



UNIVERSITY OF EDUCATION, WINNEBA

SUBJECT AREA TEST (SAT)

BBA ACCOUNTING/BSC ACCOUNTING EDUCATION

MATURE ENTRANCE EXAMINATION, NOVEMBER 10, 2023

INDEX NUMBER: TIME ALLOWED: 9 HOURS

Instruction: This paper consists of 50 multiple choice questions. Choose the most appropriate answer from the list of options provided for each question.

1. 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?

- A) No effect
- B) Decrease profits
- C) Not able to quantify
- D) Increase profits

2. 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?

- A) GH¢174,200
- B) GH¢171,700
- C) GH¢176,700
- D) GH¢99,200

3. A change in supply for a given good can be caused by ...

- A) Level of technology
- B) Cost of production
- C) Government policy
- D) All of the above.

4. 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

5. A good is said to be a public good when it is provided to/by ...

- A) the government
- B) a Public corporation
- C) one person without diminishing the quantity available to others.
- D) everyone in the community except free riders

6. According to accrual concept of accounting, financial or business transaction is recorded when ...

- A) cash is received or paid
- B) transaction occurs
- C) profit is computed
- D) statement of financial position is prepared

7. All the following are derived demand except demand for ...

- A) Labour
- B) Capital
- C) Investment
- D) finished goods

8. All the following are limitations of cost behavior except ...

- A) Mixed cost
- B) Step-variable cost
- C) Linearity
- D) Variable cost

9. 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

10. An effective cost accounting system should ...

- A) be brief and provide only significant highlights;
- B) meet statutory requirements.
- C) provide an accurate profit figure for the period.
- D) be simple and avoid over elaboration.

11. An item of cost that is direct for one business may be for another business.

- A) direct
- B) fixed
- C) indirect
- D) variable

12. An opportunity cost is ...

- A) additional income
- B) cost for replacement
- C) cost incurred in post
- D) the advantage foregone

13. 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

14. Banks create money by

- A) printing it
- B) issuing debit cards
- C) accepting cheques
- D) lending out part of their deposits

15. Bar wage paid in advanced is recorded as ...in the financial position

- A) Fixed Asset
- B) Current Asset
- C) Current Liability

D) Long term Liability

Bin card shows ...

- A) Receipt of stores
- B) Issue of stores
- C) Closing Balance of stores
- D) All of the above

16. Cost accounting provides all of the following information except...

- A) Cash forecasts
- B) Cost of goods sold
- C) Inventory values
- D) Product cost

17. Cost ascertainment involves...

- A) ascertainment of cost
- B) control of cost
- C) estimation of cost
- D) fixation of price

18. Cost which can be identified easily is called as :

- A) Indirect cost
- B) Direct cost
- C) variable cost
- D) fixed cost

19. Demand for a commodity refers to...

- A) amount of the commodity demanded at a particular price and at a particular time
- B) desire for the commodity
- C) need for the commodity
- D) quantity demanded of that commodity

20. Drawings GH¢ 20,000

- A) GH¢ 20,000
- B) GH¢ 15,000
- C) GH¢ 10,000
- D) GH¢ 5,000

21. Drawings by a sole trader are ...

- A) An appropriation of profit
- B) A liability
- C) An expense
- D) Items of office decoration

22. Economic order quantity is ...

- A) Most economical size of order
- B) Most minimum size of order

- C) Quantity to be order
- D) All of the above

23. 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.

24. 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 ...

- A) total income of lettuce farmers
- B) total income of lettuce farmers.
- C) quantity demanded
- D) price of lettuce

25. If a firm's Debt : Equity ratio is 1 : 0.4, this means ... of the firm's assets are financed by equity.

- A) 71%
- B) 60%
- C) 40%
- D) 29%

26. If the central bank buys financial securities in the open market to increase the monetary base, this is an example of ...

- A) lender of last resort
- B) financial intermediation
- C) open market operations
- D) financial regulation

27. 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...

- A) become zero
- B) decrease
- C) increase
- D) remain the same

28. In primary markets, the first time issued shares to be publicly traded in stock markets is considered as

- A) initial public offering
- B) issuance offering
- C) public markets
- D) traded offering

29. In Straight line method of depreciation, which is 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

30. In the accounting records, the fixed assets are normally recorded at ...

- A) book value
- B) cost
- C) replacement value
- D) scrap value

31. One of the following is NOT a costing system?

- A) marginal costing
- B) uniform costing
- C) absorption costing
- D) process costing

32. Product cost means....

- A) Variable cost
- B) Fixed cost
- C) Prime cost
- D) Indirect cost

33. Raw material directly identifiable with the product is

- A) Direct materials
- B) Indirect materials
- C) Process materials
- D) Production materials

34. 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

35. 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?

- A) Gross profit Margin
- B) Debt – equity ratio
- C) Trade Receivable Collection Period
- D) Profit Margin

36. The central problem of economics is ...

- A) Scarcity and choice
- B) Opportunity costs
- C) Allocation of resources
- D) Satisfying wants.

37. The cost of decision made earlier that cannot be altered by future decision is referred to as ...

- A) Abnomal cost
- B) Differential cost
- C) Opportunity cost
- D) Sunk cost

38. 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?

- A) GH¢74,000
- B) GH¢55,000
- C) GH¢24,000
- D) GH¢78,000

39. The cost to the organization at zero level of output is refers as ...

- A) Fixed cost
- B) Variable cost
- C) Semi-variable cost
- D) Stepped cost

40. The cost which does not involve any cash outlay is

- A) Sunk cost
- B) Relevant cost
- C) Imputed cost
- D) Book cost

41. The demand for which of the following is likely to be the most price inelastic?

- A) transportation
- B) taxi rides
- C) buys tickets
- D) airline tickets

42. The difference between microeconomics and macroeconomics is that microeconomics looks at ...

- A) individual consumers, macroeconomics looks at national totals.
- B) national issues, macroeconomics looks at global issues.
- C) prices, macroeconomics looks at inflation.
- D) supply and demand for goods, macroeconomics looks at supply and demand for services.

43. 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.

44. The excess of the market value of goods produced over the cost of production is ...

- A) Profit on manufacturing.
- B) Net profit on sales of product
- C) Goodwill.
- D) Gross profit on sales of product.

45. 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 sent 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

46. The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if...

A) Dividend increased.

B) Interest rate increased.

C) Operating expenses increased.

D) Finance Minister through Parliament increased the tax rate

47. 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.

48. The horizontal demand curve parallel to x-axis implies that the elasticity of demand is...

A) zero

B) infinite

C) equal to one

D) greater than zero but less than infinity

49. The inflation rate is the...

A) percent increase in output over a year.

B) percent increase in the average level of prices over a year.

C) percent increase in the unemployment rate over a year.

D) price level divided by the level of output

50. The market mechanism is unsuitable as a method of allocating all the following between competing uses except...

A) Private goods

B) Public goods

C) Free goods

D) Externalities.

51. 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.

52. The method of classifying cost as a fixed and variable cost falls under ... classification

A) Functional

B) Product

C) Natural

D) Behaviour

53. The money supply is ...

A) the Bank of Ghana Issue Department

B) money + bank cards + credit cards

C) Cheques + money + bank cards + credit cards

D) Currency in circulation plus bank deposits

54. The nominal interest rate minus the inflation rate is the...

A) depreciation rate.

B) real interest rate.

C) discount rate.

D) forward rate

55. 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.

56. The purpose of financial markets is to

...

- A) Allocate savings efficiently.
- B) Control inflation.
- C) Increase the price of common stocks.
- D) Lower the yield on bonds.

57. 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

58. 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

59. 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

60. The supply of a good refers to ...

- A) stock available for sale
- B) total stock in the warehouse
- C) actual production of the good
- D) quantity of the good offered for sale at a particular price per unit of time
- C) Debtors
- D) Motor vehicles for sale on the forecourt