



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION : VARIOUS	
QUALIFICATION CODE: VARIOUS	LEVEL: 6
COURSE CODE: BAC211S	COURSE NAME: BUSINESS ACCOUNTING 2A
SESSION: JULY 2019	PAPER: THEORY AND CALCULATIONS
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Mr. C Jerry
MODERATOR:	Mr. D Kamocho

INSTRUCTIONS
<ol style="list-style-type: none">1. This question paper is made up of four (4) questions.2. Answer ALL the questions and in blue or black ink.3. Start each question on a new page in your answer booklet.4. 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 & any assumption made by the candidate should be clearly stated.5. Programmable calculator not allowed.

THIS QUESTION PAPER CONSISTS OF 6 PAGES (Excluding this front page)

QUESTION 1

(12 MARKS)

1.1 Describe using a suitable format the differences between a partnership and close corporation types of business using illustrative examples?

QUESTION 2

(30 MARKS)

Bernardus Swartbooï is a sole trader with a small business operating in the Northern Industrial of Windhoek. The trial balance extracted as at 31 December 2017 failed to agree. The debits exceeded the credits by N\$4,120. You may ignore the effects of VAT and depreciation.

A detailed examination of the books was undertaken, and the following matters were uncovered:

1. The total in the sales day book was N\$42,100 – the figure used when posting sales to the T- accounts was N\$41,200.
2. No entry had been made for expenses paid in cash from the petty cash tin, the expenses paid in this manner were as follows:
 - a. Canteen supplies N\$75
 - b. Postage stamps N\$35
 - c. Present for retiring employee N\$170
3. Discounts allowed of N\$65 were credited to the discount received account. The entry in the receivable's personal account was correct.
4. A credit notes for N\$770 for purchases returns was treated correctly in the supplier's account and debited to the purchases returns account as N\$880.
5. A cheque payment to a payable for N\$1,300 was treated appropriately in the supplier's account and debited to drawings.
6. Cash drawings by Bernardus Swartbooï of N\$1,110 were treated as cash sales in error. The transaction processed is instead for a cash sale of N\$1,100.

7. An old motor vehicle was sold on December 15th for N\$3,700. The vehicle originally cost N\$16,750 and had a balance in the accumulated depreciation account of N\$14,100 at the time of sale. The only entry that has been made to record the transaction is to debit bank and credit sales with N\$3,700.

REQUIRED:

- a) Prepare the journal entries necessary to correct the above errors. Ignore narrations. (21)
- b) Prepare a suspense account . (3)
- c) Prepare a working showing the effect on proprietor’s profit (if any) of correcting each of the above errors. (6)

QUESTION 3

(23 MARKS)

You are the accountant of Style Magazine and you have been tasked with preparing the bank reconciliation for the month of August 2017. The cashbook for the month of August 2017 is as follows:

Style Magazine

Dr		Cashbook for August 2017		Cr	
1/8	Balance b/d	6 400	2/8	Purchases	3 400
6/8	Sales	3 600	5/8	Payable – M. April	1 200
14/8	Receivable – V. Coetzee	2 800	12/8	Payable – J. Martin	600
24/8	Sales	3 200	16/8	Furniture	3 000
29/8	Receivable – L. George	800	26/8	Payable – L. Stewe	640
31/8	Sales	2 060	26/8	Water & electricity	820
			31/8	Balance c/d	9 200
		18 860			18 860

Bank statement for August 2017

Date	Details	Debit (N\$)	Credit (N\$)	Balance (N\$)
1/8	Balance			6 400
2/8	EFT payment	3 400		3 000
6/8	Cash deposit		3 600	6 600
12/8	EFT payment	600		6 000
14/8	Deposit – V. Coetzee		8 200	14 200
14/8	Service fees	100		14 100
20/8	Debit order	2 200		11 900
24/8	Cash deposit		3 200	15 100
26/8	Cheque payment – water & electricity (cheque 19)	280		14 820
26/8	Cheque payment (cheque 103)	6 600		8 220
29/8	Deposit – L. George		8 000	16 220
30/8	Direct deposit		2 600	18 820

Additional information:

1. According to the duplicate deposit slips, the deposit made on 14 August was for N\$2 800 and on 29 August was for N\$8 000.
2. The deposit of N\$2 600 made on 30 August was made directly into Style Magazine’s bank account by W. Mouers, a receivable.
3. According to the cheque book stub, the correct amount for water & electricity to be paid was N\$820.
4. The debit order was signed by the owner of Style Magazine for monthly insurance premiums.
5. Cheque 103 was drawn by Drum Magazine, but mistakenly debited against Style Magazine’s account by the bank.
6. Style Magazine is not registered for VAT purposes.

YOU ARE REQUIRED TO:

- a.) Prepare the amended cashbook as at 31 August 2017. (8 marks)
- b.) Prepare the bank reconciliation for the month ended 31 August 2017. (12 marks)

QUESTION 4**(35 MARKS)**The following financial information relates to *Nelago Limited*

Statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

N\$

Revenue	6 460 000
Cost of sales	-3 003 000
Gross profit	3 457 000
Operating expenses	-2 574 000
Profit from operations	883 000
Finance costs	-65 000
Profit before tax	818 000
Taxation	-204 500
Profit for the year	613 500
Other comprehensive income	
Gain on property revaluation	200 000
Total comprehensive income for the year	813 500

Statement of financial position as at 31 March 2018.

		2018	2017
		N\$	N\$
Non-current assets			
Property, plant and equipment	Note 1	2 095 000	1 250 000
Current assets		745 800	831 500
Inventory		263 500	187 500
Trade receivables		341 400	265 500
Prepaid insurance		63 000	52 500

Investments	75 400	230 000
Cash at bank	-	93 500
Cash in hand	2 500	2 500
Total assets	2 840 800	2 081 500
Equity and liabilities		
Equity	2 096 900	1 226 200
Ordinary share capital (N\$1 shares)	20 000	10 000
Share premium	380 000	180 000
Revaluation reserve	300 000	100 000
Retained earnings	1 396 900	936 200
Non-current liabilities		
Bank loan	400 000	500 000
Current liabilities	343 900	355 300
Trade payables	129 400	206 500
Taxation	194 000	142 600
Accrued finance costs	5 500	6 200
Bank overdraft	15 000	-
Total equity and liabilities	2 840 800	2 081 500

Additional information

1. Property, plant and equipment has been calculated as follows:

	2018	2017
Carrying amount at 31 March	2 095 000	1 250 000
Property, plant and equipment at valuation	3 620 000	2 500 000
Accumulated depreciation	-1 525 000	-1 250 000

1. Operating expenses includes:

	N\$
Depreciation	525 000
Loss on disposal of non-current assets	60 000
Staff costs	1 020 000
Bad debts	167 500

1. During the year ended 31 March 2018, non-current assets that had originally cost N\$500 000 and had a net book value of N\$250 000 were disposed of. This was the only disposal of non-current assets during the year. The company charges a full 12 months depreciation on all non-current assets held at 31 March.
2. During the year ended 31 March 2018 the company paid total dividends of N\$152 800.
3. Insurance is included in operating expenses in the statement of profit or loss and other comprehensive income.

REQUIRED:

Prepare cash flow statement using indirect method and prepare the cash generated from operating activities using the direct method for the year ended 31 March 2018 . (35)

END OF EXAMINATION PAPER