

BOTSWANA COLLEGE OF DISTANCE AND OPEN LEARNING

Bachelor of Business and Entrepreneurship

Introduction to Accounting

IA212

Sessional Examination

Time: 3 Hours

Marks: 100

Instructions

1. The examination consists of TWO sections: A and B.
2. Begin each answer to a new question on a new page.
3. Answer questions according to instructions given in each section.
4. Write answers in the answer booklet provided.
5. Write in grammatical English.



SECTION A - SHORT ANSWER TYPE QUESTIONS

[40 MARKS]

Answer ALL questions in this section.

QUESTION 1

[8 MARKS]

Define the following terms:

- a) Accounting. (2 marks)
- b) Equity. (2 marks)
- c) Liabilities. (2 marks)
- d) Assets. (2 marks)

QUESTION 2

[12 MARKS]

Differentiate the following concepts:

- a) Financial accounting and Management accounting. (4 marks)
- b) Real accounts and Nominal accounts. (4 marks)
- c) Book keeping and Accounting. (4 marks)

QUESTION 3

[10 MARKS]

- a) State four financial statements that are drawn from the trial balance. (4 marks)
- b) State the accounting equation. (3 marks)
- c) State the three uses of a trial balance. (3 marks)

QUESTION 4

[4 MARKS]

Fill in the blanks.

Assets	Liabilities	Owner's Equity
600,000	?	257,000
?	25,000	68,000
950,285	556,896	?
702,361	572,832	?



QUESTION 5

On 1 July 2004 Tom bought a machine for P15, 500. He depreciates machinery at a rate of 20% per annum on the reducing balance basis. A full year's depreciation is charged in the year an asset is purchased. His year end is 31 October.

What is the depreciation charge on the machine for the year to 31 October 2006? **(6 marks)**



SECTION – B

[60 MARKS]

Answer any **THREE** questions in this section.

QUESTION 1

[20 MARKS]

The following are transaction for Company B ltd for March 2012.

Date	Transaction
2	Purchase 100 items at P1 each.
5	Purchase 150 items at P1.20 each.
7	Sell 175 items at P2 each.
10	Purchase 120 items at P1.50 each.
12	Sell 45 items at P2.20 each.
20	Sell 130 items at P2.40 each.
29	Purchase 40 items P1.60 each.
31	Sell 45 items at P2.50 each.

Required:

Determine the value of closing inventories at 31 January 2012 using the following methods:

- a) FIFO. (10 marks)
- b) AVCO. (10 marks)

QUESTION 2

[20 MARKS]

Consider the following information.

ABC Ltd					
Cash book for May 2015					
Date	Details	Amount	Date	Details	Amount
1	Balance	(a) 320	2	Purchases (cheque 14 (d)	170
6	Sales	(b) 180		Lopang (cheque 15) (i)	60
14	Kabo	(f) 140	12	Bernard (cheque 16) (e)	30
24	Bills receivable	(c) 160	13	Furniture (cheque 17) (j)	150
29	Leila	(g) 40	24	Kagiso (cheque 18) (k)	32
31	Sales	(h) 103		Water & Electricity	41
				(cheque 19) (l)	



Bank Statement for May 2015					
Date	Details	Debit		Credit	Balance
1	Balance	(a)			320
6	Deposit	(b)		180	500
12	Cheque no 14	(d)	170		330
	Cheque no 16	(e)	30		300
14	Deposit	(f)		410	710
	Service fees	(m)	5		705
20	Debit order	(n)	110		595
	Cheque no 19	(l)	14		581
24	Deposit	(c)		160	741
	Cheque no 166	(p)	300		441
29	Deposit	(g)		400	841
30	Deposit	(q)		130	971

Additional Information

1. According to the duplicate deposit slips, the deposit made on 14 May 2015 was for P140 and on 29 May 2015, for P400.
2. The deposit of P130 made on 30 May 2015 was made directly into the company account by a debtor.
3. According to the cheque book stub, cheque 19 was drawn for P41.
4. The debit order was signed by the company director for monthly insurance premiums.
5. Cheque no 166 was drawn by XYZ Ltd but mistakenly debited against ABC Ltd's account by the bank.

Required:

- a) Complete the cash book. **(7 marks)**
- b) Prepare a bank reconciliation statement for 31 May 2015. **(13 marks)**



QUESTION 3

[20 MARKS]

The following balances appeared on 30 June 2005 in the ledger of two dentists who practice in partnership.

	Debit (Pula)	Credit (Pula)
Capital		160,000
Capital		170,000
Drawings	200,000	
Drawings	180,000	
Services Rendered		1,200,000
Salaries of nurses	180,000	
Rent of consulting rooms	120,000	
Other expenses	160,000	
Consulting room equipment (at cost)	500,000	
Accumulated depreciation on consulting room equipment		120,000
Debtors	220,000	
Payables		30,000
Bank	120,000	
Total	1,680,000	1,680,000

Additional Information

The partners share profits equally after interest of 8% per annum on capital has been taken into account. Depreciation of 10% per annum on cost of consulting room equipment still has to be provided for.

Required:

- Prepare the income statement for the year ended 30 June 2005. **(8 marks)**
- Show the balances for the Capital accounts and Current Accounts for the year for both partners. **(12 marks)**



QUESTION 4

[20 MARKS]

The following transactions occurred during the month of April.

2014

- April 1 balance brought forward: Cash P5 000; Bank P6 000.
- 2 cash sales paid by POS directly into the bank P 1 500
- 3 paid rent by cash P4 000
- 5 paid our creditors: J. Sean P400; S. Jobs P600 by cheque and in each case receiving a 2.5% discount
- 7 withdrew some cash from the bank for business use P500
- 8 Cash sales of P800
- 10 Paid wages of P500 cash
- 11 D. Fisher paid us by cheque P1 000 after receiving a 5% discount.
- 14 Bought fixtures paying by electronic transfer P6 000
- 16 Received a cheque from J. Stones P3 000
- 18 Cash sales P 1 600
- 21 Deposited cash into the bank P1 000
- 29 Cash sales P200

Required:

Enter the above transactions in a 3 column cash book. Balance off the cash book at the end of the month.

(20 marks)

END OF EXAMINATION