NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION : BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BGAC	**LEVEL:** 5
COURSE: FINANCIAL ACCOUNTING 102	**COURSE CODE:** FAC512S
DATE: NOVEMBER 2025	**SESSION: THEORY** AND APPLICATION
DURATION: 3 HOURS	**MARKS:** 100

2ND OPPORTUNITY EXAMINATION	
FIRST EXAMINER:	Ms. EN Sakeus, Mr. J Angula, Ms. H Kangala
MODERATOR:	Mr. C Mahindi

INSTRUCTIONS

1. This question paper is made up of FIVE (5) questions.
2. Answer All the questions and in blue or black ink.
3. You are advised to pay due attention to expression and presentation. Failure to do so will cost you marks.
4. Start each question on a new page in your answer booklet and show all your workings.
5. Questions relating to this 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 and any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

Non-programmable calculator/financial calculator

THIS QUESTION PAPER CONSISTS OF 6 PAGES (Excluding this front page)

Question 1 **(15 Marks)**

Part A **(5 Marks)**

ABC Ltd purchased a delivery van for N$200,000. The company expects to use it for 5 years. The purchase was partly financed by a bank loan of N$120,000. In the same year, ABC Ltd earned N$500,000 in sales revenue and paid salaries of N$150,000 to its employees.

Required: Using the definitions of the elements of financial statements, discuss whether the purchase of the delivery van should be classified as an asset or an expense. Give reasons to defend your answer. (5 marks)

Part B **(10 Marks)**

Anna and Lydia are two sisters operating similar businesses in neighboring towns near Oshakati, Namibia.

- Anna has been running a hardware business as a sole trader for the past five years, without any formal tertiary qualification.
- Lydia, who recently completed her MBA at the University of Stellenbosch, has been operating a similar store for the past two years.

Lydia has approached Anna with the idea of forming a partnership, believing that running the two stores jointly could bring several benefits such as trade discounts from bulk purchases and shared operating costs. During their discussion, Lydia proposed that, since both stores are of similar size and profitability, profits should be shared equally.

Anna, however, is uncertain about the legal status of a partnership in Namibia and the formalities involved in setting one up. She therefore seeks advice before making a decision.

Required:

Advise Anna on the advantages and disadvantages of setting up a partnership with Lydia, with reference to the Namibian business environment. (10 Marks)

Question 2 **(17 Marks)**

The following is a bridged comparative statement of financial position for Bella Rose Ltd on 31 January 2023 and January 2024.

Statement of Financial position as at 31 January 2024		
	2023 N$	2024 N$
ASSET		
Non- Current Assets	46 000	66 000
Current assets		
Inventories	13 000	44 000
Trade and other receivables	17 100	25 080
Cash and cash equivalents	30 280	-
Total current assets	60 380	69 080
Total assets	106 380	135 080
EQUITY AND LIABILITIES		
Equity		
Capital	71 000	77 000
Non- current liabilities		
Long - term borrowings	16 000	-
Current Liabilities		
Trade and other payables	19 380	25 080
Bank overdraft	-	33 000
Total current liabilities	19 380	58 080
Total liabilities	35 380	58 080
Total equity and Liabilities	106 380	135 080

Additional Information:

Purchases and sales for the year ended 31 January 2024 were as following:		
	Purchases N$	**Sales** N$
Cash	28 000	89 000
Credit	117 000	111 000
	145 000	200 000

Required:

a. Calculate the following with regards to the year ended 31 January 2024:

   i. The gross profit percentage on sales (2023 ratio: 35%). (4 marks)

   ii. The current ratio (2023 ratio: 3,4:1). (1 .5 marks)

   iii. The receivable collection period (2023: 30 days). (2 marks)

   iv. The payable payment period (2023: 30 days). (2 marks)

   v. The acid test ratio (2,7:1). (1.5 marks)

NB: The figure in brackets are the corresponding figures for 2023

b. Give **Three (3)** possible reasons for the fluctuation in the gross profit percentage. (3 marks)

c. Comment briefly on the liquidity position of the entity. (3 marks)

Question 3 **(25 Marks)**

EMONA Women Club is a club for professional women in different areas of specialization. You are provided with the following details for the year ended 31 December 2018.

Dr **Bank Account for Year 2018** **Cr**

	N$		N$
Subscription for 2018	9 500	Bar Supplier	85 730
subscription for 2019	105	Expenses on fun fair	3 610
Bar Taking (Sales)	110 920	wages bar	12 340
Receipt from fun fair	3 970	General Expenses	9 810
		Repair & Decoration of Premises	7 000
		new Furniture bought 30/06/2018	12 500

All bar takings and other receipts were banked instantly.

i. The building belonging to the club was valued at N$75 000 on 1 January 2018
ii. The balance at the bank on 1 January 2018 was N$3 810
iii. The value of Furniture on 1 January 2018 was N$8 000.
iv. Subscriptions paid in advance amount to N$130 were received in 2017.
v. Depreciation on old and new furniture is to be provided at 10% per annum on cost.

The following details are also available:		
	31/12/ 2017 N$	31/12/2018 N$
Bar stock	4 305	4 640
Credit to bar supplier	6 205	6 330
Subscription Owings	180	90

You are required to prepare:

a) The income and expenditure account for the year ended 31 December 2018. (15 marks)

b) The statement of financial position as at 31 December 2018. (10 marks)

NB: show your workings:

Question 4 **(13 marks)**

Home Appliance Traders (Pty) Ltd supplies spare parts and accessories for household refrigerators and microwaves. At 31 December 2023, the following items were on hand:

Item	Units on hand	Cost per unit (N$)	Net realisable value per unit (N$)
Refrigerator motors	300	120	135
Microwave glass doors	1 200	75	70
Refrigerator shelves	950	95	100
Microwave control panels	500	200	210

Additional information:

1. To stay competitive, management has decided to reduce the selling price of all items by 10% with effect from 1 January 2024. The net realisable values above do not reflect this adjustment.
2. All items are ready for sale.
3. On 30 December 2023, Home Appliance Traders secured a bulk order from a hotel for 150 microwave control panels at a price of N$260 per unit. However, the panels must be shipped in protective anti-static bags costing N$15 per unit, and distribution costs will amount to N$12 per unit.
4. On 2 January 2024, an electrical fire broke out in the company's storeroom, destroying 15% of refrigerator motors. Of the damaged motors, 60% had been on hand at year-end and 40% were purchased on 1 January 2024.

Required:

a) Calculate the value of the closing inventory that should appear in the statement of financial position as at 31 December 2023, being Home Appliance Traders (Pty) Ltd's financial year-end. (11 Marks)

b) Explain the difference between the cost of inventory and the Net realizable value. (2 Marks)

Question 5 **(30 Marks)**

Sarie, Silvia and Sonja decided to form a close corporation, RieViaJa CC, to which each will contribute N$30 000 in cash. As Sonja will be responsible for the daily management of the close corporation, she will hold half of the members` interest, and another half will be held equally by Sarie and Silvia.

Silvia, as an attorney, will be responsible for the formation of the close corporation and will ensure that the legal requirements are met. The value of her services is estimated at N$10 000 and must be recognized as an additional member's contribution. Sarie has decided to make an additional member's contribution in the form of a motor vehicle worth N$15 000.

The formation and registration were completed on 15 March 2023. The profit before tax for the period ending 30 September 2023 was N$60 000, after the following have been considered:

	N$
Salaries: Sarie	5 000
Silvia	5 000
Sonja	7 500
Rent Paid to Sarie in respect of a truck rented from her	500
Petrol expenses in respect of the above-mentioned truck	1 000
Bonuses: Sarie	1 000
Silvia	1 000
Sonja	1 000
Rent Paid to Sonja in respect of office rent	2 000
Distribution (equally between the three members	15 000

- Assume that the profit before tax is calculated correctly and that the tax expenses for the year are N$37 500.

You are required:

a) Prepare the statement of income for the period ending 30 September 2023, in which the transactions with members are set out. (8 marks)

b) Disclose the member's interest section of the statement of financial position on 30 September 2023. (6 marks)

c) The statement of changes in the net Investment of members for the period ended 30 September 2023. (11 marks)

d) Why must member-related transactions (such as salaries, rent, and distributions) be clearly disclosed in the financial statements of a Close Corporation? (5 marks)

END