



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	LEVEL: 5
COURSE: BUSINESS ACCOUNTING 1 A	COURSE CODE: BAC511S
DATE: DECEMBER 2018	SESSION: 1
DURATION: 3 HOURS	MARKS: 90

2nd OPPORTUNITY EXAM

EXAMINER: MRS. W. GERTZE

MODERATOR: MRS. Z. MARITZ

**1. THIS EXAMINATION PAPER CONSISTS OF 8 PAGES
(INCLUDING THIS FRONT PAGE)**

2. INSTRUCTIONS

- 2.1. Answer ALL questions.
- 2.2. Please write down your answers in the answer book provided.
- 2.3. Start each question on a new page.
- 2.4. Write neatly and clearly.
- 2.5. Show all your workings.

QUESTION 1

(6 marks)

In each of the following questions, in your answer book, only indicate the letter that, in your opinion, represents the correct answer. For e.g 1.1 A. Please indicate the letter next to the question number:

1.1 One of the following statements is true

- A Assets = Capital + Drawings
- B Assets – Liability = Capital - Income
- C Assets – Capital = Current assets
- D Assets + Liability = Owner's equity
- E Assets – Liability = Owner's equity

1.2 Debit entries in the ledger accounts will:

- A Increase both assets and liability
- B Increase both income and expense
- C Increase both assets and expenses
- D Decrease both assets and drawings
- E Decrease assets and increase expense

1.3 One of the following statements is not true

- A The sales journal is also called debtors journal.
- B The sales journal is a book of prime entry of credit sales.
- C The sales journal is a book of original entry of cash sales.
- D The sales journal is not a source document.
- E The sales journal is not cash receipt journal.

The following details refer to Questions 1.4 and 1.5:

Total Assets amount is N\$120 000

Total Liabilities are three quarter ($\frac{3}{4}$) of Total assets.

1.4 What is the amount of total liabilities?

- A N\$96 000
- B N\$90 000
- C N\$24 000
- D N\$15 000
- E N\$10 000

1.5 What is the amount of owner's equity/capital?

- A N\$96 000

- B N\$90 000
- C N\$24 000
- D N\$15 000
- E N\$30 000

1.6 The Trial Balance is considered complete when the following occurs:

- A Debit totals are greater than credit totals
- B Credit totals are greater than debit totals
- C Debit totals are less than credit totals
- D Debit totals equal Credit totals
- E Assets are less than liabilities

QUESTION 2**(24 marks)**

The following transactions took place during the month of July in the books of account of Mr Michaels, a sole trader, when he started his business "The Jackson 5":
2017

- July 1 Mr. Michaels opened a business bank account and deposited a cheque of N\$150 000
- 6 He purchased a motor vehicle for N\$120 000 on credit from Toyota Dealers.
- 10 He bought goods on credit from Daniel for N\$5 000.
- 11 He sold goods on credit to Tina for N\$3 000.
- 21 Tina paid Mr. Michaels N\$3 000 for the goods bought on credit and claimed a discount 5% for early payment.
- 25 Mr. Michaels settled his account with Daniel by cheque.

Required:

1. Identify the Journal book of prime entry and source document (s) used by Mr. Michaels to record only the first four transactions numbered 1 - 11. (4 marks)

e.g.	Journal	Source document
1 March	Sales journal	Receipt

2. Show the effect (+ for increase / - for decrease and the amount) of each of the above transactions on the accounting equation. (6 marks)

Date	Asset	Owner's equity	Liabilities
e.g. 1 March	+500 (purchases-debit)		+500 (Creditor-credit)

3. Prepare the Bank T-account as it would appear in the General Ledger of The Jackson 5 for the month ended 31 July 2017. Clearly show the balancing/closing off of the Bank account. (5 marks)
4. Prepare the Trial Balance of the The Jackson 5 as at 31 July 2017. (9 marks)

Question 3

(25 marks)

The following information has been extracted from the records of Paul for December 2017.

Paul Bank account

Date	Details	Amount N\$	Date	Details	Chq No.	Amount N\$
01-Dec	Balance b/f	164 910	01-Dec	Alexander	782	8 570
02-Dec	Abel	9 620	06-Dec	Burger	783	2 210
	Baker	11 030	14-Dec	Barry	784	5 110
10-Dec	Charles	23 120	17-Dec	Cook	785	970
14-Dec	Delta	4 190	24-Dec	Hay	786	3 430
21-Dec	Echo	3 270	29-Dec	Rent	787	2 600
23-Dec	Cash sales	5 290				
30-Dec	Fred	1 190				
			31-Dec			199 730
		<u>222 620</u>				<u>222 620</u>

Standard Bank

Paul Bank statement

Date	Details	Withdrawals N\$	Deposit N\$	Balance N\$
01-Dec	Balance b/f			174 780
02-Dec	780	4 260		
02-Dec	781	7 370		163 150
02-Dec	Deposit		1 760	164 910
05-Dec	782	8 570		
05-Dec	Bank charges	470		155 870
06-Dec	Deposit		20 650	176 520
10-Dec	Standing order - rent	1 370		175 150
11-Dec	783	2 120		173 030
13-Dec	Deposit		23 120	196 150
17-Dec	784	5 110		191 040
17-Dec	Deposit		4 190	195 230
23-Dec	Deposit		3 270	198 500
24-Dec	Deposit		5 280	203 780
28-Dec	786	3 430		200 350
28-Dec	Refer to drawer	3 270		197 080
30-Dec	310923	2 970		194 110
31-Dec	Balance c/f			194 110

Notes:

1. Transactions done on the last day of the month will be honoured by the bank within two days of the following month.
2. A cash sale deposit of N\$5 280 was incorrectly entered in the bank account as N\$5 290
3. A payment to Burger of N\$2 120 was incorrectly entered in the bank account as 2 210.
4. A payment of N\$2 970 was erroneously charged to Paul by the bank. This should be reversed.

Requirement:

- a) Prepare a bank reconciliation statement as at 1 December 2017 (6 marks)
- b) Update the bank account (cash book) for December 2017. (13 marks)
- c) Prepare a bank reconciliation statement as at 31 December 2017. (6 marks)

Question 4**(35 marks)**

The following balances appeared in the records of Brooks Traders, a general dealer trading in Windhoek CBD on 28th February 2018:

	N\$
Equipment at cost price	3 000
Vehicles at cost price	12 000
Accumulated depreciation – Equipment (01 March 2017)	1 500
Accumulated depreciation – Vehicle (01 March 2017)	5 856
Inventory (01 March 2017)	61 200
Debtors (Accounts Receivables)	13 000
Provision (Allowance) for bad debts	400
Cash in Bank	30 000
Capital (Matthew)	78 000
Drawings	24 000
Creditors	41 000
Purchases	157 000
Purchases returns	5 044
Salaries and wages	11 440
Rent paid	3 480
Advertising	1 200
Insurance	960
Electricity	1 280
Sundry expenses	240
Sales	190 000
Sales returns	3 000

The following additional information is provided:

- i. Inventory on hand on 28 February 2018, was valued at N\$ 80, 000.
- ii. Depreciation to be provided as follows:
 - a. – Equipment , 5% per annum on cost using straight line method
 - b. – Vehicles, 20% per annum on reducing balance method
- iii. Insurance prepaid as at 28 February 2018, amounts to N\$ 160.
- iv. Provision (Allowance) for bad debts should be increased to N\$ 1 000.
- v. Rent of N\$ 1, 000 for the period 01 September 2017 to 28 February 2018 has not been paid and this has not been recorded in the books.

Required:

- a. Journalise the above adjustments number (i) to (v). Ignore narrations. (11 marks)

- b. Prepare the statement of profit or loss and other comprehensive income for the year ended 28 February 2018, and (11 marks)
- c. A Statement of Financial Position as at 28 February 2018. (13 marks)

(Total 35 marks)