



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF MANAGEMENT SCIENCES**

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF MARKETING, BACHELOR OF ACCOUNTING, BACHELOR OF TRANSPORT MANAGEMENT, BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT	
QUALIFICATION CODE: 07BMAR / 07BOAC/ 07BLSC / 07BTMM	LEVEL: 5
COURSE CODE: FAC511S	COURSE NAME: FINANCIAL ACCOUNTING 101
SESSION: JANUARY 2019	PAPER: THEORY AND CALCULATIONS
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	C. MAHINDI and A. KAYAMBU
MODERATOR:	J. van WYK

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL questions in blue or black ink only2. Write clearly and neatly.3. Start each question on a new page and number the answers clearly.4. No programmable calculators are allowed.5. Questions relating to the paper 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 & any assumption made by the candidate should be clearly stated.6. The names of people and businesses used throughout this test paper do not reflect reality and are purely coincidental.

THIS QUESTION PAPER CONSISTS OF 3 PAGES (Excluding the front page)

QUESTION 1**(10 marks)**

Heavy Movers (Pty) Ltd (HM) manufactures a specialised vehicle for Murray Construction (MC), for five-hundred thousand Namibian dollars (N\$500 000). The vehicle is complete and ready for delivery on 30 November 2018. On this date, MC inspected the vehicle and accepted that it meets all specifications, and immediately paid in full. MC has signed all the paperwork giving legal title over the vehicle but requested that HM retain the vehicle for a further 6 months until the construction of MC's garage had been completed. HM has agreed to this arrangement and has stored the vehicle in the company warehouse and identified it as a vehicle that had already been sold to MC. They agreed that HM would ensure that absolutely no-one would use the vehicle during the period of storage.

Required:

- a. Explain what type of arrangement exists for between HM and MC. (5)
- b. Recognise revenue in the records of HM as well as the purchase of the vehicle in the records of MC. (5)

Note: Ignore VAT**QUESTION 2****(17 marks)**

NMC Motors Pty Ltd is a registered VAT Vendor and operates in Swakopmund, the financial year end is 31 August 2018.

Part A

- a) What does the abbreviation VAT stand for? (1)
- b) Explain the difference between input VAT and output VAT? (4)
- c) List two examples of items/services which are zero rated for VAT purposes (2)

Part B

The following transactions took place during the month of August 2018 and need to be accounted for.

1. Bought staff refreshments for their monthly employment prize giving worth N\$2 000
2. Sold computers valued at N\$9 600 (excluding VAT) to a customer not registered for VAT.
3. Purchased computers from a supplier of N\$92 000 (inclusive of VAT)
4. Paid salaries of N\$45 000 to full time and part time employees
5. Purchased a sedan for the business which costed N\$250 000 (inclusive of VAT)

Required:

Calculate the input or output VAT applicable in each of the above situations. Your answer must clearly state the amount of VAT is input or output VAT. If no VAT is applicable state the reason. (10)

QUESTION 3**(40 MARKS)**

The following trial balance has been prepared by the accountant of Kasirye and Sons, a sole trader for the reporting period ended 31 December 2018. Kasirye and Sons make use of the periodic system to account for inventory.

Kasirye and Sons		
Trial balance as at 31 December 2018		
Account Name	Dr N\$	Cr N\$
Sales	-	1,458,720
Purchases	837,000	-
Sales returns	9,180	-
Purchases returns	-	16,740
Inventory at 1 January 2018	224,280	-
Vehicles at cost	225,000	-
Office equipment at cost	172,800	-
Accumulated depreciation: Vehicles 1 January 2018	-	68,400
Accumulated depreciation: Office equipment 1 January 2018	-	38,700
Salaries and wages	317,160	-
Vehicle running expenses	70,380	-
Water and electricity	20,520	-
Rent and rates	57,600	-
Credit losses	6,750	-
Allowance for credit losses 1 January 2018	-	5,760
Accounts receivable	231,660	-
Accounts payable	-	163,800
Cash and cash equivalents	145,800	-
Drawings	126,000	-
Capital	-	692,010
Total	2,444,130	2,444,130

Additional information:

- a) Closing inventory at 31 December 2018 N\$361 800.
- b) The water and electricity expenses amount to N\$2 445 per month.
- c) Rent and rates have for January and February 2019 had already been paid by December 2018 to the amount of N\$14 220.
- d) A receivable to the value of N\$4 860 is unable to pay his debt and it was decided to write this receivable's account off as bad.
- e) The allowance for credit losses should be adjusted to 2% of outstanding receivables
- f) Goods taken by the owner for his personal use during the year amounted to N\$6 660. No record of this has yet been made in the books.
- g) Assets are depreciated on the straight-line method using the following rates:
 - Equipment 15%
 - Vehicles 16%

Required:

- i. Prepare the journal entries to account for adjustments b to g. Journal narrations are not required. (14)
- ii. Prepare the Statement of profit of loss for Kasirye and Sons for the reporting period ended 31 December 2018. (12)
- iii. Prepare the Statement of Financial position of Kasirye and Sons as at 31 December 2018. (14)

QUESTION 4**(23 MARKS)**

Mungolo Trading, a company with a 31 December year end had the following balances of property, plant and equipment as at 1 January 2017:

	Cost price	Accumulated depreciation	Depreciation policy
	N\$	N\$	
Plant	1 500 000	380 000	15% p.a straight line
Machinery	800 000	240 000	10% reducing balance
Fixtures and fittings	1 240 000	248 000	5% p.a straight line

During the year the following happened:

01 May 2017

A new machine was purchased costing N\$ 126 500 and paid by electronic funds transfer (EFT), its residual value is expected to be N\$15 000. The same depreciation policy for machinery applies.

30 June 2017

Fixtures and fittings costing N\$300,000 and a carrying amount of N\$210 000 at January 2017 were sold for N\$250 000

01 November 2017

The following costs paid by bank transfer where applicable, were incurred in respect of an extension to the plant owned by Mungolo Trading:

	N\$
Materials	35 200
Labour	22 000
General administration	32 000
Cost of borrowing funds to finance extension	55 000

Required:

Prepare the property plant and equipment reconciliation note as at 31 December 2018. Show all workings! (23)

END OF EXAM PAPER!