



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

CENTRE FOR ENTREPRENEURIAL DEVELOPMENT

COMMERCIAL ADVANCED TRAINING SCHEME (CATS)

COURSE CODE: BAC 611 S	COURSE NAME: PRACTICAL ACCOUNTING 2A
SESSION: DECEMBER 2018	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 80

SUPPLEMENTARY EXAMINATION	
EXAMINER(S)	Z. MARITZ
MODERATOR:	W. GERTZE

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. Non programmable calculator

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

QUESTION 1 (22 marks)

Sales ledger balances, 1 July 2017:	N\$
Debit	20 040
Credit	56
Purchases ledger balances, 1 July 2017:	
Debit	12
Credit	14 860
Activities during the half year to 31 December 2017:	
Payments to trade creditors	93 685
Receipts from credit customers	119 930
Purchases on credit	95 580
Sales on credit	124 600
Bad debts written off	204
Discount allowed	3 480
Discount received	2 850
Returns inwards	1 063
Returns outward	240
Sales ledger credit balances at 31 December 2017	37
Purchases ledger debit balances at 31 December 2017	26
During the half year, debit balances in the sales ledger, amounting to N\$438, were transferred to the purchases ledger	

Required:

Prepare the sales ledger (debtors) control account and purchases ledger (creditors) control account for the half-year to 31 December 2017

QUESTION 2 (18 marks)

The trial balance of Xaco CC as at 31 December 2017 showed a difference which was posted to the Suspense account. Draft financial statements for the year ended 31 December 2017 were prepared showing a net profit of N\$47 240. The following errors were subsequently discovered:

1. Sales of N\$450 to C Thomas had been debited to Thomasson Manufacturing Ltd.
2. A payment of N\$275 for telephone charges had been entered on the debit side of Telephone account as N\$375.
3. The sales had been under cast by N\$2 000.
4. Repairs to a machine, amounting to N\$390, had been charged to Machinery account.
5. A cheque for N\$1 500 being rent received from Atlas Ltd, had only been entered in the cash book.
6. Purchases from P. Brooks, amounting to N\$765, had been received on 31 December 2017 and included in the closing inventory at that date, but the invoice had not been entered in the Purchases Journal.

Required:

- 1) Give the journal entries, without narratives, necessary to correct the above errors.
- 2) Show the effect of each of these adjustments on the net profit in the draft financial statements and the correct profit for the year ended 31 December 2017.

QUESTION 3 (12 Marks)

Alpha Ltd is formed, on 1 January 2012 with an authorized share capital of:

2 000 000 ordinary shares of N\$ 0.50 each.

100 000 9% preference shares of N\$ 1 each.

The founder of the company to subscribe for 500 000 ordinary shares at par value. The remaining ordinary shares are offered to the public at par. The 9% preference shares are offered to the public at a premium of N\$ 0.10 per share. Application are received for 1 600 000 ordinary shares and 105 000 9% preference shares. Share issue expenses amount to N\$ 10 000 and are paid in cash and excess application refunded.

Required:

Show journal entries for the issuing of the shares.

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QUESTION 4 (17 Marks)

Ben, Hen and Len are in partnership, sharing profits and losses in the same ratio as their capital contribution. The following were taken from their books for the year ended 30 September 2018, before the completion of their profit and loss appropriation statement:

	DT	CR
Current account: Ben		1 240
Current account: Hen	3 460	
Current account: Len		2 550
Drawings: Ben	12 000	
Drawings: Hen	8 000	
Drawings: Len	11 000	
Salaries: Ben (owing)	11 500	
Salaries: Hen (accrued)	13 000	
Salaries: Len (paid)	9 000	
Capital account: Ben		45 000
Capital account: Hen		65 000
Capital account: Len		23 000
Net loss for the year	23 000	

Interest on drawings are charged at 13% per annum, while interest on capital attract interest of 10% per annum.

Required:

Show the journal entries to account for the transactions relating to the partners (9 Marks).

Show the appropriation account for the period ending 30 September 2018 (8 Marks).

QUESTION 5 (11 Marks)

On 30 September 2018, Air Disney sold an aircraft it no longer needed and received N\$11 million. The aircraft was bought on 1 November 2001 for N\$30 million and was depreciated over 25 years with no residual value. Depreciation is calculated pro rata for part of a year.

Required:

Show the journal entries necessary to record the transaction.

END OF PAPER