NAMIBIA UNIVERSITY OF SCIENCE AND TECHNOLOGY | HP-GSB HAROLD PUPKEWITZ Graduate School of Business

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	**LEVEL:** 6
COURSE CODE: BAC511C	**COURSE NAME**: BUSINESS ACCOUNTING 1A
SESSION: JANUARY 2025	**PAPER:** PAPER 2
DURATION: 3 HOURS	**MARKS:** 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER	Gerhardt Sheehama
MODERATOR	Lameck Odada

INSTRUCTIONS

1. This question paper is made up of four (4) questions.
2. Answer **ALL** the questions in blue or black ink only. **NO** pencil
3. Start each question on a new page in your answer booklet and **show all workings**.
4. Round off only final answers to two (2) decimal places unless otherwise stated.
5. 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.

PERMISSIBLE MATERIALS

Silent, non-programmable calculators

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

QUESTION 1 **(40 MARKS)**

Answer this question ON the Answer Sheet provided and write down the letter that, in your opinion, represents the correct answer:

1. Bob purchases goods from a supplier which cost N$20 000. He gets a cash discount of 10%. What is the amount that Bob will pay to a supplier?
   A N$20 000
   B. N$18 000
   C. N$19 000
   D. N$10 000
2. Bob purchases goods from a supplier which cost N$20 000. The supplier gives a cash discount of 5%. What is the amount of discount Bob should be allowed?
   A. N$3 000
   B. N$2 000
   C. N$5 000
   D. N$1 000
3. When an owner contributes an asset into the business, it is called.....
   A. Drawings
   B. Income
   C. Owner's equity
   D. Sales
4. If opening inventory is N$120 000, cost of goods purchased is N$380 000, and closing inventory is N$100 000, what is cost of goods sold under a periodic system?
   A. N$500 000
   B. N$400 000
   C. N$450 000
   D. N$550 000
5. Goods were purchased from James. He was immediately paid by electronic funds transfer. Which account is credited?
   A. Sales a/c
   B. James a/c
   C. Bank a/c
   D. Purchases a/c

6. Goods were purchased from James. He was immediately paid by electronic funds transfer. Which account is debited?
   A. Purchases a/c
   B. Jack a/c
   C. Bank a/c
   D. Sales a/c
7. Which of the following transactions is recorded in the cash payment journal?
   A. receipt of customer payments
   B. purchases of equipment for cash
   C. borrowing money from a bank
   D. sale of equipment for cash
8. The following financial statement encompasses drawings, owner's equity, liabilities and assets.
   A. Statement of financial position
   B. Statement of cashflow
   C. Statement of profit or loss
   D. Statement of information
9. Which of the following is not considered as a financial statement?
   A. Statement of financial position
   B. Statement of cashflow
   C. Statement of profit or loss
   D. Statement of trial balance
10. Which financial statement reports the performance of a business?
   A. Statement of financial position
   B. Statement of profit or loss
   C. Statement of changes in owner's equity
   D. Statement of information

QUESTION 2 **(20 MARKS)**

A. Imagine the following transaction: "Bought goods for cash N$ 200".
The correct double –entry for this is: "debit purchases account N$200, credit cash account N$200" **Fill in the missing word, answer in the provided answer sheet.**

Suppose (for the above transaction) the following double-entry was made: "debit purchase account N$2 000, credit cash account N$2 000". This is an example of an error of_____(1)____.
Suppose instead the double-entry was "debit cash account N$200, credit purchases account N$200". This is an example of a _____(2)_____.
Now suppose that the double-entry was "debit purchases N$200, credit capital account N$200". This is an example of a _____(3)_____.
If no double-entry was made at all there would be an error of _____(4)_____.

B. When the business borrows money, both _____(5)_____ and _____(6)_____ increase and _____(7)_____ remains the same. When owners invest money in a business, both _____(8)_____ and _____(9)_____ increase_(10)____ remains the same.

QUESTION 3 **(20 MARKS)**

Nandi has decided to set up her own music retail business on 1 May 2023. Here is a summary of the transactions in the first week of the business.

May 1 Nandi opened a business bank account and deposited N$30 000.

2 Bought goods for resale costing N$7 200 on credit from Zuma Co.

3 Purchased a till machine for N$3 500 paying by electronic funds transfer.

4 Sold goods for N$10 000 on credit to Yonela

5 Nandi went to the bank and drew N$1 200 in cash for use in the business.

6 Yonela returned N$2 000 of goods to Nandi.

7 Nandi settled her account with Zuma Co. with debit card and was allowed a discount of 15%.

8 Yonela settled her account with debit card and she claimed a discount of 10%.

9 At the end of the week Nandi took N$400 cash from the till machine for his personal expenses.

REQUIRED:

Enter the above transactions in appropriate Nandi's ledger or 'T' accounts and balance off all the accounts. (20 marks)

The following applies to questions 11 to 13

Vuyo Ltd statement of financial position at 31 May 202023		
Current assets:		**N$**474 000
Inventory	**N$**79 000	
Account receivables	395 000	
Non-current assets (net book value)		491 000
Total assets		**965 000**
Current liabilities (account payables)		395 000
Owner's equity		475 000
Net profit		95 000
Total Liabilities and Capital		**965 000**

11. Return on owner's equity ratio is.....

    A. 30%

    B. 25%

    C. 15%

    D. 20%

12. Current ratio is.....

    A. 1.2

    B. 1.5

    C. 1.1

    D. 1.4

13. Quick/acid test ratio is.....

    A. 1

    B. 2

    C. 1.5

    D. 2.5

14. At the end of year 2021, a business made payment of water and electricity bills of N$20 000. How will this be recorded in the statement of profit or loss in 2021?

    A. as an income

    B. as an asset

    C. as an accrual

    D. as an expense

15. At the end of year 2021, a business borrowed N$20 000 from the bank. How will this be recorded in the statement of financial position in 2021?

A. as an income

B. as liability

C. as an expense

D. as an asset

16. Liabilities can be described as

A. Account payables claim on total assets

B. creditorship claim on total assets

C. third parties claim on total assets less capital/owner's equity

D. government claims on total assets

17. What accounting transaction would result in the following double entry being posted?

Dr Vehicle Cr Bank

A. The purchases of goods by EFT

B. The receipt of cash from a credit customer

C. The purchases of vehicle by EFT

D. The banking of cash

18. Gross loss will result if:

A. Operating expenses are less than net income.

B. Sales revenues are less than operating expenses.

C. Sales revenues are less than the cost of goods sold.

D. Operating expenses are greater than the cost of goods sold.

19. Which of the following transactions would have no impact on the owner's equity/capital?

A. Net profit

B. Bank-overdraft

C. Net loss

D. Drawings

20. In which section of the statement of financial should prepaid expenses be classified?

A. current liabilities

B. investments

C. Current assets

D. expired assets

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REQUIRED:

Enter the above transactions in appropriate Nandi's ledger or 'T' accounts and balance off all the accounts. (20 marks)

QUESTION 4 **(20 MARKS)**

The trial balance of Vuyo as at 31 December 2022 is show below:

	Debit	Credit
	N$	N$
Bad debts	210	
Buildings	150 000	
Depreciation (1 January 2022): Buildings		3 552
Creditors		15 000
Debtors	16 290	
Capital		35 400
Drawings	9 790	
Bank		2 010
Purchases	45 482	
Rent	7 050	
Sales		180 000
Inventory at 1 January 2022	20 100	
Wages and salaries	22 040	
	235 962	**235 962**

Additional information:

1. Inventory (stock) held in the business at 31 December 2022 was valued at N22 000.
2. At 31 December 2022 Vuyo owed N$460 rent used but not yet billed to him.
3. At 31 December 2022 there was additional specific bad debt of N$290. This was to be written off.
4. Wages and salaries of N$2 040 was prepaid for January 2023.
5. Depreciation was charged for the year on the buildings at rate of 20% on cost.

REQUIRED:

Prepare a statement of profit or loss of Vuyo for the year ending 31 December 2022. (20)

END OF EXAMINATION QUESTION PAPER