



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

**DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE**

<b>QUALIFICATION: COMMERCIAL ADVANCED TRAINING SCHEME (CATS)</b>	
<b>QUALIFICATION CODE: 06DBPM</b>	<b>LEVEL: 5</b>
<b>COURSE CODE: BAC512C</b>	<b>COURSE NAME: BUSINESS ACCOUNTING 1A</b>
<b>SESSION: NOVEMBER 2019</b>	<b>PAPER: THEORY AND PRACTICAL</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER</b>	Sheehama, K.G.H.
<b>MODERATOR:</b>	Namwandi, H.

<b>INSTRUCTIONS</b>
<ol style="list-style-type: none"><li>1. This exam paper is made up of five (5) questions</li><li>2. Answer ALL the questions and in blue or black ink</li><li>3. Start each question on a new page in your answer booklet and show all your workings</li><li>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 and any assumption made by the candidate should be clearly stated.</li></ol>

**PERMISSIBLE MATERIALS**

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

THIS QUESTION PAPER CONSISTS OF 6 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. Jungle-Jingle Ltd purchased goods and paid with debit card, the items have total price of N\$1 000. The supplier gave Jungle-Jingle Ltd a cash discount of 10%.  
  
What was the amount Jungle-Jingle had to pay?  
  
(a) N\$1 000  
(b) N\$1 100  
(c) N\$900  
(d) N\$100  
(e) None of the above
  
2. Which of the following best describes a credit note?  
  
(a) A document produced by a purchaser following the return of goods  
(b) A document produced by a seller detailing items sold  
(c) A document produced by a seller following the return of goods  
(d) A document produced by a seller listing monthly transactions  
(e) None of the above
  
3. Which of the following is a current liability?  
  
(a) Bank  
(b) Insurance  
(c) Prepaid expense  
(d) Prepaid income  
(e) None of the above
  
4. Which of the following errors will become apparent when drawing up a trial balance?  
  
(a) A credit purchase was completely omitted from the accounting records.  
(b) A credit sale was recorded as a cash sale.  
(c) The payment of wages was debited to the rent account instead of the wages Account.  
(d) A cash sale was recorded correctly in the sales account and credited in the bank account.  
(e) None of the above
  
5. Piko's accounts payables showed that N\$2 300 was owed to supplier at the start of the week. During the week Piko made another purchase of N\$3 900 and he paid N\$900 of this in cash. He also paid supplier N\$1 000 by with debit card.



10. In Mr Paul's view the above-mentioned returned goods were ...

- (a) Returns inwards
- (b) Discount outwards
- (c) Returns outwards
- (d) Discount inward
- (e) None of the above

**QUESTION 2****(10 MARKS)**

In each of the following transactions state the error which **will not** be revealed by a trial balance.

1. A cash receipt of N\$500.00 from a trade debtor, Mr. Kaka has been omitted from the books
2. A sales to Mr. Lela N\$560.00 was entered in the books as N\$650.00
3. Payment of N\$100.00 to trade creditor Mr. X was entered on the debit side of the Cash book In error and credited to Mr. X's a/c
4. Billing to Mr. Ben of N\$500.00 was wrongly posted to Mr Bill's a/c
5. Office maintenance of N\$1 000.00 wrongly posted into Machinery a/c

**QUESTION 3****(10 marks)**

State whether the followings are **True** or **False**.

1. Accounting principle is general law or rule followed in the preparation of financial statements.
2. Since the life of the business is assumed to be indefinite, the financial statement of the business should be prepared only when it goes into liquidation.
3. The entity concept considers the business and the proprietor as distinct from each other.
4. The comparison of the results of one accounting period with that in the past is possible when the convention of consistency is adhered to by the business.
5. It is on the basis of going concern concept that the assets are always valued at market value.

**QUESTION 4****(30 marks)**

The following transactions took place during the month of March 2019 in the books of account of James, a sole trader:

2019

- March
- |    |  |
|----|--|
| 1  | James opened a business bank account and deposited N\$250 000.                         |
| 5  | She brought into the business a computer worth of N\$2 500 from his private resources. |
| 6  | He purchased an equipment for N\$62 500 by paid with a debit card.                     |
| 10 | James bought goods on credit from Zuma worth of N\$10 000.                             |
| 11 | He sold goods on credit to Paulo for N\$12 500.  |
| 20 | James returned goods to Zuma of N\$2 500.  |
| 21 | Paulo settled his account paying N\$10 000 by electronic funds transfer.               |
| 23 | James settled her account with Zuma by paid with a debit card.                         |
| 25 | James paid for repairs of his personal vehicle N\$15 000 by electronic funds transfer. |

**REQUIRED:**

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

**QUESTION 5****(30 marks)**

Wangu-Farm has the following Trial Balance as at 30 April 2019

	<u>DR N\$</u>	<u>CR N\$</u>
Capital		12 500
Accounts receivables	10 000	
Accounts payables		10 750
Purchases	43 500	
Land & Building at cost	70 000	
Sales		149 000
Furniture at cost	8 500	
Motor vehicles	22 000	
Rent	11 000	
Lighting and heating	5 000	
Discount allowed	1 000	
Bad debts	3 000	
Accumulated depreciation: Furniture		1 000
Accumulated depreciation: Vehicles		1 250
Provision for bad and doubtful debts		350
Bank	2 300	
Bank Loan		13 000
Discount received		150
Returns inward	200	
Returns outward		500
Inventory at as 1 May 2018	11 100	
Subscription	900	
	<b>188 500</b>	<b>188 500</b>

Wangu-farm provided the following additional information:

- Inventory as at 30 April 2019 amounted to N\$10 000.
- The lease agreement of 1<sup>st</sup> May 2018 provides for a monthly rent of N\$1 000.
- An additional bad debt of N\$250 is to be written off. The provision against doubtful debts is to be adjusted to N\$195 of outstanding accounts receivables.
- Motor Vehicle depreciation is to be charged at 20 per cent per annum on the cost.
- Furniture and Fittings are to be depreciated at 10% using the reducing balance method.
- Light and heating owing as at 30 April 2019 amounted to N\$200.
- The subscription fee (expense) related to a subscription for a printing journal. The annual fees of N\$900 was paid on 1<sup>st</sup> September 2018 and is for a one year period starting from 1<sup>st</sup> September 2019.

**REQUIRED**

- Prepare Statement of profit or loss for the period ending 30 April 2019. (23)
- Show Statement of financial position (**extract total assets section only**) as at 30 April 2019. (7)

**END OF EXAMINATION PAPER**

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**REQUIRED:**

- (a) Enter the above transactions in appropriate James' ledger (T) accounts **except the bank account** which should be drafted into **three columns** and balance off all the accounts.
- (b) Extract a trial balance as at 31 March 2019.

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