



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF MANAGEMENT SCIENCES**

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: COMMERCIAL ADVANCED TRAINING SCHEME (CATS)	
QUALIFICATION CODE: 06DBPM	LEVEL: 5
COURSE CODE: BAC512C	COURSE NAME: BUSINESS ACCOUNTING 1A
SESSION: JANUARY/FEBRUARY 2020	PAPER: THEORY AND PRACTICAL
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. This exam paper is made up of four (4) questions2. Answer ALL the questions and in blue or black ink3. Start each question on a new page in your answer booklet and show all your workings4. Questions relating to this examination may be raised in the initial 30 minutes after the start of the paper. Thereafter, candidates must use their initiative to deal with any perceived error or ambiguities and any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

1. Examination paper.
2. Examination script.
3. Calculator

THIS QUESTION PAPER CONSISTS OF 5 PAGES (including this front page)

QUESTION 1

(20 marks)

In each of the following write the answer only (the correct letter chosen) in your answer sheet/answer book and not on question paper. For instance, if you think that the correct answer for number 1. is A, then write it as 1. A.

1. Of the following account types, which would be increased by a debit?
 - A. liabilities and expenses.
 - B. assets and capital.
 - C. assets and expenses.
 - D. capital and revenues.
 - E. None of the above.

2. Separate accounting entity means
 - A. the owner is responsible for the debts of the business.
 - B. the owner's affairs are separate from those of the business.
 - C. the business keeps separate records from those of the taxation department.
 - D. each department in the business keeps its own separate accounting records.
 - E. None of the above.

3. Typical current liabilities include:
 - A. Prepayments.
 - B. Accrued expenses.
 - C. The principal portion of a bank loan that is due after one year.
 - D. Accumulated depreciation.
 - E. None of the above.

4. What is the effect on the accounting equation of the purchase of an asset on credit?
 - A. an increase in assets and an increase in owner's equity
 - B. an increase in assets and a decrease in liabilities
 - C. an increase in owner's equity and a decrease in assets
 - D. an increase in liabilities and an increase in assets.
 - E. None of the above.

5. In which section of the balance sheet should inventory be classified?
 - A. current assets
 - B. investments
 - C. property, plant, and equipment
 - D. expired assets
 - E. None of the above.

6. The basic sequence in the accounting process can best be described as:
- A. transaction, journal entry, source document, ledger account, trial balance.
 - B. source document, transaction, ledger account, journal entry, trial balance.
 - C. transaction, source document, journal entry, trial balance, ledger account.
 - D. transaction, source document, journal entry, ledger account, trial balance.
 - E. None of the above.
7. Mary Buti, who operates a chemist business by herself, has been declared bankrupt. The court has declared that Ms Buti's personal car and boat is to be sold to meet the debts of the business. The principle being followed is:
- A. separate legal entity.
 - B. separate accounting entity.
 - C. limited liability.
 - D. unlimited liability.
 - E. None of the above.
8. Which accounting assumption governs the recording of furniture, at its original purchase price, for use in a business?
- A. accounting entity
 - B. accounting period
 - C. monetary
 - D. historical cost
 - E. None of the above.
9. The following statement is NOT true:
- A. $\text{cost of sales} = \text{opening inventory} + \text{purchases} - \text{closing inventory}$
 - B. $\text{net sales} = \text{sales} + \text{sales returns}$
 - C. $\text{cost of goods available for sale} = \text{opening inventory} + \text{purchases}$
 - D. $\text{capital} + \text{liability} = \text{assets}$
 - E. None of the above.
10. Net profit/loss is the difference between:
- A. gross profit and expenses
 - B. income and capital
 - C. revenue and assets
 - D. drawings and capital
 - E. None of the above.

QUESTION 2**(30 marks)**

Mona opened a shop on 1 March 2019 and during the first month in business, the following transactions occurred:

- 1 March Mona opened a business bank account with N\$50 000 obtained from private resources.
- 5 March She rented a business premises for N\$10 000 per month paid by cheque.
- 6 March He purchased a machine paying N\$ 000 by electronic funds transfer.
- 8 March He purchased some goods for resale for N\$10 000 from John CC on credit.
- 15 March Mona returned N\$2 000 of the goods to John CC.
- 20 March Mona sold goods to Group-P for N\$40 000 on credit.
- 25 March Group-P made electronic funds transfer (EFT) of N\$25 000 to Mona.
- 27 March Mona settled her account with John CC by EFT , and was allowed a settlement discount of 10%.
- 31 March Mona paid N\$15 000 with a credit card as part payment towards a holiday for her son.

REQUIRED:

- (a) Enter the above transactions in appropriate Mona's 'T' accounts and balance off all the accounts. (20)
- (b) Extract a trial balance as at 31 March 2019. (10)

QUESTION 3**(10 Marks)**

Complete the following sentences; write down the missing only on the answer sheet provided

- a) When Gross profit is more than the total expenses, the difference is called (i) .
- b) Goods bought with intention of resale are recorded in a (ii) account.
- c) The dual aspect rule states that for every (iii) there must a (iv)
- d) If no double-entry was made at all there would be an error of (v) .

QUESTION 4**(40 marks)**

Ms Silira has been in the business for some years. The following is the trial balance of her wholesale clothing business as at 31 May 2019.

Details	DR N\$	CR N\$
Bank		84 000
Capital		82 000
Plant & Equipment at cost	206 000	
Depreciation at (1 June 2018): Plant & Equipment		36 200
Bad debts	6 000	
Electricity	7 200	
Insurance	20 000	
Drawings	14 000	
Motor vehicle at cost	110 000	
Depreciation at (1 June 2018): Vehicle		21 000
Purchases	80 000	
Inventory (at 1 June 2018)	10 000	
Sales		242 000
Accounts payables		9 000
Provision for bad and doubtful debts at 1 June 2018		3 000
Accounts receivables	24 000	
	477 200	447 200

Additional information

1. The inventory at 31 May 2019 is N\$45 000
2. There is an outstanding amount of N\$2 800 for electricity
3. Insurance for the year should have been N\$15 000.
4. Plant & Equipment must be depreciated on the reducing method at 10% per annum.
5. Motor vehicles must be depreciated at 20% on cost and the estimated scrap value is N\$30 000
6. Additional bad debts of N\$4 000 must be written off
7. The provision for bad debts must be 2% of outstanding debtors

REQUIRED:

- (a) Prepare the statement of profit or loss of Ms Silira for the year ended 31 May 2019. (20)
- (b) Prepare the statement of financial position of Ms Silira as at 31 May 2019. (20)

END OF EXAMINATION PAPER

