



PAMIBIA 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: JUNE / JULY 2025	PAPER: THEORY AND CALCULATIONS
DURATION: 2 HOURS	MARKS: 80
FIRST OPPORTUNITY EXAMINATION PAPER	
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	INSTRUCTIONS
	<ol style="list-style-type: none">1. Answer ALL the questions on the answer sheet2. Read all the questions carefully before answering.3. All questions count for one mark unless otherwise indicated4. The examination paper consists of 53 questions5. The use of a non-programmable calculator is allowed6. 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 14 PAGES (Including this front page)

Accounting Theory and Equation (14 Marks)

1. Trump is the Chief Financial Officer for World Trade (Pty) Ltd. Musk is the Chief Lending Officer at Bank Windhoek, where World Trade (Pty) Ltd has a large bank loan. Which statement is true for both Trump and Musk concerning the accounting information for World Trade (Pty)?
 - a. Both are external users
 - b. Trump is an internal user, and Musk is an external user
 - c. Both are internal users
 - d. Murray is an internal user and Djokovic is an external user
 - e. None of the above
2. Which of the following persons can be an owner of a close corporation?
 - a. Trump (Pty) Ltd
 - b. Trump and Musk CC
 - c. Black Diamonds Ltd
 - d. Barron Trump
 - e. None of the above
3. The definition of accounting includes the following aspects. Which one of the following options is incorrect?
 - a. Identify
 - b. Recording
 - c. Journalising
 - d. Measuring
 - e. None of the above
4. The concept “understandability” refers to:
 - a. Information should be understandable to all users, even though this may be a challenge, as financial information may be complex.
 - b. Most users should understand information based on the assumption that they are familiar with accounting.
 - c. Information should be understandable, as it is used for further planning.
 - d. Information should be understandable by the accounting staff of an entity.
 - e. None of the above options.
5. The Prudence concept means:
 - a. All significant information must be included in the financial statements, while items that 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 preparing financial statements and should take care not to overstate assets or income and not to understate liabilities and expenses.
 - d. Is a collection of rules, procedures and guidelines for accountants to follow when recording and reporting financial information
 - e. None of the above
6. The accounting equation can be presented as:
 - a. $\text{Assets} = \text{Liabilities} - \text{Owner's Equity}$
 - b. $\text{Liabilities} = \text{Assets} + \text{Owners' Equity}$
 - c. $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$
 - d. $\text{Owner's Equity} = \text{Assets} + \text{Liabilities}$
 - e. None of the above
7. Which of the following are the key responsibilities of an external auditor?
 - a. To ensure the company makes a profit
 - b. To oversee the day-to-day operations of a business
 - c. To verify the accounting records
 - d. To do the bookkeeping of the business
 - e. None of the above

8. **The owner's equity of a sole trader will change as a result of:**
- A credit customer is paying by cheque
 - Raw materials being purchased on credit
 - Non-current assets being purchased on credit
 - Petrol expenses incurred
 - None of the above
9. **A sole trader purchases furniture on credit. What is the effect on the accounting equation?**
- Assets and liabilities increase
 - Assets increase and equity decrease
 - Equity increases and liabilities decrease
 - Assets only increase
 - None of the above
10. **A business borrows N\$10,000 from the bank.**
- Assets and liabilities decrease
 - Assets increase and equity decrease
 - Equity increases and liabilities decrease
 - Assets and liabilities increase
 - None of the above
11. **A sole trader increased the business' number of motor vehicles by adding his own car to the fleet. Which elements of the accounting equation will change due to this transaction?**
- Assets only increase
 - Equity increases and liabilities decrease
 - Assets increase and equity increase
 - Assets decrease, and liabilities decrease
 - None of the above
12. **A sole trader borrows N\$10,000 from the bank. Which elements of the accounting equation will change due to this transaction?**
- Assets and equity increase
 - Assets increase, and liabilities increase
 - Assets only increase
 - Assets decrease, and liabilities increase
 - None of the above
13. **The purchase of machinery for cash has the following effect on the accounting equation?**
- Increases total assets
 - Decreases total assets
 - Keeps total assets unchanged
 - Increases assets and liabilities
 - None of the above
14. **The business paid Paratus for wifi used. How will this transaction influence the accounting equation?**
- Decrease in owners' equity and increase in assets
 - Decrease in liabilities and decrease in assets
 - Decrease in owners' equity and decrease in assets
 - Increase in liabilities and decrease in owners' equity
 - None of the above

Theory on source documents and journals (10 marks)

- 15. A credit sale is made to a customer, which accounting document is issued to the customer, and in what journal do you record the transaction (2 marks)**
- A duplicate invoice is given to the customer, and the transaction is entered in the cash payment journal.
 - A original invoice is given to the customer, and the transaction is entered in the cash receipt journal.
 - An original invoice is given to the customer, and the transaction is entered in the sales journal
 - Duplicate credit note is given to the customer and the transaction is entered in the cash receipt journal
 - None of the above
- 16. Goods are ordered from a supplier. What accounting document has been prepared?**
- Invoice
 - Sales order
 - Goods received note
 - Purchase order
 - None of the above
- 17. The following transaction took place. Which source document was issued, and in which journal was the transaction recorded? "Purchased goods from Mudge CC on credit" (2 marks)**
- Our business received the original invoice, and the transaction was entered in the purchases journal
 - Our business received the duplicate invoice, and the transaction was entered in the purchases journal
 - Our business received the original credit note, and the transaction was entered in the sales journal
 - Our business received the original invoice, and the transaction was entered in the cash payment journal
 - None of the above
- 18. The Sales Journal, is also known as the?**
- Debtors Ledger
 - Return Inward Book
 - Sales Day Book
 - General Journal
 - None of the above
- 19. The following source document is applicable when the wholesaler sells goods to our business. Choose the correct option.**
- The wholesaler issued a goods received note.
 - Our business issued an invoice.
 - Our business received the original invoice.
 - Our business issued goods received note.
 - None of the above
- 20. What is common about source documents?**
- The amount, transaction date, reference number, mode of delivery
 - Transaction date, amount, description of the transaction, the document number
 - The amount, the names of both businesses, a date, a description of the transaction
 - A transaction and delivery date, the amount, a description of the transaction, the document number
 - None of the above

21. The following transaction took place. Which source document was applicable, and in which journal was the transaction recorded? "Sold goods for cash" (2 marks)

- a. The purchaser received a duplicate cash receipt, and the transaction was entered into the sales journal.
- b. The purchaser received the original cash receipt, and the transaction was entered into the cash receipt journal.
- c. The seller retained a duplicate invoice, and the transaction was entered into the cash receipt journal
- d. The seller retained an original credit note, and the transaction was entered into the cash receipt journal
- e. None of the above

General Ledger (13 Marks)

22. The following totals were extracted from the sales journal of ABC Traders for March 2025. The business is registered for Value Added Tax.

- Debtors: N\$80,000
- Sales: N\$56,000
- VAT: N\$8,000

Choose the correct posting of the sales journal to the ledger accounts (3 marks)

Option a

Sales							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Debtors	SJ1	56,000

Debtors							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Sales & VAT	SJ1	80,000				

VAT							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Debtors	SJ1	8,000

Option b

Sales							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Debtors	SJ1	80,000

Debtors							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Sales	SJ1	56,000

VAT							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Debtors	SJ1	8,000				

Option c

Sales							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Debtors	SJ1	80,000

Debtors							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Sales & VAT	SJ1	64,000

VAT							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Sales	SJ1	56,000

Option d

Sales							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Debtors	SJ1	80,000				

Debtors							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Sales and VAT	SJ1	80,000				

VAT							
Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Sales	SJ1	8,000

Option e – None of the above is correct

23. The following totals were extracted from ABC Traders' March 2025 cash payment journal. The business is registered for Value Added Tax.

Creditors	50,000	Purchases	60,000
VAT	10,650	Bank	131,650
Rent paid	11,000		

Choose the correct posting of the sales journal to the ledger accounts (5 marks)

Option a

Purchases

Date	Details	Fol	Amount	Date	Details	Fol	Amount
1/3	Bank	CPJ1	60,000				

Creditors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
1/3	Bank	CPJ1	50,000				

VAT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	10,650				

Bank

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Total payments	CPJ1	131,650				

Rent Paid

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	11,000				

Option b

Purchases

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	60,000				

Creditors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	50,000				

VAT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	10,650				

Bank

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Total payments	CPJ1	131,650

Rent Paid

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	11,000				

Option c

Purchases

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Bank	CPJ1	60,000

Creditors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	50,000				

VAT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3				31/3	Bank	CPJ1	10,650

Bank

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				1/3	Total payments	CPJ1	131,650

Rent Paid

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	11,000				

Option d

Purchases

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	60,000				

Creditors

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Bank	CPJ1	50,000

VAT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Cash	CPJ1	10,650				

Bank

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				31/3	Total deposits	CPJ1	131,650

Rent Paid

Date	Details	Fol	Amount	Date	Details	Fol	Amount
31/3	Bank	CPJ1	11,000				

Option e – None of the above

24. 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

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

25. 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				

Option e. None of the above

Trial Balance (8 marks)

- 26. The essential purpose of preparing a trial balance is:**
- To calculate the equity
 - To show the financial position of the business
 - To show the profit of the business
 - To calculate the net purchases of the business
 - None of the above
- 27. Which of the following is correct about an agreed trial balance:**
- Both debit and credit aspects of each transaction have been recorded
 - The books are arithmetically correct
 - The debit and credit columns are correctly summed
 - All of the above
 - None of the above
- 28. 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
- 29. Which of the following is placed in the credit column of the trial balance**
- Purchases
 - Rent expense
 - Furniture
 - Sales
 - None of the above
- 30. 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
- 31. What records or books are used when preparing a trial balance**
- Specialised Journals
 - Ledger Accounts
 - Balance Sheet
 - General Journal
 - None of the above
- 32. When is a trial balance typically prepared?**
- At the end of an accounting period
 - At the end of a year
 - Frequently during the year
 - At the end of a month
 - None of the above
- 33. Which of the following is placed in the debit column of the trial balance**
- Capital
 - Loans
 - Creditors
 - Drawings
 - None of the above

Bank Reconciliation (7 marks)

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

34. On the bank statement, cash paid is shown as a?
- Credit entry
 - Expense
 - Profit
 - Debit entry
 - None of the above
35. In the cashbook, cash received is shown as a?
- Debit entry
 - Credit entry
 - Income
 - Expenses
 - None of the above
36. Interest received of N\$450 appears on the bank statement but not in the cash book. This transaction will be recorded on the:
- Credit side of the bank account
 - Debit side of the bank account
 - Credit column of the bank reconciliation
 - Debit column of the bank reconciliation
 - None of the above is correct
37. The bank deducted N\$100 from the bank statement. This deduction was an error and should be deducted from another bank client. The error will be corrected as follows:
- N\$100 will be recorded on the debit side of the bank account
 - N\$100 will be recorded on the credit side of the bank account
 - N\$100 will be recorded on the debit column of the bank reconciliation
 - N\$100 will be recorded on the credit column of the bank reconciliation
 - None of the above is correct
38. A payment of N\$4000 appears in the business's cashbook, but not on the bank statement. The following entry will be done:
- N\$4,000 will be recorded on the debit side of the bank account
 - N\$4,000 will be recorded on the credit side of the bank account
 - N\$4,000 will be recorded on the debit column of the bank reconciliation
 - N\$4,000 will be recorded on the credit column of the bank reconciliation
 - None of the above
39. Which of the following items on a bank reconciliation would require an adjusting entry on the company's cashbook?
- An error by the bank
 - Bank charges
 - Outstanding deposits
 - None of the above
 - All of the above
40. What is the Cash Book debit balance equivalent to?
- Credit Balance as per bank statement
 - Overdraft as per bank statement
 - Overdraft as per cashbook
 - None of the above
 - All of the above

Value Added Tax (VAT) Theory (7 Marks)

- 41. 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.
- 42. Which one of the following is not a taxable VAT supply?**
- a. Transport by taxi from the campus to Katutura Hospital.
 - b. Bank Charges
 - c. Spur burger to a South African passport holder
 - d. A pair of jeans brought from Ackermans.
 - e. None of the above
- 43. Which one of the following forms of transport is a zero-rated taxable supply?**
- a. Travelling with the Inter Cape bus to Katima Mulilo
 - b. Travelling with Fly Namibia to Johannesburg
 - c. Travelling with a shuttle to Keetmanshoop
 - d. Travelling by bus to Rehoboth
 - e. None of the above
- 44. VAT on N\$10,000 interest received from the bank will be calculated as?**
- a. $N\$10,000 \times 15\%$
 - b. $N\$10,000 \times 15/115$
 - c. Interest received is a zero-rated supply
 - d. Interest received is exempted from VAT
 - e. None of the above
- 45. Assuming the business sells goods for N\$7,000 and purchases for N\$3,000. Calculate the VAT net effect. VAT is exclusive in this scenario (2 marks)**
- a. N\$600 expense
 - b. N\$600 liability
 - c. N\$522 asset
 - d. N\$522 expense
 - e. None of the above
- 46. Value Added Tax charged on goods sold, will have the following effect?**
- a. Give rise to an asset
 - b. Give rise to a liability
 - c. Recorded as an expense
 - d. Recorded as an income
 - e. None of the above

Year-end adjustments and Financial Statements (21 Marks)

List of balances of ABC Traders as on 28th February 2025

Capital	750,000
Drawings	120,000
Land and Buildings at cost	660,000
Vehicles at cost	270,000
Accumulated depreciation: Vehicles	54,000
Inventory (1/3 2024)	150,000
Accounts Receivable	162,000
Accounts Payable	120,000
Bank	75,000
18% Mortgage bond on the land and buildings	360,000
Sales	1,101,000
Purchases	630,000
Salaries and wages	270,000
Telephone	9,660
Insurance	13,500
Stationery	2,160
Advertising	10,500
Rent Received	99,000

Notes:

- A debtor owes N\$1,500 is insolvent, and the account is written off.
- The interest on the bond has not been accounted for. The bond was registered in 2009.
- The telephone account of N\$900 is still outstanding
- The rent received for February 2025 is still outstanding.
- Using the straight-line method, depreciation on motor vehicles is charged at 10% of the cost. No residual value is applicable.
- Inventory as per the inventory count on year-end is presented as N\$120,000.

47. Cost of sales will be calculated as? (3 marks)

- a. N\$660,000
- b. N\$780,000
- c. N\$200,000
- d. None of the above options

48. Assume a gross profit of N\$500,000, calculate the gross income (3 marks)

- a. 500,000
- b. 599,000
- c. 509,000
- d. 608,000
- e. None of the above

- 49. The following is true regarding the depreciation on motor vehicles (3 marks)**
- The current depreciation is N\$27,000, the accumulated depreciation as of 28th February 2025 is N\$81,000, and the net book value as of 28th February 2025 is N\$189,000.
 - The current depreciation is N\$9,000, the accumulated depreciation as on 28th February 2025 is N\$18,000 and the net book value as on 28th February 2025 is N\$72,000
 - The current depreciation is N\$27,000, the accumulated depreciation as on 28th February 2025 is N\$27,000 and the net book value as on 28th February 2025 is N\$63,000
 - The current depreciation is N\$27,000, the accumulated depreciation as on 28th February 2025 is N\$81,000 and the net book value as on 28th February 2025 is N\$216,000
- 50. The following entries relate to the telephone account (2 marks)**
- Accrued expenses of N\$900, total telephone expense of N\$9,660
 - Accrued expenses of N\$900, total telephone expense of N\$10,560
 - Accrued expenses of N\$900, total telephone expense of N\$8,760
 - A prepaid expense of N\$900, total telephone expense of N\$9,660
 - None of above is correct
- 51. The following entries relate to the interest payable account (2 marks)**
- Accrued expenses of N\$64,800 and a profit and loss effect of -N\$64,800
 - Prepaid expenses of N\$64,800 and a profit and loss effect of N\$64,800
 - Accrued expenses of N\$108,800 and a profit and loss effect of N\$108,800
 - Prepaid expenses of N\$108,800 and a profit and loss effect of -N\$108,800
- 52. The total current liabilities will be shown as (3 marks)**
- N\$120,000
 - N\$64,800
 - N\$185,700
 - N\$40,200
- 53. The total current assets will be shown as (5 marks)**
- N\$357,000
 - N\$162,000
 - N\$237,000
 - N\$1500
 - None of the above

THE END OF EXAMINATION PAPER