



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION : BACHELOR OF ACCOUNTING AND BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT	
QUALIFICATION CODE: 07BGAC AND 07BLSC	LEVEL: 5
COURSE: FINANCIAL ACCOUNTING 101	COURSE CODE: FAC511S
SESSION: JULY 2024	PAPER: THEORY & CALCULATIONS
DURATION: 3 Hours	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS:	Ms. H Kangala, Mr. H Namwandi, J Chikambi, Ms Y. Odio & Mr P Mbangula,
MODERATOR:	Mr C Mahindi

INSTRUCTIONS TO CANDIDATES
<ol style="list-style-type: none">1. Answer all questions in blue or black ink.2. Round off all amounts to the nearest Namibian Dollar, where applicable.3. A non-programmable calculator is permissible.4. Show all your workings (where applicable).

This Question paper is made up of 8 Pages (Excluding the front page)

Question 1

15 Marks

Multiple choice questions

Each of the following questions has only one correct answer. On your answer sheet, write the letter which, in your opinion, represents the correct answer.

1. Which one of the following statements is incorrect? (1 Mark)
 - a) According to the matching principle income, and costs incurred in generating that income, must be brought into account during the same financial period.
 - b) According to the prudence concept, income should be recognized at the minimum amount of estimation.
 - c) The policy of consistency requires that a specific basis, method, procedure or approach, once chosen, should be maintained.
 - d) The going-concern principle requires that transactions and occurrences with no essential bearing upon the nature and scope of the entity's activities should not be brought into account.

2. The accountant of Golly Ltd ascertained that the returns inward journal had been overcast by N\$100. Which of the following ledger accounts will be affected by this error? (1 Mark)
 - a) Accounts receivable control accounts in the general ledger.
 - b) Purchases account in the general ledger.
 - c) Purchases return account in the general ledger.
 - d) Accounts payable control accounts in the general ledger.
 - e) None of the above

3. Which one of the following entries will cause the trial balance not to balance? (1 Mark)
 - a) A credit purchase invoice was correctly entered as N\$325 in the purchases journal, but was posted as N\$235 to the personal account of the accounts payable.
 - b) A discount of N\$ granted by a supplier was credited to the Discount allowed account. All other related accounts have been entered correctly.
 - c) The bank overdraft balance appears as a credit balance in the trial balance.
 - d) A credit sales invoice of N\$1 090 was incorrectly entered as N\$190 in the sales journal and posted as such to the personal account of the accounts receivable.
 - e) None of the above.

4. During January 2023 Gouws Dealers purchased goods to the value of N\$6 000, one third of which were sold for N\$3 500 during January. Rental and electricity for the month amounted to N\$500 and N\$80 respectively. Gouws uses a periodic inventory system.

How much total expenses should Gouws Dealers recognise in their financial statement for the month of January 2023? (2 Marks)

- a) N\$6 580
- b) N\$2 000
- c) N\$2 580
- d) N\$580
- e) N\$6,000

5. Accounting is a systematic process of identifying, measuring, recording, verifying, summarizing, interpreting, and communicating financial information to users to assist them in making economic decisions. At which stage in the accounting cycle does the entity summarize and communicate financial information to users? (1 Mark)

- a) Financial statements.
- b) Transaction.
- c) Journals.
- d) Ledgers.
- e) Trial Balance.

6. Which of the following is true about the conceptual framework? (1 Mark)

- a) The framework assists the IASB in the development and review of accounting standards.
- b) The conceptual framework is an accounting standard.
- c) In the case of a dispute between the framework and IFRS, the framework takes precedence.
- d) The International Accounting Standards Board (IASB) continually revises the conceptual framework.
- e) The accounting standards assist the IASB in the development and review of the conceptual framework.
- f) None of the above

7. Which of the following characteristics of financial statements are fundamental to the usefulness of financial statements? (1 Mark)

- a) Relevance and comparability.
- b) Understandability and faithful representation.
- c) Relevance and faithful representation.
- d) Understandability and comparability.
- e) None of the above

8. Which of the following is not a characteristic of faithfully represented financial statements? (1 Mark)
- a) Financial statements must disclose all the necessary information.
 - b) Information should be free from prejudice and opinions.
 - c) Information should be comparable and verifiable by third parties.
 - d) Information presented should be accurate.
 - e) None of the above
9. Green Ltd bought a delivery vehicle from Cars Unlimited on 05 November 2023 for N\$200,000. Green Ltd can buy the same vehicle today at N\$222,000 from AutoDealers & co. Furthermore, Green Ltd can sell the vehicle in the market today for N\$230,000 after incurring selling costs of N\$5,000. In which financial statement would Green Ltd recognize the transaction on November 05th, 2023? (1 Mark)
- a) Statement of profit and loss and other comprehensive income.
 - b) Statement of owner's equity.
 - c) Statement of financial position.
 - d) Statement of cash flow.
 - e) Accounting policies and explanatory notes.
 - f) None of the above
10. Plants and Things sold a delivery vehicle N\$15,000 (15% VAT exclusive) on December 31st, 2020. The vehicle cost N\$97,750 (15% VAT inclusive) at acquisition. Accumulated depreciation on the date of delivery was 65,000. Which of the following applies to the treatment of profit or loss on disposal? (2 Marks)
- a) Dr Profit on disposal; N\$5,000
 - b) Cr profit on disposal; N\$5,000
 - c) Dr Loss on disposal; N\$5,000
 - d) Cr Loss on Disposal N\$5,000
11. Plants and Things purchased a piece of machinery on the 02nd of January 2017 for N\$65,000 (VAT inclusive). The machine was installed and readily available for use on the 31st of March 2017. At the time of purchase, Plants and Things anticipated 5 useful years for the machine, with a residual value of N\$500 at the end of December 2021. The asset was disposed on March 31st, 2021. When should Plants and Things de-recognize this machine? (1 Mark)
- a) 02 January 2017
 - b) 31 March 2017
 - c) 31 December 2021
 - d) 31 March 2021

12. Which of the following is associated with recognition of expenses? (1 Mark)
- A. An increase in Equity
 - B. An increase in drawings
 - C. An Increase in Liabilities or an increase in Assets
 - D. An Increase in Liabilities or a Decrease in Assets
 - E. A decrease in capital and an increase in Liabilities
 - F. An Increase in Assets or a Decrease in Liabilities
 - G. None of the above

13. Accounting is based on the principle of duality. What does this mean? (1 Mark)
- a) 2 elements are affected by the same transaction.
 - b) A transaction recorded twice in the income statement.
 - c) For every transaction, there are 2 debit entries.
 - d) For every transaction there is a debit and credit entry.
 - e) For every transaction, there are 2 credit entries.
 - f) None of the above

Question 2**15 Marks**

Ms Beauty Baloyi opens a hairdressing salon, Beauty's Hair, on 1 June 2023. The business uses a periodic inventory system and entered into the following transactions in June:

1. 1 June 2023, Ms Beauty Baloyi deposited N\$10 000 directly into the business's bank account as a capital contribution.
2. 1 June 2023, She made an EFT payment to Huurtu, to pay the month's rental of N\$1 000.
3. 5 June 2023, Bought N\$2 500 worth of equipment and N\$845 worth of consumables inventory from Head Suppliers and paid the amount of N\$3 345 with the debit card of the business.
4. 9 June 2023, Received money for services rendered paid directly into the bank account of Beauty's Hair, N\$350.
5. 10 June 2023, Ms Beauty Baloyi withdrew cash from the business account at an ATM to pay her assistant's wages of N\$200.
6. 15 June 2023, Bought stationery from Office Suppliers, N\$80 and paid with a debit card of the business.
7. 20 June 2023, Ms Beauty Baloyi withdrew N\$1 500 cash from the business account at an ATM. N\$1 300 was used for Ms Baloyi's own use and N\$200 was for wages.
8. 25 June 2023, Made a direct payment (EFT) to MTC to pay for a telephone account of N\$440.
9. 25 June 2023, Bought shampoo and other accessories from Head Suppliers and made a direct payment into their bank account for the amount of N\$550.

Required:

Use the format below to record the above transactions, to show the effect on the accounting equation and the source document for each transaction. The illustration below is an example.

Date	Assets	Equity	Liabilities	Source document
30 June	+ N\$10 000 Vehicle	-	+ N\$10000 Creditors	Debit note

QUESTION 3**50 marks**

The following information relates to Black Ltd for the year ended 31 December 2023.

	Dr	Cr
Bank	47,023	
Debtors Control	32,670	
Allowance for credit losses		3,320
Inventory 1/12/2022	10,500	
20% Fixed Deposit X Bank	10,200	
Capital		339,973
Creditors Control		57,000
5% Loan with XY Bank		59,000
Furniture	66,000	
Accumulated Depreciation		29,700
Land and Buildings	500,000	
Accumulated Depreciation		146,400
Petty Cash	500	
Sales		83,819
Purchases	45,300	
Cash Shortages	500	
Interest Income		2,040
Commission Received		14,460
Rental Income		42,000
Rental Expenses	16,000	
Bank Costs	2,820	
Salaries and Wages	33,551	
Credit Losses	1,500	
Insurance	6,660	
Sales returns	591	
Donations	4,100	
stationery	2,110	
Purchases returns		2,313
	780,025	780,025

Additional information:

1. Included in sales is N\$300 in respect of a deposit paid by a client. The goods have not yet been delivered.
2. The owner sublets a storeroom in the building for N\$3,000 a month.
3. Received telephone bill of N\$1,800 for the year on 30 December 2023
4. Physical stock count on 31 December 2023 revealed the following on hand:
 - Inventory N\$15,000

- Stationery N\$1,055
5. S Mhata, an accounts receivable with a balance of N\$2,000 was declared as insolvent. A final amount of N\$800 was received from his lawyers towards settling his debts. Ependulo Ltd must write off the balance as irrecoverable.
 6. The long-term loan of 5% was obtained on 01 October 2023.
 7. The allowance for doubtful debts needs to be adjusted to 10% of outstanding receivables.
 8. Commission for the last 2 months of the year is still outstanding.
 9. Ependulo Ltd purchased land and buildings on 1/1/2020 for a total of N\$500,000. The portion of the value of land was N\$200,000 and N\$300,000 for buildings. The value of land is not depreciable. Buildings are depreciated using the diminishing balance method, at a rate of 20%.
 10. Furniture is depreciated at 15% per annum on the straight-line method.

Required:

- a) Prepare adjusting journal entries to incorporate all the adjustments above. Ignore narrations. (27 Marks)
- b) Prepare the statement of profit or loss for the year ended 31 December 2023. (23 Marks)

Question 4**20 Marks**

The following information was extracted from the books of SS Supermarket:

1.1 Balance at 1 March 2023:

Vehicle at cost	N\$28 000
Equipment at cost	N\$2 800
Accumulated depreciation: Vehicles	N\$14 268
Accumulated depreciation: Equipment	N\$543

1.2 The following transactions took place during the year in respect of non-current assets:

1.2.1 On 31 August 2023 SS Supermarket sold the delivery vehicle for N\$7 200 cash to Mrs Peterson. The proceeds from this sales transaction were used to finance the purchase of another from Cape Motors Ltd for N\$22 000 cash. The cost price of the vehicle sold was N\$12 000 and its accumulated depreciation amounted to N\$6 455 on 1 March 2023.

1.2.2 On 28 February 2024 SS Supermarket sold used equipment for N\$720 cash to Mr Moon. The cost price of the equipment sold was N\$900 and its accumulated depreciation amounted to N\$164 on 1 March 2023.

1.3 Depreciation must still be provided for as follows:

Vehicles: 20% p.a – Diminishing balance method

Equipment: 10% p.a - Diminishing balance method

Depreciation is calculated on a monthly basis.

1.4 The financial year commences on 1 March 2023.

NB: Where necessary, round off your answers to two decimal places

Required:

Prepare the following ledger accounts, properly balanced/closed off, for the year ended 28 February 2024.

1.1 Vehicle at cost	(3 marks)
1.2 Equipment at cost	(2 marks)
1.3 Accumulated depreciation: Vehicles	(4 marks)
1.4 Accumulated depreciation: Equipment	(3 marks)
1.5 Asset disposal accounts (vehicle & equipment)	(8 marks)

End of Question Paper