



**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: 07BOAC AND 07BLSC	LEVEL: 5
COURSE: FINANCIAL ACCOUNTING 101	COURSE CODE: FAC511S
SESSION: JUNE/JULY 2023	PAPER: THEORY & CALCULATIONS
DURATION: 3 Hours	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS:	Ms Y Andrew, Ms H Kangala, Mr L Odada, Mr Chikambi and Mr C Simasiku
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 (N\$), where applicable.3. A silent, non-programmable calculator is permissible.4. Show all your workings (where applicable).

This paper consists of 5 pages, excluding the cover page.

QUESTION 1**20 Marks**

- a) Match the terms to the appropriate defining details in the table below: (6)

Write down the number and the corresponding letter in your answer booklet, e.g. 1. A

Term	Defining Details
1. Verifiability	A. Reports the entity's Assets, Equity and Liabilities
2. Going Concern	B. Income received in advance
3. Accounting Cycle	C. Relevant information that, if omitted could influence the user's decision
4. Statement of financial position	D. Assumes that the entity will operate in the foreseeable future
5. Materiality	E. Allows different independent users to reach the same conclusion using the same information
6. Liability	F. The steps that complete the process of recording financial transactions up to their inclusion in the financial statements.

- b) To keep track of inventory, a business can either make use of the perpetual or the periodic inventory management systems. Briefly explain these different systems. (4)
- c) Financial information is useful when it is relevant and faithfully represents what it purports to represent. Explain the characteristics of faithful representation. (6)
- d) On 30 January 2023, the owner of Maxi Traders transferred N\$15 000 to Woke Wholesalers to settle their debts of N\$10 000. The extra N\$5 000 is for inventory that they are planning to purchase later on in February. Explain why the N\$5 000 paid in advance should not be recorded as a liability. (3)
- e) The accounting equation is based on the principle of duality. What does this mean?(1)

QUESTION 2**30 Marks**

You are the accountant of TMU Entity and have been provided the following Trial balance as at 31 October 2022.

	Debit	Credit
	N\$	N\$
Land & buildings	150,000.00	
Furniture	30,000.00	
Accumulated depreciation: furniture		7,500.00
Vehicles	45,000.00	
Accumulated depreciation: vehicles		12,000.00
Sales		750,000.00
Purchases	450,000.00	
Inventories (1 November 2021)	180,000.00	
Sales Returns	7,500.00	
Commission on purchases	15,000.00	
Credit losses	3,000.00	
Drawings	45,000.00	
Interest expense	4,500.00	
Loan		90,000.00
Interest income		3,000.00
Rent received		30,000.00
Salaries & wages	27,000.00	
Sundry expenses	16,500.00	
Accounts receivables	76,500.00	
Accounts payables		54,000.00
Bank	12,000.00	
Capital		115,500.00
	1,062,000.00	1,062,000.00

Additional information:

1. Inventories on 31 October 2022 amount to N\$195 000.
2. Interest on loan is calculated at 5% per year. The loan is repayable on 31 December 2023.
3. Property, plant and equipment:
 - 3.1 The buildings are occupied for the purposes of the activities of the entity and are accounted for in terms of the cost model. The value of the buildings is N\$45,000 and the land N\$105,000 at the date of purchase, 1 November 2021.
 - 3.2 Depreciation for the year has to be provided for as follows:
 - Buildings at 3% on per year on cost

- Furniture at 6% per year on cost
 - Vehicles at 10% per year on the diminishing balance method.
4. N\$7 500 of receivables must be written off as irrecoverable.
 5. The rental contract stipulates a monthly rental amount N\$3 000.

REQUIRED

- a) Prepare the Statement of profit or loss of TMU Entity for the year ended 31 October 2022. (18)
- b) Prepare the Statement of financial position of TMU Entity as at 31 October 2022. (12)

QUESTION 3

15 Marks

Jingle Jangle Ltd is a company that manufactures and sells Christmas lights. Jingle Jangle enters into contracts with some of their selected customers that, if its early in the year, the customer can purchase Christmas décor, which would not be delivered immediately to the purchaser's premises but stored in Jingle Jangle Ltd's warehouse until the day of Christmas Eve, or whenever the customer prefers to receive their delivery.

On 4 November 2022, Wonderland cc, one of Jingle Jangle Ltd's esteemed customers, placed an order with Jingle Jangle Ltd for 10, metallic theme decorated 3.7-meter Christmas trees at N\$15,000 (VAT excl) per tree. All 10 Christmas trees were available for delivery on 5 November 2022, but Wonderland cc requested delivery to be done on the 15 December 2022, due to their limited store floor space.

On 5 November 2022, the 10 Christmas trees were put aside in Jingle Jangle Ltd's warehouse as sold to Wonderland cc and a sales invoice of N\$172,500 (VAT incl) was issued to Wonderland cc on this date. Wonderland cc has a good credit record, so the invoice is therefore payable on 5 January 2023.

Jingle Jangle Ltd uses the periodic inventory system and are currently reporting transactions for the reporting period that ended on 31 March 2023.

REQUIRED

- a) Discuss whether the revenue (sales) can be recognised by applying the five-step model of IFRS 15 - Revenue with contracts with customers (10)
- b) Record the above transactions in the general journal of Jingle Jangle Ltd. (5)

QUESTION 4**20 Marks****PART A****13 Marks**

- i. Explain the term 'inventories' as defined by IAS 2, Inventories, also provide the different categories of inventory items. (5)
- ii. State which costs should be included when measuring the value of inventories. (3)
- iii. State which costs should NOT be included when measuring the value of inventories. (5)

PART B**7 Marks**

A company carried out its stock take at the end of its financial year. Included in its inventories are the following items:

State the value that each of the above items will be included in the company's year-end inventory, provide reasons for your answer and show your workings.

- i. A table that cost the company N\$1 250. This type of table usually sells for N\$1 895 but it was damaged in a flood and will therefore be sold at a significant discount. It is expected to sell for N\$450. (1)
- ii. A wardrobe that cost the company N\$720 and normally sells for N\$995. The wardrobe has been damaged and will cost approximately N\$120 to repair at which point it can be sold for N\$750. (2)
- iii. A dresser that was made to a customer's own specifications and cost the company N\$1 832 to make. Unfortunately, the customer went bankrupt and could not purchase the item. Due to the unusual design the dresser was not easy to sell. At the year-end, however, the company sold the dresser for N\$2 250 but incurred commission costs on the sale of N\$105 and delivery costs of N\$158. (4)

QUESTION 5**15 Marks**

Below is a pre-adjusted trial balance of Jumpin' Jack Enterprises as at 31 December 2022.

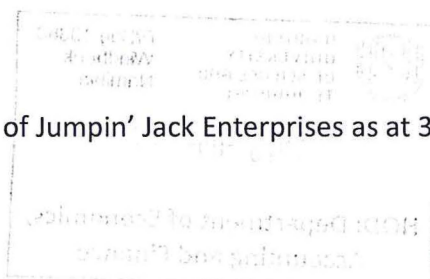
	N\$
Bank	22,200
Trade receivables	57,000
Sales	181,900
Trade payables	59,340
Inventory	95,000
General expenses	27,100
Stationery expense	7,200
Credit losses	700
Salaries	41,600
Repairs and maintenance	19,000
Capital	365,400
Land and buildings	271,700
Drawings	66,420

It was discovered that the bookkeeper had made a number of errors. These are detailed below:

1. Each of the above balances is a normal balance.
2. Trade receivables were understated by N\$ 2700 because of an addition error.
3. The payment of N\$3000 for stationery was posted in error to the inventory account.
4. Cash of N\$125 paid for inventory was posted as a credit in the bank account and a debit in the repairs and maintenance account.
5. Bank charges of N\$300 had, as yet, been recorded only in the bank account.
6. General expenses of N\$910 had been recorded on the credit side of the general expenses account and on the credit side of the bank account.
7. A Salary of N\$ 5340 for 30 November 2022 was paid but it was not recorded anywhere.

REQUIRED

Prepare a corrected Trial balance of Jumpin' Jack Enterprises as at 31 December 2022. (15)

**END OF EXAMINATION PAPER**