



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>COURSE CODE:</b> BAC1100S	<b>COURSE NAME:</b> BUSINESS ACCOUNTING 1A
<b>SESSION:</b> JULY/AUGUST 2025	<b>PAPER:</b> THEORY AND CALCULATIONS
<b>DURATION:</b> 2 HOURS	<b>MARKS:</b> 80
<b>SECOND OPPORTUNITY EXAMINATION</b>	
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<b>MODERATOR:</b>	MRS Y. ANDREW
<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. Answer <b>ALL</b> the questions on the answer sheet</li><li>2. Read all the questions carefully before answering.</li><li>3. All questions count for one mark unless otherwise indicated</li><li>4. The examination paper consists of 54 questions</li><li>5. The use of a non-programmable calculator is allowed</li><li>6. There is only one correct option, the shading of more than one option will be marked as incorrect</li><li>7. Make sure to shade your student number correctly</li></ol>	

**THIS DOCUMENT CONSISTS OF 15 PAGES (Including this front page)**

*Best of luck!*

**General Accounting Theory and the Accounting Equation (18 Marks)**

1. **Which report gives a review of the profitability of a business?**
  - a. Statement of changes in equity
  - b. Cash flow statement
  - c. Statement of Financial Position
  - d. Statement of Profit or loss and other Comprehensive Income
  - e. None of the above
2. **The following are elements of financial statements:**
  - a. Assets, Liabilities, Capital, Income and Expenses
  - b. Assets, Liabilities, Owners' Equity, Income and Expenses
  - c. Assets, Creditors, Owners' Equity, Income and Expenses
  - d. Assets, Liabilities, Capital, Sales and Expenses
  - e. None of the above
3. **The Concept "Timeliness" means:**
  - a. To have information available to decision makers in time for them to be capable of influencing the decisions.
  - b. To prepare the financial statements within a month after the financial year end.
  - c. Only items related to the financial year should be included in the financial statements
  - d. Transactions and events should be recognized in the financial period in which they occur and not when cash or cash equivalents are received or paid
  - e. None of the above
4. **Which of the following is a fundamental characteristic of financial statements:**
  - a. Relevance
  - b. Comparability
  - c. Timeliness
  - d. Verifiability
  - e. None of the above
5. **The enhancing qualitative characteristics of financial statements include**
  - a. Understandability and faithful representation
  - b. Relevance and faithful representation
  - c. Relevance and timeliness
  - d. Comparability and understandability
  - e. None of the above
6. **The definition of accounting includes the following aspects. Which one of the following options is incorrect?**
  - a. Writing up
  - b. Recording
  - c. Measuring
  - d. Interpreting
  - e. None of the above

- 7. What are the characteristics of management accounting information? Which one of the following is incorrect?**
- Information is primarily historical based
  - Not regulated by any accounting body
  - To provide information that helps managers make informed decisions about planning, controlling, and coordinating business operations.
  - Management accounting emphasizes providing relevant information to decision-making, even if this means including information that is not strictly financial in nature.
  - None of the above
- 8. The accounting equation cannot be expressed as:**
- Assets = Owners' equity plus Liabilities
  - Owners' Equity = Assets less Liabilities
  - Liabilities = Assets less owners' equity
  - Owners' Equity = Assets plus liabilities
  - None of the above is incorrect
- 9. The owner contributes capital to the business, which was deposited in the bank account. How will this transaction influence the accounting equation (2 marks)**
- Increase in assets and increase in owners' equity
  - Increase in owners' equity and a decrease in assets
  - Increase in assets only
  - Increase in owners' equity and a decrease in liabilities
  - None of the above
- 10. The business paid rent via EFT. How will this transaction influence the accounting equation (2 marks)**
- Decrease in owners' equity and increase in assets
  - A decrease in owners' equity and a decrease in assets
  - Decrease in liabilities and decrease in assets
  - Increase in liabilities and decrease in owners' equity
  - None of the above
- 11. The business purchased goods on credit. How will this transaction influence the accounting equation (2 marks)**
- Increase in assets and increase in owners' equity
  - Increase and decrease in owners' equity
  - Increase in liabilities and increase in assets
  - Increase in owners' equity and decrease in liabilities
  - None of the above
- 12. The business obtained a loan from FNB to buy a delivery vehicle. How will this transaction influence the accounting equation (2 marks)**
- Increase in assets and increase in liabilities
  - Decrease in liabilities and increase in assets
  - Increase in owners' equity and decrease in liabilities
  - Decrease in liabilities and decrease in assets
  - None of the above

**13. The business made a payment on a loan. How will this transaction influence the accounting equation (2 marks)**

- a. Increase in assets and increase in liabilities
- b. Increase and decrease in assets
- c. Increase in owners' equity and a decrease in liabilities
- d. A decrease in liabilities and a decrease in assets
- e. None of the above

**Value Added Tax Theory (8 Marks)**

**14. Which one of the following is a zero-rated VAT supply?**

- a. Motor oil
- b. Fuel purchased by a service station
- c. A Kentucky meal to an Angolan customer
- d. A Spur burger to a NUST student
- e. None of the above.

**15. Which one of the following is not a taxable VAT supply?**

- a. Renting a flat for residential purpose.
- b. Bank Charges charged by bank Windhoek.
- c. Spur burger to a South African passport holder
- d. A fishing rod bought to do some weekend fishing.
- e. None of the above

**16. Which one of the following forms of transport is a zero-rated taxable supply?**

- a. Travelling with the school bus to Katima Mulilo
- b. Travelling with Fly Namibia to Johannesburg
- c. Travelling with a shuttle to Keetmanshoop
- d. Travelling by car to a guest farm
- e. None of the above

**17. Which one of the following is a zero-rated VAT supply?**

- a. Motor oil sold to a Namibian customer
- b. Salaries paid to employees
- c. Direct exports to Zimbabwe
- d. Indirect exports to Botswana
- e. None of the above.

**18. Which one of the following is not a taxable VAT supply?**

- a. Bank Charges appearing on the bank statement
- b. Direct Exports to a Kenyan citizen
- c. Furniture bought for an office
- d. Salaries and wages to employees
- e. None of the above

**19. Which of the following statements regarding VAT is correct?**

- a. VAT on purchases is known as Input VAT
- b. Vat on sales is known as Input VAT
- c. VAT on purchases is known as Output VAT
- d. Vat on sales is known as Output VAT
- e. Options a and d

20. Which of the following statements regarding VAT is *incorrect*?

- a. Input VAT can be claimed back from NamRA
- b. Output VAT can be claimed back from NamRA
- c. Output VAT has to be paid over to NamRA
- d. When the input VAT exceeds the output VAT, a refund from NamRA is applicable.
- e. None of the above

21. Which one of the following is a standard-rated VAT supply?

- a. Doctors' consultation fees
- b. Medicine purchased at the pharmacy
- c. Fuel purchased for the delivery vehicle
- d. Interest paid to the bank on an overdraft
- e. None of the above.

**Books of First Entry and VAT – Application (5 marks)**

**Questions 22-26. Trump and Musk Enterprises (T&M), a Namibian retailer, sell electronic parts to the local and international markets. T&M is registered for VAT in Namibia and includes VAT in the prices where applicable. All suppliers are registered for VAT and price their products, including VAT. The following transactions took place during the first two weeks of March 2025. All suppliers and customers are local unless otherwise stated.**

**Required:**

**Choose the option that reflects the correct entry in the books of first entry.**

22. Owners made an additional capital contribution of N\$575,000. This amount was deposited in the bank account.

a. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
1	Capital	75000			Capital	500,000	575,000

b. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
1	Capital				Capital	575,000	575,000

c. Cash Payment Journal

Date	Details	VAT	Purchases	Creditors	Sundries Name	Sundries N\$	Bank
1	Capital	75,000			T&M	500,000	575,000

d. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
1	Capital				T&M	575,000	575,000

e. None of the above is correct

**23. T&M sells products to local customers for N46,000. The entire amount was deposited in the bank account.**

a. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
2	Sales	6,000	40,000		Sales		40,000

b. Sales Journal

Date	Customer	Sales	VAT	Total
2	Customers	40,000	6,000	46,000

c. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
2	Sales	6,000	46,000				52,000

d. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
2	Sales	6,000	40,000				46,000

e. None of the above is correct

**24. T&M purchased electronic parts from Putin CC and received a credit invoice for N\$34,500**

a. Purchases Journal

Date	Creditor	Total	Purchases	VAT	Other Account	Other N\$
3	Putin CC	34,500	30,000	4,500		

b. Purchases Journal

Date	Creditor	Total	Purchases	VAT	Other Account	Other N\$
3	Putin CC	34,500	34,500			

c. Cash Payment Journal

Date	Details	VAT	Purchases	Creditors	Sundries Name	Sundries N\$	Bank
3	Putin CC	4,500	30,000				34,500

d. Cash Payment Journal

Date	Details	VAT	Purchases	Creditors	Sundries Name	Sundries N\$	Bank
3	Purchases		34,500				34,500

e. None of the above

**25. Zelensky Electronics purchased electronic parts from T&M on credit. Invoice number A001 for N\$23,000 was issued.**

a. Sales Journal

Date	Customer	Sales	VAT	Total
4	Zelensky Electronics	23,000		23,000

b. Sales Journal

Date	Customer	Sales	VAT	Total
4	Zelensky Electronics	20,000	3,000	23,000

c. Purchases Journal

Date	Creditor	Total	Purchases	VAT	Other Account	Other N\$
4	Zelensky Electronics	23,000	20,000	3,000		

d. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
4	Zelensky Electronics	3,000	20,000				23,000

e. None of the above

**26. T&M sells products on credit to Cyril IT, an RSA retailer and issued invoice number A002 for N\$11,500. The goods were exported via road freight.**

a. Sales Journal

Date	Customer	Sales	VAT	Total
5	Cyril IT	10,000	1,500	11,500

b. Cash Receipt Journal

Date	Details	VAT	Sales	Debtors	Sundries Account	Sundries N\$	Bank
5	Cyril IT	1,500	10,000				11,500

c. Sales Journal

Date	Customer	Sales	VAT	Total
5	Cyril IT	11,500		11,500

d. Cash Payment Journal

Date	Details	VAT	Purchases	Creditors	Sundries Name	Sundries N\$	Bank
5	Cyril IT				Sales	11,500	11,500

e. None of the above

**General ledger application (9 Marks)**

This information relates to Questions 27,28 and 29. You are given the following totals of the books of first entry for HAZE CC. In addition, the following accounts had opening balances as of 1<sup>st</sup> April 2025.

Positive bank balance	N\$39,000	Customers	N\$9,000
Suppliers	N\$3,900	Value Added Tax	N\$5,000 debit

**Purchase Journal**

Suppliers	N\$27,000	Stationery	N\$1,739.14
Purchases	N\$21,869.57	Value Added Tax	N\$3,391.29

**Sales Journal**

Customers	N\$32,000	Value Added Tax	N\$4,173.91
Sales	N\$27,826.09		

**Cash Receipt Journal**

Customers	N\$17,000	Value Added Tax	N\$1,565.22
Sales	N\$10,434.78	Bank	N\$29,000

**Cash Payment Journal**

Bank	N\$40,350	Value Added Tax	N\$1,350
Suppliers	N\$20,000	Purchases	N\$5,000
Rent Paid	N\$4,000	Salaries and Wages	N\$10,000

**27. You are required to use the information provided and show the VAT account for April 2025 (5 marks)**

Option a: Value-Added Tax

1April	Balance	c/o	5,000.00	30 April	Customers	SJ1	4,173.91
30	Suppliers	PJ1	3,391.29		Bank	CRJ1	1,565.22
	Bank	CPJ1	1350.00		Balance	b/d	4,002.16
			<b>9,741.29</b>				<b>9,741.29</b>

Option b: Value-Added Tax

1April	Balance	c/o	5,000.00	30 April	Bank	CPJ1	1,350.00
30	Customers	SJ1	4,173.91		Suppliers	PJ1	3,391.29
	Bank	CRJ1	1,565.22		Balance	b/d	5,997.84
			<b>10,739.13</b>				<b>10,739.13</b>

Option c: Value-Added Tax

30 April	Suppliers	PJ1	3,391.29	1 April	Balance	b/d	5,000.00
	Bank	CPJ1	1,350.00	30 April	Customers	SJ1	4,173.91
	Balance	b/d	5,997.84		Bank	CRJ1	1,565.22
			<b>10,739.13</b>				<b>10,739.13</b>

Option d: Value-Added Tax

1 April	Balance	c/o	5,000.00	30 April	Suppliers	SJ1	4,173.91
30	Customers	PJ1	3,391.29		Bank	CRJ1	1,350.00
	Bank	CPJ1	1,565.22		Balance	b/d	4,002.16
			<b>9,741.29</b>				<b>9,741.29</b>

Option e: None of the above

**28. You are required to use the information provided and show the "Bank" account for the month, indicating the closing balance as of the end of April 2025 (4 marks)**

Option a Bank

30 April	Total receipts	CRJ1	29,000.00	1 April	Balance	c/o	39,000.00
	Balance	b/d	37,650.00	30	Total payments	b/d	27,650.00
			<b>66,650.00</b>				<b>66,650.00</b>

Option b Bank

30 April	Balance	c/o	39,000.00	1 April	Total payments	CPJ1	40,350.00
	Total receipts	b/d	29,000.00	30	Balance	b/d	27,650.00
			<b>68,000.00</b>				<b>68,000.00</b>

Option c Bank

30 April	Total payments	CPJ1	40,350.00	30 April	Total receipts	CRJ1	29,000.00
					Balance	b/d	11,350.00
			<b>40,350.00</b>				<b>40,350.00</b>

Option d Bank

1 April	Balance	c/o	39,000.00	30 April	Total payments	CPJ1	40,350.00
	Total receipts	b/d	29,000.00		Balance	b/d	27,650.00
			<b>68,000.00</b>				<b>68,000.00</b>

Option e: None of the above.

**29. You are required to use the information provided and show the Sales account for April 2025 (3 marks)**

Option a

Sales

30 April	Profit/Loss Account		38,260.87	30 April	Debtors	SJ1	27,826.09
					Bank	CRJ1	10,434.78
			<b>38,260.87</b>				<b>38,260.87</b>

Option b

Sales

30 April	Balance c/d		38,260.87	30 April	Credit Sales	SJ1	27,826.09
					Cash Sales	CRJ1	10,434.78
			<b>38,260.87</b>				<b>38,260.87</b>

Option c

Sales

30 April	Profit/Loss Account		38,260.87	30 April	Sales	SJ1	27,826.09
					Bank	CRJ1	10,434.78
			<b>38,260.87</b>				<b>38,260.87</b>

Option d

Sales

1 April	Balance c/d		38,260.87	1 April	Debtors	SJ1	27,826.09
					Bank	CRJ1	10,434.78
			<b>38,260.87</b>				<b>38,260.87</b>

Option e: None of the above

**Trial Balance (5 Marks)**

**30. A trial balance prepared after taking into account the effect of adjusting entries is known as:**

- Financial trial balance
- Adjusted trial balance
- Post-adjusted trial balance
- Normal trial balance
- None of the above

**31. What records or books are used when preparing a trial balance**

- Specialised Journals
- Balance Sheet
- Ledger Accounts
- General Journal
- None of the above

**32. Which of the following errors in the journal entry will not be detected by trial balance:**

- The debit entry is overstated, but the credit entry is correctly recorded
- The debit entry is correctly recorded, but the credit entry is overstated
- The same amount overstates both the debit and credit entries
- The debit entry is correctly recorded, but the credit entry is understated
- None of the above

**33. Which of the following is placed in the debit column of the trial balance**

- Capital
- Accounts payable
- Salaries and wages
- Loans
- None of the above

34. Which of the following is placed in the credit column of the trial balance
- a. Purchases
  - b. Rent expense
  - c. Furniture
  - d. Sales
  - e. None of the above

**Bank reconciliation (5 marks)**

*The following questions assume that the bank reconciliation commences with the closing balance on the bank statement.*

35. On the bank statement, cash deposited is shown as a?
- a. Credit entry
  - b. Debit entry
  - c. Expense
  - d. Profit
  - e. None of the above is correct
36. A debit order for Paratus (wifi) for N\$450 appears on the bank statement but not in the cash book. This transaction will be recorded on the:
- a. Debit side of the bank account
  - b. Credit side of the bank account
  - c. Credit column of the bank reconciliation
  - d. Debit column of the bank reconciliation
  - e. None of the above is correct
37. The bank deducted N\$150 from the bank statement. This deduction was an error and should be deducted from another bank client. The error will be corrected as follows:
- a. N\$150 will be recorded on the debit side of the bank account
  - b. N\$150 will be recorded on the credit side of the bank account
  - c. N\$150 will be recorded in the debit column of the bank reconciliation
  - d. N\$150 will be recorded in the credit column of the bank reconciliation
  - e. None of the above is correct
38. The debit side of the bank statement relates to:
- a. Deposits
  - b. Payments
  - c. Opening balances
  - d. Errors made by the bank
  - e. None of the above is correct
39. Interest received on an investment that appears on the bank statement will be entered as follows:
- a. Debit the bank account
  - b. Credit the bank account
  - c. On the debit column of the bank reconciliation
  - d. On the credit column of the bank reconciliation
  - e. None of the above
40. Which of the following statements is incorrect?
- a. A credit balance in the bank statement indicates more deposits than withdrawals.
  - b. Bank charges increase a debit balance on the bank statement
  - c. A bank reconciliation is not part of the bank statement
  - d. The business prepares a bank statement
  - e. None of the above

### Year-end adjustments (30 Marks)

You are provided with a list of balances for HAZE CC as on 30 April 2025.

Capital	406,800
Drawings	80,000
Land and Buildings at cost	440,000
Motor Vehicles at cost	180,000
Accumulated depreciation: Motor Vehicles	36,000
Inventory (1/5/2024)	100,000
Customers	90,000
Suppliers	80,000
Positive Bank Balance	50,000
18% Mortgage bond on the land and buildings	240,000
Sales	712,400
Interest paid on mortgage	21,600
Purchases	420,000
Salaries and Wages	180,000
Telephone	2,560
Insurance	9,000
Stationery	1,440
Advertising	9,800
Rent Received	66,000

Notes:

- A further debt of N\$1,000 has to be written off.
- The interest on the bond has not fully been accounted for. The bond was registered in 2019.
- The rent was only received for 11 months.
- The telephone account of N\$1,200 is still outstanding
- Depreciation on motor vehicles is charged using the straight line method for over 5 years. No residual value is applicable.
- Inventory as per the inventory count on year-end is presented as N\$80,000.

**41. The cost of Sales will be calculated as (3 marks)**

- N\$440,000
- N\$520,000
- N\$420,000
- N\$96,200
- None of the above is correct

**42. The interest payable on the bond will have the following effect on the financial statements (2 marks)**

- Total expense is N\$21,600, and an accrued expense of N\$57,600 is raised
- Total expense is N\$43,200, and an accrued expense of N\$21,600 is raised
- Total expense is N\$79,200.
- Total expense is N\$43,200, and an accrued income of N\$21,600 is raised
- None of the above is correct

- 43. The adjustment relating to the telephone expense will have the following effect on the financial statements (2 marks)**
- a. The total expense is N\$2,560, and an accrued expense of N\$1,200 is raised
  - b. The total expense is N\$3,760, and a prepaid expense of N\$1,200 is raised
  - c. Total expense is N\$2,560
  - d. Total expense is N\$3,760, and an accrued expense of N\$1,200 is raised
  - e. None of the above is correct.
- 44. The adjustment relating to rent received will have the following effect on the financial statements (2 marks)**
- a. The total income is N\$72,000, and an accrued income of N\$6,000 will be raised
  - b. Total income is N\$66,000
  - c. Total income is N\$72,000, and an income received in advance of N\$6,000 will be raised
  - d. Total income is N\$60,000
  - e. None of the above is correct.
- 45. The following statement is correct regarding the motor vehicles as at the end of the book year (3 marks)**
- a. The depreciation charge on motor vehicles for 2025 is N\$36,000, the accumulated depreciation as on 30 April 2025 is N\$72,000, and the net book value is N\$108,000
  - b. The depreciation charge on motor vehicles for 2025 is N\$9,000, the accumulated depreciation as on 30 April 2025 is N\$27,000, and the net book value is N\$63,000
  - c. The depreciation charge on motor vehicles for 2024 was N\$36,000, the accumulated depreciation as on 30 April 2025 is N\$36,000, and the net book value is N\$72,000
  - d. The depreciation charge on motor vehicles for 2024 was N\$14,000, the accumulated depreciation is N\$14,000, and the net book value is N\$54,000
  - e. None of the above
- 46. According to the information provided, the motor vehicle was purchased in the ..... financial year**
- a. 2022
  - b. 2023
  - c. 2024
  - d. 2025
  - e. None of the above
- 47. The current assets section will be shown as follows (4 marks)**
- a. N\$225,000
  - b. N\$110,000
  - c. N\$169,000
  - d. N\$220,000
  - e. None of the above
- 48. The current liabilities will be shown as follows (3 marks)**
- a. N81,200
  - b. N\$80000
  - c. N\$102,800
  - d. N\$43,200
  - e. None of the above

49. How much is the gross income if a cost of sales of N\$430,000 is assumed (3)
- N\$354,400
  - N\$348,400
  - N\$288,400
  - N\$282,400
  - None of the above
50. Which one of the options below, showing different accounts, will appear in the Statement of Financial Position?
- Bank, Cash, Motor Vehicles, Accrued Expenses
  - Suppliers, Debtors, Sales
  - Inventory, Bonds, Interest paid on bonds
  - Inventory, Purchases, Suppliers
  - None of the above options is correct
51. Which one of the options below, showing different accounts, will appear in the Statement of Profit or Loss?
- Bank, Cash, Motor Vehicles, Sales
  - Inventory, Interest paid on bonds, Investments
  - Sales, Purchases, Rent received
  - Sales, Purchases, Investments
  - None of the above options is correct
52. Accrued expenses will have the following effect on the financial statements (2 marks)
- Increase the expense in the Statement of Profit or Loss and increase liabilities
  - Increase the expense in the Statement of Profit or Loss and decrease liabilities
  - Decrease the expense in the Statement of Profit or Loss and increase assets.
  - Decrease the expense in the Statement of Profit or Loss and increase liabilities
  - None of the above
53. Accrued income will have the following effect on the financial statements (2 marks)
- Increase the income in the Statement of Profit or Loss and increase liabilities.
  - Increase the income in the Statement of Profit or Loss, and increase assets
  - Decrease the income in the Statement of Profit or Loss and increase assets
  - Decrease the income in the Statement of Profit or Loss and increase liabilities.
  - None of the above
54. Which one of the following options illustrates the accounting cycle?
- Transaction, Source Documents, General ledgers, Books of First Entry, Trial Balance, Financial Statements
  - Source Documents, Books of First Entry, Transactions, General Ledgers, Trial Balance, Financial Statements
  - Transaction, Source Documents, Books of First Entry, General ledgers, Trial Balance, Financial Statements
  - Transaction, Source Documents, General ledgers, Books of First Entry, Trial Balance, Financial Statements
  - None of the above

**End of the examination paper**