



NAMIBIA
UNIVERSITY
OF SCIENCE AND
TECHNOLOGY

HP-GSB
HAROLD PUPKEWITZ
Graduate School of Business

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	LEVEL: 6
COURSE CODE: BAC611C	COURSE NAME: BUSINESS ACCOUNTING 2A
SESSION: OCTOBER 2025	PAPER: THEORY AND CALCULATIONS (PAPER 1)
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER

EXAMINER	Lameck Odada
MODERATOR	Gerhardt Sheehama

INSTRUCTIONS

1. This question paper comprises four (4) questions.
2. Answer **ALL** the questions in blue or black ink only. **NO** pencil
3. Start each question on a new page in your answer booklet and **show all workings**.
4. Round off only final answers to two (2) decimal places unless otherwise stated.
5. Work with whole numbers in all your calculations unless otherwise stated.
6. Questions relating to this examination 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 ambiguity. Any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

Silent, non-programmable calculators

THIS QUESTION PAPER CONSISTS OF 9 PAGES (including this front page)

QUESTION 1

[30 MARKS]

For questions 1.1 – 1.15, write the answer only (the correct letter chosen) in your answer book and not on the question paper.

- 1.1 The purpose of the Conceptual Framework is:
- a) To assist the International Accounting Standards Board in developing IFRS Standards.
 - b) To assist preparers of IFRS financial statements in developing consistent accounting policies when no IFRS Standard applies to a particular transaction or other event, or when a Standard allows a choice of accounting policy.
 - c) To assist all parties in understanding and interpreting IFRS Standards.
 - d) All of the above
- 1.2 The objective of general-purpose financial reporting, as described in the *Conceptual Framework*, is to:
- a) Provide information to regulators.
 - b) Support the entity's tax return.
 - c) Meet the information needs of an entity's stakeholders.
 - d) Provide financial information about the reporting entity that is useful to existing and potential investors, lenders, and other creditors in making decisions relating to providing resources to the entity.
- 1.3 Which of the following does the *Conceptual Framework* identify as the primary users of general-purpose financial reports?
- a) Employees, investors, and trade union representatives.
 - b) Existing and potential investors, lenders, and other creditors.
 - c) Lenders and other creditors and customers.
 - d) Existing and potential investors, government agencies, and the general public
- 1.4 The fundamental qualitative characteristics of useful financial information are:
- a) Comparability and relevance
 - b) Relevance and reliability
 - c) Relevance, reliability, and comparability
 - d) Relevance and faithful representation
- 1.5 For information to be relevant, it has to possess:
- a) Only predictive value
 - b) Only confirmative value
 - c) Both predictive and confirmatory value

- d) Either predictive or confirmatory value, or both
- 1.6 Consolidated financial statements provide information about the assets, liabilities, equity, income, and expenses of both the parent and its subsidiaries as:
 - a) Separate reporting entities
 - b) A partnership
 - c) A single reporting entity
 - d) A legal entity
- 1.7 The *Conceptual Framework* defines a liability as:
 - a) A present obligation of the entity to transfer an economic resource as a result of past events.
 - b) A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.
 - c) An amount the entity may have to pay after the end of the reporting period
 - d) None of the above
- 1.8 In explaining the meaning of the term 'obligation' in the definition of a liability, the *Conceptual Framework* states:
 - a) That an obligation is a duty or responsibility that an entity has no practical ability to avoid
 - b) That an obligation can arise from a duty or responsibility conditional on a future action that the entity itself may take if the entity has no practical ability to avoid taking that action.
 - c) That an obligation can arise from an entity's customary practices, published policies or specific statements, if the entity has no practical ability to avoid those practices, policies or statements.
 - d) All of the above
- 1.9 Recognition is the process of:
 - a) Capturing, for inclusion in the statement of financial position or the statement(s) of financial performance, an item that meets the definition of one of the elements of the financial statements—an asset, a liability, equity, income, or expenses.
 - b) Determining where an item should be presented in the financial statements.
 - c) Sorting assets, liabilities, equity, income, or expenses based on shared characteristics

- d) Adding together of assets, liabilities, equity, income, or expenses that have shared characteristics.
- 1.10 What does the *Conceptual Framework* state about derecognition?
- a) For an asset, derecognition normally occurs when the entity loses control of all or part of the recognised asset.
 - b) For a liability, derecognition normally occurs when the entity no longer has a present obligation for all or part of the recognised liability.
 - c) Derecognition removes all or part of a recognised asset or liability from an entity's statement of financial position.
 - d) All of the above
- 1.11 The *Conceptual Framework* describes prudence as:
- a) The exercise of caution when making judgments under conditions of uncertainty
 - b) A bias towards understating assets or income and towards overstating liabilities or expenses
 - c) A preference towards the earlier recognition of expenses and liabilities than of income and assets
 - d) A mechanism for smoothing profits over time (understate profits in good years and overstate profits in bad years)
 - e) A form of accounting conservatism
- 1.12 Which statement is included in the *Conceptual Framework*?
- a) Relevance is a fundamental qualitative characteristic of useful financial information.
 - b) Financial information without both relevance and faithful representation is not useful.
 - c) Enhancing qualitative characteristics cannot make information useful if that information is irrelevant or does not provide a faithful representation of what it purports to represent.
 - d) All of the above
 - e) None of the above
- 1.13 The *Conceptual Framework* defines an asset as:
- a) A resource controlled by the entity due to past events and from which future economic benefits are expected to flow to the entity.
 - b) A present economic resource controlled by the entity due to past events.
 - c) A right to receive income or reduce expenses in the future.

- d) None of the above
- 1.14 Which measurement bases are categorised as current value measurement bases in the *Conceptual Framework*?
- a) Value in use
 - b) Fair value
 - c) Fulfilment value
 - d) Current cost
 - e) All of the above
- 1.15 Which of the following factors is (or are) considered in selecting a measurement basis?
- a) Variability of cash flows of the asset or liability
 - b) How the asset or liability contributes to future cash flows, which depends in part on the nature of an entity's business activities
 - c) The level of measurement uncertainty associated with a particular measurement basis
 - d) All of these

[15 x 2 marks = 30 marks]

QUESTION 2**[25 MARKS]**

The following information was extracted from the books of the Januarie Entity for the year ended 31 January 2025. During the year, the following transactions took place (VAT included where applicable):

	N\$
Sales (Credit)	575,000
Sales (Cash)	5,500
Returns inwards (all on credit)	37,100
Credit purchases	471,035
Returns outwards (50% credit, 50% cash)	40,300
Cash payments made by receivables	492,600
Cash paid to payables	444,205
Discounts received	11,800
Discounts allowed	9,850
Interest charged on overdue accounts by payables	2,735
Declined EFT payment (included in cash receipts above)	1,085
Bad debts	12,430
Irrecoverable debts recovered (original write-off included in bad debts above)	1,710
Contra entry between receivables and payables	4,875
Refunds from payables	1,095
Refund to receivables	1,665

Prior year balances were as follows:

	Debit (N\$)	Credit (N\$)
Payables balances	2,075	81,225
Receivables balances	71,380	5,600

The following additional information as at 31 January 2025 is available:

- The total debit balance in the payables ledger is N\$1,660.
- The total credit balance in the receivable ledger is N\$4,550.

REQUIRED:		MARKS
a)	Describe a financial instrument	2
b)	Prepare the payables control account for Januarie Entity for the year ended 31 January 2025.	12
c)	Prepare the receivables control account for Januarie Entity, for the year ended 31 January 2025.	11

QUESTION 3**[20 MARKS]**

Financial analysis examines a company's performance in the context of its industry and economic environment to arrive at a decision or recommendation. Overall, a central focus of financial analysis is evaluating the company's ability to earn a return on its capital that is at least equal to the cost of that capital, to profitably grow its operations, and to generate enough cash to meet obligations and pursue opportunities.

Below are the financial statements of Shoprite Ltd for the year ended 31 December 2024.

Statement of financial position as at 31 December 2024

ASSETS	2024	2023
Non-current assets	9 450 000	8 640 000
Property, plant, and equipment	9 450 000	8 640 000
Investments	-	-
Current assets	36 045 000	29 632 500
Inventories	20 925 000	14 850 000
Receivables	12 150 000	9 990 000
Cash assets	2 970 000	4 792 500
TOTAL ASSETS	45 495 000	38 272 500
EQUITY AND LIABILITIES		
Share capital and reserves	16 335 000	15 120 000
Share capital	7 000 000	7 000 000
Other reserves	-250 000	-250 000
Retained earnings	9 585 000	8 370 000
Redeemable -preference shares	2 700 000	2 700 000
Non-current liabilities		
Long-term borrowings	7 425 000	7 425 000
Current liabilities	19 035 000	13 027 500
Trade and other payables	4 860 000	4 320 000
Short-term borrowings	14 175 000	8 707 500
TOTAL EQUITY AND LIABILITIES	45 495 000	38 272 500

Statement of profit or loss for the year ended 31 December 2024

	2024	2023
Sales revenue (100% credit sales)	85 320 000	74 250 000
Cost of sales	63 990 000	54 945 000
Gross profit	21 330 000	19 305 000
Operating expenses	12 636 000	11 070 000
Depreciation	810 000	675 000
Profit before interest and tax	7 884 000	7 560 000

Finance costs	2 430 000	1 485 000
Profit before tax	5 454 000	6 075 000
Income tax expense	2 430 000	2 160 000
Profit from continuing operations	3 024 000	3 915 000
loss on discontinued operations	1 080 000	-
Profit for the year	1 944 000	3 915 000

Statement of changes in equity for the year ended 31 December 2024

	2024	2023
Balance on 31 December	8 370 000	5 184 000
Comprehensive income for the year	1 944 000	3 915 000
	10 314 000	9 099 000
Dividends-preference shares	-324 000	-324 000
Dividends-ordinary shares	-405 000	-405 000
Balance on 31 December	9 585 000	8 370 000

REQUIREMENT: Assume a 365-day year, and compute the following ratios for 2023 and 2024		MARKS
a)	Current ratio	2
b)	Quick/Acid test ratio	2
c)	Debtors' collection period	2
d)	Creditors settlement period	2
e)	Debt ratio	2
f)	Identify and briefly describe any five (5) limitations of ratio analysis	10

QUESTION 4

[25 MARKS]

Reid and Benson are in partnership as lecturers and tutors. Interest is to be allowed on capital and on the opening balances on the current accounts at a rate of 5% per annum, and Reid is to be given a salary of N\$18 000 per annum. Interest is to be charged on drawings at 5% per annum, and the profits and losses are to be shared by Reid 60% and Benson 40%.

The following trial balance was extracted from the books of the partnership at 31 December 2024.

	N\$	N\$
Capital account- Benson		50, 000
Capital account- Reid		75, 000
Current account- Benson		4, 000

Current account- Reid		5, 000
Drawings- Reid	17, 000	
Drawings- Benson	20, 000	
Sales- goods and services		541, 750
Purchases of textbooks for distribution	291,830	
Returns inwards and outwards	800	330
Carriage inwards	3, 150	
Staff salaries	141, 150	
Rent	2, 500	
Insurance-general	1, 000	
Insurance- Public indemnity	1, 500	
Compensation paid due to Benson's error	10, 000	
General expenses	9, 500	
Bad debts written off	1,150	
Fixtures and fittings-cost	74, 000	
Fixtures and fittings-depreciation		12, 000
Accounts receivable and accounts payable	137, 500	23, 400
Cash	400	
Total	711, 480	711, 480

Additional information

- An allowance for doubtful debts is to be created of N\$1,500
- Insurances paid in advance at 31 December 2024 were general N\$50; public indemnity N\$100.
- Fixtures and fittings are to be depreciated at 10% on cost.
- Inventory of books at 31 December 2024 was N\$1,500.

REQUIREMENT:		MARKS
a)	Prepare the partnership statement of comprehensive income	15
b)	Prepare the partnership profit and loss appropriation account at 31 December 2024	10

END OF EXAMINATION QUESTION PAPER