



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**CENTRE FOR ENTREPRENEURIAL DEVELOPMENT**

**COMMERCIAL ADVANCED TRAINING SCHEME (CATS)**

<b>COURSE CODE:</b> BAC611S	<b>COURSE NAME:</b> PRACTICAL ACCOUNTING 2A
<b>SESSION:</b> NOVEMBER 2018	<b>PAPER:</b> THEORY
<b>DURATION:</b> 2 HOURS	<b>MARKS:</b> 80

<b>1<sup>ST</sup> OPPORTUNITY EXAMINATION</b>	
<b>EXAMINER(S)</b>	Z. MARITZ
<b>MODERATOR:</b>	W. GERTZE

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

**PERMISSIBLE MATERIALS**

1. Non programmable calculator

**THIS PAPER CONSISTS OF 4 PAGES (including this front page)**



**PAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE**

<b>QUALIFICATION: BACHELOR OF ECONOMICS</b>	
<b>QUALIFICATION CODE: 07BECO</b>	<b>LEVEL: 6</b>
<b>COURSE CODE: BAC211S</b>	<b>COURSE NAME: BUSINESS ACCOUNTING 2A</b>
<b>SESSION: NOVEMBER 2018</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 80</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	Mrs. Z. Maritz
<b>MODERATOR:</b>	Mrs. WP. Gertze

<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. Answer ALL the questions and in blue or black ink.</li><li>2. Start each question on a new page in your answer booklet.</li><li>3. 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 &amp; any assumption made by the candidate should be clearly stated.</li></ol>	

**QUESTION 1**

(10 Marks)

1. Explain what is meant by the following accounting concepts:
  - i. The historic concept principle
  - ii. Objectivity
  - iii. The going concern assumption
  
2. Identify the FOUR items that cause owner's equity to change.

**QUESTION 2**

(20 Marks)

The following trial balance was extracted from the books of BOB on 31 March 2018:

	<u>DR</u> N\$	<u>CR</u> N\$
Premises	50 000	
Motor vans	7 400	
Sundry receivables	1 680	
Sundry payables		2 385
Purchases	160 260	
Sales		190 755
Wages	12 000	
Drawings	1 600	
Capital		30 000
	<b>232 940</b>	<b>223 140</b>

As the trial balance totals did not agree, the difference was posted to a suspense account. The following errors were discovered:

- I. The sales day book has been added up incorrectly. One month's sales had been recorded as N\$8 600 instead N\$28 600.
- II. Payment by cheque of N\$26 800 was recorded in the debit of the bank account as N\$6 800.
- III. A withdrawal of N\$14 000 by the proprietor was debited to the wages account.
- IV. The returns inwards of N\$5 400 were recorded in the debit of the returns outwards account for N\$14 400.
- V. The purchases account was under cast by N\$32 800.

**Required:**

Take the above information into account and show:

1. The journal entries to correct the errors. **(14 marks)**
2. Write up the suspense account showing the correction of the errors. **(6 marks)**

**QUESTION 3**

(20 Marks)

The balances on the personal ledger control account of Wana Ltd at 31st December 2017 were as follows:

Creditors	N\$ 56 900
Debtors	N\$ 97 550

The following transactions took place during 2018:

Total purchases	194 000
Total sales	251 000
Cash purchases	6 000
Cash sales	5 000
Returns inward	500
Returns outward	900
Cheque dishonoured from credit customer	1 000
Noting charges on dishonoured cheque from credit customer	50
Payments to creditors	110 000
Receipts from cash and credit sales	180 000
Receipts from bad debts recovered	2 000
Bad debts written off	5 500
Refunds of credit customers' overpayments	700
Refunds given to cash customers	330
Allowances to trade debtors on goods damaged	900
Interest charged to credit customers	200
Cash received in respect of debit balances in purchases ledger	600
Balance in the sales ledger set off against balance in the purchases ledger	2 500

**Required:**

- (a) Prepare the accounts receivable control account. **(13 marks)**  
(b) Prepare the accounts payable control account. **(7 marks)**



**QUESTION 4****(30 Marks)**

**Steward** and **Armstrong** are in partnership sharing profits and losses in the ratio: 3:2. The following trial balance was extracted as at 31 December 2017.

	Dr	Cr
	N\$	N\$
Office equipment at cost	14 550	
Motor vehicles	78 900	
Accumulated depreciation at 31 December 2016:		
Motor vehicles		32 000
Office equipment		4 200
Inventory at 31 December 2016	3 240	
Accounts receivable and Accounts payable	4 500	3 780
Cash at bank	2 450	
Returns outwards		350
Sales		138 480
Purchases	81 500	
General expenses	1 300	
Rates and Taxes	1 890	
Discounts allowed	1 020	
Insurance	565	
Carriage inwards	2 900	
Carriage outwards	3 190	
Discount received		2 390
Drawings: Steward	9 060	
Armstrong	6 040	
Interest received		250
Bad debts	370	
Provision for bad debts		185
Investment	32 000	
Returns inwards	170	
Wages	12 300	
Capital accounts: Steward		32 590
Armstrong		21 720
Current accounts: Steward		15 000
Armstrong		5 000
	<b>255 945</b>	<b>255 945</b>

*Continue to page 4*

*Additional information:*

- (i). Inventory 31 December 2017 N\$3 890
- (ii). Rates paid in advance N\$240 as at 31 December 2017
- (iii). Depreciate Motor vehicle at 20% of the reduced balance and office equipment 10% on straight line method, with no residual value.
- (iv). Interest on capital is charged at 10% per annum
- (v). Interest on drawings is charged at 5% of total drawings
- (vi). Adjust the provision for Bad Debts to 5% of Accounts receivable
- (vii). Insurance owing N\$120 as at 31 December 2017
- (viii). Partnership salary: Armstrong N\$250 per month

**Required:**

1. Prepare adjusting (adjustments) journals for all the above items

END OF PAPER