk cost
 - Relevant cost
 - Imputed cost
 - Book cost
64. Raw material directly identifiable with the product is
- Direct materials
 - Indirect materials
 - Process materials
 - Production materials
65. Cost which can be identified easily is called as :
- Indirect cost
 - Direct cost
 - variable cost
 - fixed cost
66. Wages paid to the workers in machinery department in an engineering industry is called as:
- Indirect labour
 - Direct labour
 - Actual labour
 - production labour
67. Bin card shows ...
- Receipt of stores
 - Issue of stores
 - Closing Balance of stores
 - All of the above
68. Economic order quantity is ...
- Most economical size of order
 - Most minimum size of order
 - Quantity to be order
 - All of the above
69. Integrate x^5 with respect to x
- $\frac{x^6}{6} + c$
 - $\frac{x^2}{2} + c$
 - $\frac{5x^6}{6} + c$
 - $-\frac{1}{x} + c$
70. What is the probability that an odd number will appear in a single toss of a fair die?
- $\frac{6}{5}$
 - $\frac{3}{4}$
 - $\frac{1}{3}$
 - $\frac{1}{2}$
71. What is the probability that at least one head appears in two tosses of a fair coin.?
- $\frac{6}{5}$
 - $\frac{3}{4}$
 - $\frac{1}{3}$
 - $\frac{1}{2}$
72. If there is a free market in lettuce and its demand is perfectly inelastic, the most likely effect of a bumper crop will be to increase/decrease the ...
- total income of lettuce farmers
 - total income of lettuce farmers.
 - quantity demanded
 - price of lettuce
73. A good is said to be a public good when it is provided to/by ...
- the government
 - a Public corporation
 - one person without diminishing the quantity available to others.

- D. everyone in the community except free riders
74. The market mechanism is unsuitable as a method of allocating all the following between competing uses except...
- Private goods
 - Public goods
 - Free goods
 - Externalities.
75. When a minimum price is imposed on a good by the government, which of the following is likely to occur ...
- Excess supply
 - Trading will continue at the equilibrium price
 - Excess demand
 - Firms would have their market plans fulfilled at the established price.
76. All the following are derived demand except demand for ...
- Labour
 - Capital
 - Investment
 - finished goods
77. A change in supply for a given good can be caused by ...
- Level of technology
 - Cost of production
 - Government policy
 - All of the above.
78. The central problem of economics is ...
- Scarcity and choice
 - Opportunity costs
 - Allocation of resources
 - Satisfying wants.
79. Banks create money by
- printing it
 - issuing debit cards
 - accepting cheques
 - lending out part of their deposits
80. The money supply is ...
- the Bank of Ghana Issue Department
 - money + bank cards + credit cards
 - Cheques + money + bank cards + credit cards
 - Currency in circulation plus bank deposits
81. Three variables affect the demand for money; they are...,... and ...
- bank opening hours, the proportion of weekly paid employees, interest rates
 - the price level, interest rates, real income
 - the time of year, bank opening hours, the price level
 - the proportion of weekly paid employees, the time of year, real income
82. If the central bank buys financial securities in the open market to increase the monetary base, this is an example of ...
- lender of last resort
 - financial intermediation
 - open market operations
 - financial regulation
83. The inflation rate is the...
- percent increase in output over a year.
 - percent increase in the average level of prices over a year.
 - percent increase in the unemployment rate over a year.
 - price level divided by the level of output
84. The difference between microeconomics and macroeconomics is that microeconomics looks at ...
- individual consumers, macroeconomics looks at national totals.
 - national issues, macroeconomics looks at global issues.
 - prices, macroeconomics looks at inflation.
 - supply and demand for goods, macroeconomics looks at supply and demand for services.

85. Demand for a commodity refers to...
- amount of the commodity demanded at a particular price and at a particular time
 - desire for the commodity
 - need for the commodity
 - quantity demanded of that commodity
86. Which among the following statement is incorrect?
- If two demand curves are linear and intersecting each other then coefficient of elasticity would be same on different demand curves at the point of intersection.
 - If two demand curves are linear, and parallel to each other then at a particular price the coefficient of elasticity would be different on different demand curves.
 - On a linear demand curve, all the five forms of elasticity can be depicted'
 - The price elasticity of demand is expressed in terms of relative not absolute, changes in Price and quantity demanded'
87. If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to...
- become zero
 - forward rate
92. Which of the following is a macroeconomic issue?
- The level of unemployment in the Ghana
 - The price of houses in Ameenfee district
 - The wage rate for plumbers in Accra
 - Your decision to work or stay at home
- B. decrease
C. increase
D. remain the same
88. The horizontal demand curve parallel to x-axis implies that the elasticity of demand is...
- zero
 - infinite
 - equal to one
 - greater than zero but less than infinity
89. The supply of a good refers to ...
- stock available for sale
 - total stock in the warehouse
 - actual production of the good
 - quantity of the good offered for sale at a particular price per unit of time
90. The demand for which of the following is likely to be the most price inelastic?
- transportation
 - taxi rides
 - buys tickets
 - airline tickets
91. The nominal interest rate minus the inflation rate is the...
- depreciation rate.
 - real interest rate.
 - discount rate.
93. What is meant by an objective?
- A policy
 - A strategy
 - A target
 - A way of reaching a target
94. Which of the following is not part of fiscal policy?
- Income tax
 - Interest rates
 - National insurance
 - VAT

95. Which does the government NOT control directly?
- A. Firms' investment decisions
 - B. Spending on defense
 - C. Spending on health
 - D. Spending on state education
96. Which of the following is NOT a macroeconomic issue?
- A. Economic growth
 - B. Inflation
 - C. The wages paid to footballers
 - D. Unemployment
97. Which of the following can the government not use directly to control the economy?
- A. Benefits available for the unemployed and sick
 - B. Investment in state education
 - C. Pay rates in the public sector
 - D. Pay rates within the private sector
98. Which of the following is likely to be a government objective?
- A. A recession
 - B. Lower unemployment
 - C. Negative economic growth
 - D. Very high inflation
99. Which of the following is a possible government objective?
- A. High borrowing costs
 - B. Low income per person
 - C. Lower employment
 - D. Lower inflation
100. Which of the following is not likely to be a government objective?
- A. Increasing economic growth
 - B. Increasing employment
 - C. Increasing government spending
 - D. Increasing the level of exports