



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

COURSE CODE: BAC1100S	COURSE NAME: BUSINESS ACCOUNTING 1A
SESSION: OCTOBER/NOVEMBER 2025	PAPER: THEORY AND CALCULATIONS
DURATION: 2 HOURS	MARKS: 80
FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER	MRS B. PETRUS
MODERATOR:	MRS Y. VAN WYK
INSTRUCTIONS	
<ol style="list-style-type: none">1. Answer ALL the questions on the answer sheet2. Read all the questions carefully before answering.3. The paper consists of 55 questions.4. The use of a non-programmable calculator is allowed.5. All questions count for one mark unless otherwise indicated6. There is only one correct option, the shading of more than one option will be marked as incorrect7. Make sure to shade your student number correctly	

THIS QUESTION PAPER CONSISTS OF 15 PAGES (Including this front page)

Section A: Accounting Theory and Equation (11 Marks)

1. External users of financial accounting information include all of the following except?
 - a. Lenders such as bankers
 - b. Governmental agencies such as NamRA
 - c. Employees of a business
 - d. Potential investors

2. Financial accounting information....
 - a. Should be incomplete to confuse competitors
 - b. Should be prepared differently by each company
 - c. Provides investors with guarantees about the future
 - d. Summarises what has already occurred

3. The Branches of Accounting include:
 - a. Auditing, Taxation, Financial accounting, Management accounting
 - b. Profit and Loss Statement, Statement of financial position, cash flow statement and Equity Statement
 - c. Sole proprietorship, Partnership, Close Corporation, Public Company.
 - d. Investors, Creditors, Customers and Owners (Shareholders).

4. Which of the following is *not* an example of a retailer?
 - a. Electronics store
 - b. Grocery store
 - c. Car dealership
 - d. Computer manufacturer

5. Which of the following is a fundamental characteristic of financial statements
 - a. Relevance
 - b. Comparability
 - c. Timeliness
 - d. Verifiability

6. 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

7. The Business Entity Concept states that:

- a. When goods are sold on credit, the amount on the invoice is recorded in the books as income for that day, even though payment has not been received yet.
- b. The business factory has a market value of N\$700,000, yet the accountant still lists it in the books as N\$150,000, the price it was bought for twenty years ago.
- c. In their storeroom, Nam Fudge Manufacturers have 40,000 plastic fudge containers that have been specifically moulded as packaging for their fudge. These containers are valued at N\$12 000 in their books.
- d. Although the owner pays her personal Telkom Telephone account with a Business EFT (cheque), she does not record this amount as a business expense.

8. The Prudence concepts

- a. Provides that all significant information must be included in the financial statements, while items which are not significant need not be shown separately in the financial statement.
- b. Provides that income and expenses are recognised and recorded in the correct time period.
- c. Provides that accountants should be conservative in the preparation of financial statements and should take care not to overstate assets or income and not to understate liabilities and expenses.
- d. Is it a collection of rules, procedures, and guidelines for accountants to follow when recording and reporting financial information?

9. A sole trader increased the business's number of motor vehicles by adding his own car to the fleet. Which elements of the accounting equation will change due to this transaction?

- a. Assets only
- b. Capital only
- c. Assets and capital
- d. Assets and liabilities

10. Which of the following accounts will be affected by a transaction where the company receives cash from a debtor?

- a. Owner's equity and cash
- b. Owner's equity and debtors
- c. Debtors and cash
- d. None of the above

11. What is the effect of purchasing machinery for cash on the accounting equation?

- a. Increases total assets
- b. Decreases total assets
- c. Keeps total assets unchanged
- d. Increases assets and liabilities

Section B: Source Documents and Journals (12 marks)

12. The document issued with a sale is _____ (1 mark)

- a. Recorded by the seller as a purchase invoice
- b. Recorded by the seller as a return
- c. Recorded by the seller as a sales invoice
- d. Not recorded by the seller

13. The following source document is issued/received when the wholesaler delivers goods to the business. Choose the correct option. (1 mark)

- a. Wholesaler issued a goods received note
- b. The business issued an invoice
- c. The wholesaler issued a cash receipt
- d. The business issued a goods received note

14. Who retains a duplicate invoice? (1 mark)

- a. The business issuing the document
- b. The business receiving the document
- c. Usually, both businesses involved in the transaction
- d. No option mentioned is correct

15. The Sales Journal is also known as the? (1 mark)

- a. Debtors Ledger
- b. Return Inward Book
- c. Sales Day Book
- d. General Journal

16. A debit note could be used for what purpose? (1 mark)

- a. A supplementary invoice
- b. Proof that a sale took place
- c. Evidence that a purchase took place
- d. A document to reduce the amount owed to the purchaser

17. A business bought a newspaper from the petty cash box. Which accounting source document was received by the business? (1 mark)

- a. Sales order
- b. Receipt
- c. Invoice
- d. Remittance advice

18. A customer returns goods to your business. Which source document is issued, and in which journal do you record the transaction? (2 marks)

- a. Credit note recorded in the sales return journal
- b. Debit note recorded in the return inward journal
- c. The invoice recorded in the sales return journal
- d. Cash receipt recorded in the cash book

19. John's Bakery purchased ingredients on credit from Crown Ltd. Choose the correct statement: (1 mark)

- a. John's Bakery will receive the original invoice from Crown Ltd.
- b. Crown Ltd will issue an invoice and keep the original copy.
- c. Crown Ltd will issue a cash receipt and keep the duplicate
- d. None of the options is correct

20. Mary, the office administrator, took cash to buy coffee and sugar for the employees. Which one of the following statements is correct (2 marks)

- a. Mary issues a petty cash voucher and enters the transaction the cashbook
- b. Mary issues a petty cash voucher and enters the transaction in the petty cash journal
- c. Mary received a cash receipt and entered the transaction in the cashbook.
- d. Mary will not record the transaction, as it does not relate to the business.

Section C: Trial Balance (7 marks)

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

- a. The debit entry is overstated, but the credit entry is correctly recorded
- b. The debit entry is correctly recorded, but the credit entry is overstated
- c. The exact amount overstates both the debit and credit entries
- d. The debit entry is correctly recorded, but the credit entry is understated

22. Due to the following reasons, there can be a difference between the cashbook and bank statement:

- a. Time differences
- b. Transactions
- c. Errors
- d. All of the above

23. Which of the following is the correct sequence of the accounting cycle:

- a. Journal > Trial balance > Ledger > Transaction
- b. Transaction > Journal > Ledger > Trial Balance
- c. Purchases > Journal > Ledger > Trial Balance
- d. None of the above

24. Which of the following is placed in the credit column of the trial balance:
- Sales
 - Purchases
 - Rent Paid
 - Furniture
25. Which of the following is placed in the debit column of the trial balance:
- Sales
 - Accrued expenses
 - Allowance for credit losses
 - Credit losses
26. What could be the possible description of a trial balance among the following?
- Shows the entries in the balance sheet
 - Shows the totals/balances of all accounts
 - It is a special system
 - Shows the financial position of a company
27. Which of the following is not a balance sheet account?
- Furniture at cost
 - Accumulated depreciation: Furniture
 - Depreciation
 - Land and Buildings at cost

Section D: Bank Reconciliation (5 marks)

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

28. Which of the following statements is incorrect?
- A credit balance in the bank statement indicates that there are more deposits than withdrawals.
 - Bank charges increase a debit balance on the bank statement
 - A bank reconciliation is not part of the bank statement
 - The business prepares a bank statement
29. A payment made for stationery was incorrectly entered in the bank account as N\$250, instead of N\$520. The error will be corrected as follows:
- N\$270 will be recorded on the debit side of the bank account
 - N\$270 will be recorded on the credit side of the bank account
 - N\$270 will be recorded on the debit column of the bank reconciliation
 - N\$270 will be recorded on the credit column of the bank reconciliation

- 30. Bank Charges on the bank statement should be recorded as follows:**
- Debit the bank account
 - Credit the bank account
 - On the debit column of the bank reconciliation
 - On the credit column of the bank reconciliation
- 31. A deposit that appears in the cashbook, but is still not on the bank statement, will be recorded as follows:**
- Debit the bank account
 - Credit the bank account
 - On the debit column of the bank reconciliation
 - On the credit column of the bank reconciliation
- 32. A payment received from a debtor appears on the bank statement but not in the cashbook. The following entry should be made:**
- Debit the bank account
 - Credit the bank account
 - On the debit column of the bank reconciliation
 - On the credit column of the bank reconciliation

Section F: The effect of VAT on the accounting records (12 marks)

- 33. Which one of the following statements does not relate to input VAT?**
- Input VAT is the tax paid on services and goods received.
 - Input VAT is an asset, as the vendor can claim the amount from NamRA
 - Input VAT is levied on sales.
 - Input VAT will be shown on the debit side of the general ledger account.
- 34. Value Added Tax on the purchase of stationery will have the following effect:**
- Give rise to an asset
 - Give rise to a liability
 - Recorded as an expense
 - Recorded as income
- 35. Value Added Tax on sales will have the following effect:**
- Give rise to an asset
 - Give rise to a liability
 - Recorded as an expense
 - Recorded as income

- 36. Value Added is not accounted for in which one of the following:**
- a. Sales to farmers
 - b. Purchases from wholesalers
 - c. Salaries and wages
 - d. Motor vehicle oil
- 37. Assuming VAT is inclusive, then VAT on an amount of N\$90,000 will be calculated as (2 marks)**
- a. $N\$90,000 \times 15\%$
 - b. $N\$90,000 \times 15/115$
 - c. $N\$90,000 \times 115/15$
 - d. None of the above is correct
- 38. Assuming the business sells goods for N\$8,050 and purchases for N\$3,450. Calculate the VAT net effect. VAT is inclusive in this scenario (2 marks)**
- a. N\$600 liability
 - b. N\$600 income
 - c. N\$690 liability
 - d. N\$690 income
- 39. Assuming the business sells goods for N\$9,000 and purchases for N\$4,000. Calculate the VAT net effect. VAT is exclusive in this scenario (2 marks)**
- a. N\$750 expense
 - b. N\$750 liability
 - c. N\$522 asset
 - d. N\$522 expense
- 40. VAT on N\$10,000 interest paid to the bank will be calculated as**
- a. $N\$10,000 \times 15\%$
 - b. $N\$10,000 \times 15/115$
 - c. $N\$10,000 \times 100/115$
 - d. None of the above
- 41. The VAT percentage on Mahangu is?**
- a. 10%
 - b. 12%
 - c. 15%
 - d. 0%

Section G: Year-end adjustments and Financial Statements (23 Marks)

List of balances before any year-end adjustments for Natalie Enterprises

28 February 2025

Capital	194,000
Drawings	70,000
Motor Vehicles	400,000
Accumulated Depreciation: Motor Vehicles	80,000
Inventory (1 March 2024)	150,000
Accounts Payable	20,000
Accounts Receivable	100,000
12% Loan: Bank Windhoek	100,000
Bank	55,000
Cash	2,000
Sales	903,000
Purchases	366,000
Salaries and wages	100,000
Purchases Returns	6,000
Telephone	10,000
Interest Paid on Loan	8,000
Rent Income (Store room)	33,000
Credit Losses	5,000
Administrative expenses	70,000

Notes:

- The stock count at the end of the year shows inventory of N\$60,000

- The loan at bank Windhoek was entered into 3 years ago.
- The rent for the store room was only received for 11 months.
- The salaries and wages have been prepaid by N\$15,000. This transaction relates to the office administrator who went on leave and received a portion of the March 2025 salary.
- Motor vehicle depreciation is charged over 5 years, and a residual value of N\$50,000 is provided for. The motor vehicle was bought in 2023.

Questions 42-51 relate to the above information.

42. Depreciation on motor vehicles will have the following effect: (2 marks):

- Depreciation of N\$80,000, and a net book value of N\$320,000
- Depreciation of N\$140,000, and a net book value of N\$200,000
- Depreciation of N\$70,000, and a net book value of N\$250,000
- Depreciation of N\$80,000 and a net book value of N\$320,000
- None of the above

43. The depreciable amount is presented as:

- Cost price less residual value
- Cost price less accumulated depreciation
- Cost price less net Book Value
- Market value
- None of the above

44. Net Book Value is calculated as:

- Cost price less depreciation
- Cost price less accumulated depreciation
- Depreciable amount less residual value
- Cost price less residual value
- None of the above

45. The prepaid salaries and wages will have the following effect on the financial statement (2 marks)

- A total expense of N\$115,000 and an asset of N\$5,000
- A total expense of N\$85,000 and an asset of N\$15,000
- A total expense of N\$100,000 and a liability of N\$5,000
- A total income of N\$85,000 and an asset of N\$15,000
- None of the above

46. The cost of sales can be calculated as: (4 marks)

- N\$450,000
- N\$456,000
- N\$366,000

- d. N\$516,000
- e. None of the above

47. The total outstanding debtors at the end of the book year are:

- a. N\$95,000
- b. N\$100,000
- c. N\$105,000
- d. N\$50,000
- e. None of the above

48. The accountant will do the following journal entry to account for rent income (2 marks):

- a. Debit rent income, N\$3,000 and credit accrued Expense, N\$3,000
- b. Debit rent income, N\$3,000 and credit accrued income, N\$3,000
- c. Debit accrued income, N\$3,000 and credit Rent Income, N\$3,000
- d. Debit accrued expenses, N\$3,000 and credit Rent Income, N\$3,000
- e. None of the above

49. The interest on the bank loan will result in the following transaction (2 marks):

- a. Total expense of N\$12,000 and a liability of N\$12,000
- b. Total expense of N\$12,000 and a liability of N\$4,000
- c. Total expense of N\$8,000 and an asset of N\$4,000
- d. Total expense of N\$8,000 and a liability of N\$4,000
- e. None of the above

50. The total current liabilities will be (2 marks):

- a. N\$20,000
- b. N\$120,000
- c. N\$24,000
- d. N\$122,000
- e. None of the above

The following format represents the Statement of Financial Position. You are required to fill in the correct terminology at the different placeholders (A - F)

Assets
<u>Non – Current Assets</u>
A
B
= Furniture Net Book value

<u>Current Assets</u>
C
Less: Allowance for credit losses
Bank
Total Assets
D
Owners' Equity
Capital
Plus E
Less drawings
Liabilities
<u>Non-Current Liabilities</u>
Long term Loan
F
Suppliers

51. The placeholders A, B and C represent the following (3 marks)

- A = Furniture and Fittings, B = Accumulated depreciation: Furniture, C = Credit Losses
- A = Furniture at cost, B = Accumulated depreciation: Furniture, C = Customers
- A = Furniture at cost, B = Accumulated depreciation: Furniture and Fittings, C = Suppliers
- A = Furniture and Fittings at cost, B = Accumulated depreciation: Furniture, C = Customers
- None of the above options is correct.

52. The placeholders D, E and F represent the following (3 marks)

- D = Owners' equity and Liabilities, E = Net Profit, F = Current Liabilities
- D = Owners' equity, E = Net Profit, F = Current Liabilities
- D = Liabilities, E = Net Profit, F = Current Assets
- D = Owners' equity and Liability, E = Net Loss, F = Current Liability

Section H: The General Ledger (10 Marks)

53. The salaries and wages account is shown below. Carefully consider the year-end closing of the account and choose the correct option. You can assume that the amounts posted from the journals are correct (2 marks)

Option a

Salaries and wages

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CB1	50,000	31/3	Profit/Loss	GL	50,000

Option b

Salaries and wages

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CB1	50,000	31/3	Balance b/d	GL	50,000

Option c

Salaries and wages

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Balance b/d		50,000	31/3	Bank	CB	50,000

Option d

Salaries and wages

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Profit/loss	GL	50,000	31/3	Bank	CB	50,000

54. A Debtor's account is shown below. Which of the following options are correct? You can assume that the amounts posted from the journals are correct (4 marks)

Option a

Debtors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Sales	SJ1	50,000	31/3	Sales Returns	SRJ1	10,000
	Balance b/d		10,000		Bank	CB	30,000
			50,000				50,000
				1/4	Balance c/o		10,000

Option b

Debtors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Sales Returns	SRJ1	10,000	31/3	Sales	SJ1	50,000
	Balance b/d		70,000		Bank	CB	30,000
			80,000				80,000
				1/4	Balance c/o		70,000

Option c

Debtors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Sales	SJ1	50,000	31/3	Sales Returns	SRJ1	10,000
					Bank	CB	30,000
					Balance b/d		10,000
			50,000				50,000
				1/4	Balance c/o		10,000

Option d

Debtors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Sales	SJ1	50,000	31/3	Sales Returns	SRJ1	10,000
					Bank	CB	30,000
					Balance b/d		10,000
			50,000				50,000
1/4	Balance c/o		10,000				

The following information relates to the cashbook: Favourable balance on 1st May 2023 – N\$9000, Total payments – N\$15,000 and Total receipts – N\$20,000.

55. The bank account will be presented as (4 marks):

Option a

Bank

	Details	Fol	Amount	Date	Details	Fol	Amount
1/5	Balance	b/d	9,000	31/5	Total payments	CB1	15,000
31/5	Total receipts	CB1	20,000		Balance c/d		35,000
			50,000				50,000
1/6	Balance c/o		35,000				

Option b

Bank

	Details	Fol	Amount	Date	Details	Fol	Amount
1/5	Balance	b/d	9,000	31/5	Total receipts	CB1	20,000
31/5	Total payments	CB1	15,000		Balance c/d		4,000
			24,000				24,000
1/6	Balance c/o		4,000				

Option c

Bank

	Details	Fol	Amount	Date	Details	Fol	Amount
31/5	Total payments	CB1	15,000	1/5	Balance	b/d	9,000

	Balance	b/f	14,000		Total receipts	CB1	20,000
			29,000				29,000
				1/6	Balance	b/d	14,000

Option d

Bank

	Details	Fol	Amount	Date	Details	Fol	Amount
1/5	Balance	b/d	9,000	31/5	Total receipts	CB1	20,000
31/5	Total payments	CB1	15,000		Profit and Loss		4,000
			24,000				24,000

END OF THE EXAMINATION PAPER

Student Name

Student Number

Mode of study/centre

- 1 (A) (B) (C) (D) (E) 23 (A) (B) (C) (D) (E) 45 (A) (B) (C) (D) (E)
- 2 (A) (B) (C) (D) (E) 24 (A) (B) (C) (D) (E) 46 (A) (B) (C) (D) (E)
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- 7 (A) (B) (C) (D) (E) 29 (A) (B) (C) (D) (E) 51 (A) (B) (C) (D) (E)
- 8 (A) (B) (C) (D) (E) 30 (A) (B) (C) (D) (E) 52 (A) (B) (C) (D) (E)
- 9 (A) (B) (C) (D) (E) 31 (A) (B) (C) (D) (E) 53 (A) (B) (C) (D) (E)
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- 13 (A) (B) (C) (D) (E) 35 (A) (B) (C) (D) (E)
- 14 (A) (B) (C) (D) (E) 36 (A) (B) (C) (D) (E)
- 15 (A) (B) (C) (D) (E) 37 (A) (B) (C) (D) (E)
- 16 (A) (B) (C) (D) (E) 38 (A) (B) (C) (D) (E)
- 17 (A) (B) (C) (D) (E) 39 (A) (B) (C) (D) (E)
- 18 (A) (B) (C) (D) (E) 40 (A) (B) (C) (D) (E)
- 19 (A) (B) (C) (D) (E) 41 (A) (B) (C) (D) (E)
- 20 (A) (B) (C) (D) (E) 42 (A) (B) (C) (D) (E)
- 21 (A) (B) (C) (D) (E) 43 (A) (B) (C) (D) (E)
- 22 (A) (B) (C) (D) (E) 44 (A) (B) (C) (D) (E)

Student Nr

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1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9