

Question 1:

The authority and scope of the International Standard for Quality Control 1 (ISQC 1) is applicable;

- (a) Exclusively to Registered Auditors
- (b) To all members of member bodies of the International Federation of Accountants (IFAC)**
- (c) To audit and assurance engagements, but not compilation nor agreed-upon procedure engagements
- (d) To Professional Accountants in Public Sector only

Question 2:

Negative assurance is not permissible in:

- (a) Reports based upon an independent review engagement
- (b) Letters of Confirmation of a Member of a Close Corporation's Earnings
- (c) Reports based on an audit of interim financial statements of an owner-managed business entity**
- (d) Reports relating to the results of agreed-upon procedures to one or more specified elements, accounts, or items of financial statement

Question 3:

An agreed-upon procedures engagement is one in which;

- (a) The Professional Accountant (SA) and management agree that procedures will be applied to all accounts and circumstances.
- (b) The Professional Accountant (SA) and management agree that procedures will not be applied to all accounts and circumstances.
- (c) The Professional Accountant (SA) and management or a third party agree that the engagement will be limited to certain specific procedures.**
- (d) The Professional Accountant (SA) and management or a 3rd party agree that the Professional Accountant (SA) will apply his or her judgment to determine procedures to be performed.

Question 4:

For which of the following types of reports is its distribution limited?

- (a) Agreed-upon procedures**
- (b) Audit

- (c) Examination
- (d) Independent Review

Question 5:

Which principle below imposes an obligation of all professional accountants to be straightforward and honest in all their professional and business relationships?

- (a) Integrity**
- (b) Objectivity
- (c) Due professional care
- (d) Confidentiality

Question 6:

On 1 July 2013 Reddy Olson Consulting Engineers CC, a VAT vendor, entered into a short-term insurance contract with Assetsure Underwriters Limited, also a VAT vendor, in terms of which the motor vehicles, office equipment and computer equipment is comprehensively covered for the monthly premium of R3,108.96 payable by debit order from the Reddy Olson's banking account on the 5th of each month in advance. In the instance of an insured event occurring, the insured shall pay a first amount payable of R1,500.00 per claim.

The bi-monthly VAT return of Reddy Olsen Consulting Engineers CC due on 25 October 2013 shall include an input amount, in lieu of the insurance premium paid of;

- (a) R0, as short-term insurance attracts VAT at 0%
- (b) R381.80
- (c) R763.60**
- (d) Some other amount as the motor vehicle component of the insurance contract is VAT exempt

Question 7:

One of motor vehicles covered is a 2002-Hyundai Atos, a motor vehicle as defined by the VAT Act originally costing R70,000.00 inclusive of 14% VAT and branded with Reddy Olson Consulting Engineers CC decals and used by the Messenger to run errands as required. The motor car is parked overnight in a lock-up garage on the premises of Reddy Olsen Consulting Engineers CC. Eva Reddy, a member of the CC, is the authorized representative for the vehicle at the Midrand Traffic Authority. On 6 October 2013, this vehicle was involved in an accident, and was in the panel shop, VornaPanelbeaters CC for 5 days. The CC hired a replacement vehicle from Waterfall Car Hiring (Pty) Limited. Assume that all entities are registered VAT vendors with SARS;

In terms of the insurance excess paid by Reddy Olsen Consulting Engineers CC on 16 October 2013, the VAT ought to be adjusted by;

- (a) R0, as the tax invoice issued by VornaPanelbeaters CC is made out to Assetsure Underwriters Limited**

- (b) An input tax of R184.21 as Reddy Olsen Consulting Engineers CC paid the first amount payable and thus a tax invoice is not needed
- (c) An output tax of R184.21 as payment in respect of damage only to assets on which input VAT deduction was not permitted, output tax must be declared and paid over to SARS
- (d) None of the above are valid arguments

Question 8:

Reddy Olsen Consulting Engineers CC received a valid tax invoice, dated 16 October 2013, from Waterfall Car Hiring (Pty) Ltd, in the final amount of R2,500.00 of which R1,700 was for Vehicle Hiring, R450 was for Fuel and R350 was for Insurance of the hired vehicle. The Input VAT claimable is;

- (a) R307.02
- (b) R249.91
- (c) R42.98**
- (d) R0

Question 9:

As the branded Hyundai Atos is in fact a motor car, fringe benefits accrues and hence fringe benefit tax at the prescribed rate is payable by;

- (a) Eva Reddy
- (b) Both members of Reddy Olsen Consulting Engineers CC
- (c) The Messenger
- (d) None of the above**

Question 10:

You have been appointed Accounting Officer by the School Governing Body of Erkhuleni High School, a public school under the Gauteng Education Department. For which of the following taxes must the school be registered with SARS?

- (a) Value Added Tax, as the school receives school fees from parents in excess of R1million per annum
- (b) Skills Development Levy, as the total payroll for school governing body posts is in excess of R500,000
- (c) Income Tax, as the school hires out the school hall for community events and generates about R50,000 per annum for the last three years from this activity
- (d) Pay as you earn, as the school employs 3 fulltime teachers, each earning more than R120,000 per annum**

Question 11:

Which of the following is not an example of an intangible asset?

- (a) Customer Lists
- (b) Computer Software
- (c) Leased Assets**

(d) Goodwill

Question 12:

IAS 17 Leases defines two types of leases, a finance lease and an operating lease. Which of the following characteristics would imply that the associated lease is an operating lease as per the provisions of IAS 17?

- (a) The lessee has the option to purchase the asset at a price which is lower than the expected fair value of the asset at the date the purchase option is exercisable
- (b) The leased asset is specialised in nature and can be used by other businesses but only after modifications have been made
- (c) The lease term is for the major part of the useful economic life of the asset
- (d) The present value of the minimum lease payments is less than 90% of the fair value of the leased asset**

Question 13:

Which of the following must be corrected retrospectively under the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors?

- (a) Changes in accounting policies and all prior period errors
- (b) Changes in accounting policies and material prior period errors**
- (c) Prior period errors and changes in accounting estimates
- (d) Changes in accounting policies, changes in accounting estimates and material prior period errors.

Question 14:

West Coast Hake Fishers CC was incorporated in 1999, with 10 unrelated persons as members, and was eventually awarded a 10-year longline hake fisherman's quota from the Department of Marine Fisheries in 2008. A member, BenjiTamba, passed away on 21 September 2013 and in terms of his last Will and Testament his estate shall be divided equally between his surviving spouse and their four children. No Association Agreement was entered into by the members of West Coast Hake Fishers CC. Which of the following is the most appropriate action in terms of section 35 of the Close Corporation Act, 1984 (as amended)?

- (a) The Executor of BenjiTamba's estate shall be the member of the West Coast hake Fishers CC in perpetuity
- (b) BenjiTamba's surviving spouse and their 4 children will become members of West Coast Hake Fishers CC, together with the other 9 members of the CC
- (c) The remaining 9 members of West Coast Hake Fishers CC may refuse to admit any other person as member to the Close Corporation**
- (d) The member's interest of BenjiTamba may not ever be sold to the Close Corporation itself

Question 15:

Which of the following would be considered a cash-flow item from an "operating" activity?

- (a) Cash outflow to SARS for Income Tax**

- (b) Cash outflow to shareholders as dividends
- (c) Cash inflow to the entity from disposal of fixed assets at book value
- (d) Cash outflow to purchase shares issued by another company

Question 16:

The Public Interest Score model as detailed in the Regulations to the Companies Act, Act 71 of 2008;

- (a) Is also applicable to Close Corporations**
- (b) Is used exclusively to determine whether or not an entity should be audited
- (c) Both (a) and (b) is correct
- (d) Neither (a) nor (b) is correct

Question 17:

Annual duties payable to CIPC, is

- (a) Exempt for Non Profit Companies (NPC)
- (b) Determined by the Gross Profit reported by the Company or Close Corporation
- (c) Must be accompanied by an electronically filed Annual Return**
- (d) Due within 30 business days from the financial year-end of the Company of Close Corporation

Question 18:

The Companies Act, Act 71 of 2008, prescribes liquidity and solvency tests from time to time. Liquidity is;

- (a) The ability of an entity to convert an asset to cash
- (b) Paying creditors as and when their debt falls due
- (c) Affected by obsolete and slow-moving stock
- (d) All of the above**

Question 19:

Which of the following are examples of fair presentation of annual financial statements?

- (a) Accounting policies are provided for items which are immaterial

- (b) No accounting policy is provided for transactions with shareholders, despite a significant gain on a shareholder's loan recognised in equity is reported
- (c) Significant judgement was applied in concluding that a material acquisition was an asset purchase and not a business acquisition, hence the judgement so applied is disclosed**
- (d) Significant judgement was applied in concluding that a material acquisition was an asset purchase and not a business acquisition. Application of this judgement is not disclosed because users of Financial statements need not know this

Question 20:

You are the Accounting Officer to ThamiSuperette CC, a convenience store in Diepsloot. The members of the CC are Julius and WinnifredThami, a couple married in community of property and each spouse holding 50% of the member's interest in the CC. The couple is experiencing marital problems and Mrs Thami has commenced divorce proceedings. Mrs Thami is refusing to sign the approval of the Annual Financial Statements for the year ended 28 February 2013. As Accounting Officer, you may;

- (a) Issue your Accounting Officer's Report, in the ordinary course of business, as Mr Thami has approved and signed the annual financial statements for the year then ended
- (b) Issue your Accounting Officer's Report, but highlight therein that the presented Annual Financial Statements is not approved
- (c) Not issue your Accounting Officer's Report and therefore not invoice the Close Corporation for the work that you have done
- (d) Not issue your Accounting Officer's Report and continue to issue an invoice for the services you have rendered**

Question 21:

The Accounting Officer of a Close Corporation has a duty to;

- (a) Issue his/her Accounting Officer's Report to such Close Corporation within 3 months after the completion of the Annual Financial Statements**
- (b) Report in his/her Accounting Officer's Report whether or not such Close Corporation has any future contingent liabilities
- (c) Issue a qualified opinion in his/her Accounting Officer's Report when he/she deem it necessary
- (d) All of the above

Question 22:

Which of the following actions is the least likely to increase shareholder wealth?

- (a) The average cost of capital is decreased by a recent financing decision
- (b) The financial rewards of directors are linked to increasing earnings per share**
- (c) The board of directors decides to invest in a project with a positive net present value
- (d) The annual report declares full compliance with the corporate governance code

Question 23:

Which of the following statements best describe the ambit of financial management?

- (a) It is concerned with investment decisions, financing decisions and dividend decisions
- (b) It is concerned with financial planning and financial control
- (c) It considers the management of risk
- (d) All of the above**

Question 24:

To provide the greatest degree of independence in performing internal auditing functions, an internal auditor should probably report to the

- (a) Chief Executive Officer or Managing Director, as the case might be
- (b) Audit and Risk Committee**
- (c) Financial Director or Chief Financial Officer, as the case might be
- (d) Shareholders

Question 25:

The Tax Administration Act, 2011 allows persons to provide a variety of tax services to the public for reward, provided that such tax practitioners;

- (a) Are members of a controlling body recognized by SARS**
- (b) May not charge their clients fees for services rendered in excess of R2,000 per hour, inclusive of VAT
- (c) Shall use only <http://www.sarsefiling.co.za> to submit the Clients tax returns to SARS
- (d) All of the above