



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF MANAGEMENT SCIENCES

CENTRE OF ENTERPRISE DEVELOPMENT CED

QUALIFICATION : COMMERCIAL ADVANCED TRAINING SCHEME (CATS)	
QUALIFICATION CODE: O6DBBPM	LEVEL: 6
COURSE CODE: BAC611C	COURSE NAME: BUSINESS ACCOUNTING 2A
SESSION: JANUARY/FEBRUARY 2020	PAPER: THEORY & PRACTICAL
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Mr. CHIKAMBI J.
MODERATOR:	Mr. SHEEHAMA.K.G.H.

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 calculators are not allowed

THIS QUESTION PAPER CONSISTS OF 7 PAGES (including this front page)

QUESTION 1

(20 Marks)

1. Choose whether True or False, Cash equivalents consists of Long term highly liquid investments, readily convertible but subject to significant risk of changes in value?
 - a) True
 - b) False
 - c) None of the above
2. The bank maintains a record of the company's transactions of receipts and payments in a record called:
 - a) Cheque book
 - b) Online banking
 - c) Bank statement.
 - d) None of the above
3. The company records its cash transactions of receipts and payments in one of the following:
 - a) Sales Journal
 - b) Cashbook
 - c) General Journal
 - d) None of the above
4. Cash and Cash equivalent comprises of:
 - a) Investments and cash
 - b) Cash at hand, Petty cash and Bank balance
 - c) Petty cash and postal orders
 - d) None of the above
5. Cash is the asset which is easiest to misappropriate. One of the control states that the person responsible for receiving cash/making payments should be different from the one responsible for accounting record. Choose which control is being referred to below:
 - a) Independent internal verification
 - b) Determination of responsibility
 - c) Division of Duties
 - d) None of the above
6. What is the reason for bank reconciliation statement?
 - a) To ensure that general ledger is complete and accurate
 - b) To detect items not entered and errors in both the cash book and bank statement
 - c) To ensure Trial balance is balancing
 - d) None of the above
7. What are the items that appear on cash book but not on bank statement? Select one of the following:
 - a) Bank charges and interest received
 - b) Money received in the bank account
 - c) Outstanding cheques and deposits not presented

d) None of the above

8 Choose if bank reconciliation reconciles balance per cash book and bank statement balances after indicating any outstanding cheques, errors and deposits outstanding?

- a) False
- b) True
- c) None of the above

9. If a company have a negative cash book balance of -N\$4000, outstanding cheques of N\$1800, outstanding deposit of N\$1200, what should be the closing bank statement balance then?

- a) - N\$4300
- b) - N\$3404
- c) -N\$3400
- d) None of the above

10. A Dishonoured cheque of N\$1500 of a debtor was recorded incorrectly on the debit side of the cash book. State which side of the cash book should this error be corrected and the amount.

- a) Credit side with N\$1500
- b) Credit side with N\$3000
- c) Debit side with N\$1500
- d) None of the above

QUESTION 2

(20 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:

1. Prepare the amended cashbook as at 31 August 2017. (8 marks)
2. Compile the bank reconciliation for the month ended 31 August 2017, starting with the balance as per the bank statement. (12 Marks)

QUESTION 3

(30 MARKS)

On April 2019 Sofia Traders balances were:

Receivables control	N\$300 152 Dr
Payables control	N\$700 630 Cr

Information for April 2019 appears as follows in the books of Sofia Traders:

	Note	N\$
Sales	1	116 490
Purchases	2	125 280
Returns by customers		3 600
Returns to suppliers		5 190
Payments made to suppliers		58 646
Cash and cheques received from customers		154 530
Discount allowed		3 540
Discount Received		6 480
Interest charged on Customers' overdue accounts		540
Interest charged by suppliers on business's overdue accounts	1 250	
Cheques returned by bank		3 560
Bad debts written off		1 800
Bad debts recovered		1 456

Notes:

1. Included in sales is cash sales of N\$ 25 510;
2. Included in the purchases is cash purchases of N\$35 640;

REQUIRED

Use the above information to draw up the following accounts of Sofia Trader.

(a) Receivables Control account (12)

(b) Payables Control account (8)

PART B

Accounts Receivable Control

1 Oct	Balance	25 173	31 Oct	Interest on overdue accounts	105
31 Oct	Sales - Credit	37 461		Cash received from receivables	43 179
	Sales - Cash	9 630		Balance c/d	32 085
	Returns- inwards	141			
	Discount granted	57			
	Refunds on overpayments by receivables	84			
	Payables with debit balances transferred	2 823			

Credit losses	6,000	-
	1,120,400	1,120,400

Additional information:

1. The fixed deposit was made on 1 January 2018 at Nedbank. The interest rate is 10% per annum. Interest is payable every 6 months each year.
2. The long-term loan of 15% per annum was obtained on 1 July 2018.
3. Received N\$800 from a receivable whose account had been written off as irrecoverable.
4. Write off the account of a receivable of N\$4 000 as irrecoverable.
5. Adjust the allowance of credit losses to 2% of outstanding debtors.
6. The rental income amounts to N\$4 000 per month
7. A physical stock count revealed the following:
 - Inventory on hand N\$78 000
 - Stationery on hand N\$400
8. A vehicle worth N\$60 000 was purchased on 1 March 2018 on credit from Ritters Toyota. No entries in respect of this vehicle have been taken into account.
9. Depreciation should be provided as follows:
 - Vehicles at 20% per annum on the reducing balance method
 - Furniture at 10% per annum on the straight-line method

REQUIRED:

- a. Prepare Kamocho Trader statement of profit or loss for the year ended 31 December 2018 (14 Marks)
- b. Prepare Kamocho Trader statement of financial position as at 31 December 2018 (16 Marks)

END OF EXAMINATION