



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ACCOUNTING (CHARTERED ACCOUNTANCY)	
QUALIFICATION CODE: 07BACC	LEVEL: 5
COURSE CODE: FAC501Y	COURSE NAME: ACCOUNTING 100
DATE: JANUARY 2026	PAPER: THEORY AND PRACTICAL
TOTAL DURATION: 180 MINUTES	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS	MS Z STELLMACHER
MODERATOR:	MR IK KENARUZO

INSTRUCTIONS:

1. This paper consists of **SIX (6)** pages (Including this cover page). If your paper does not contain all the pages, please put up your hand so that a replacement paper can be handed to you.
2. This paper consists of **THREE (3)** questions. Answer **ALL** questions.
3. Answer all the questions in blue or black ink only.
4. Each question should be answered on a separate page.
5. Show **ALL** calculations clearly. Round any decimal figures to the nearest dollar.
6. 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.
7. Permissible materials include stationery and a non-programmable calculator only.
8. The neatness, disclosure and presentation of your answers will be considered when marking your paper.
9. The scenarios presented are fictitious and any similarities, real or imagined, to real events, people, places, organisations are purely coincidental and should be interpreted as such.

QUESTION 1**30 MARKS**

Rapid Repairs is a hardware store in Windhoek. It is a registered VAT vendor with a financial year-end of 30 June. The following transactions pertain to the debtors in the business.

A sales transaction was concluded with Plummeting Plumbers (who is not registered for VAT purposes) on 20 September 2023. The full amount of the sale was N\$ 28 750 and Rapid Repairs assumed (due to the fact that Plummeting Plumbers was a good customer) that Plummeting Plumbers will take advantage of the 3 % settlement discount if payment was done within 30 days.

QUESTION 1

TO BE ANSWERED ON A SEPARATE PAGE		
YOU ARE REQUIRED TO:		MARKS
(a)	Prepare the journal entries for the above transaction in the records of Rapid Repairs. Show all journal narrations.	(7)
(b)	Prepare the journal entries for the above transaction in the records of Rapid Repairs but assume that Plummeting Plumbers were not known to Rapid Repairs at all. Explain which accounting concept you applied in this regard.	(6)
(c)	Write a memorandum to the owner of Rapid Repairs in which you discuss the term “contract” as it is outlined in IFRS 15. <u>Marks will be awarded as follows:</u> Content (10) Layout and presentation (2)	(12)
TOTAL MARKS: QUESTION 1		(30)

QUESTION 2

40 MARKS

Fabulous Footwear (Pty) Ltd is a company which sells footwear. A fire broke out at its shop in Windhoek during April 2024. This led to many shoes being damaged. Luckily the company insured its inventory, and the insured value of these items amounted to N\$ 69 000 (including VAT). Fabulous Footwear and all its suppliers are registered VAT vendors in Namibia. In addition, Fabulous Footwear applies a fixed mark-up price and the company's year-end is 31 December 2024.

You managed to retrieve the following information:

- Sales as per general ledger for the year ended 31 December 2023: N\$ 2 200 000
- Amounts paid to Namibian Suppliers for the year ended 31 December 2023: N\$ 2 001 000
- Opening inventory: 1 January 2023: N\$ 160 000
- Closing inventory: 31 December 2023: N\$ 120 000

The financial accountant also informed you of the following:

- Although the company applies a fixed mark-up price, all footwear was reduced to 10% gross profit on sales for one week during November 2023 for "Black Friday" promotions. Sales for Black Friday week amounted to N\$ 200 000 and is included in the financial year's sales figures stated above.
- Shoes with a selling price of N\$ 28 750 were not damaged during the fire.
- Purchases for the period from 1 January to 13 April amounted to N\$ 150 000 (excluding VAT), while sales for the same period amounted to N\$ 180 000 (excluding VAT).

The insurance contract states the following:

- Sales which were conducted at a lower mark-up should not be considered when calculating the company's normal mark-up and
- The normal mark-up in the financial year before the incident should be applied when computing the insured amount.
- The average clause is applicable.

The insurance company settled the claim on 15 May 2024.

QUESTION 2

TO BE ANSWERED ON A SEPARATE PAGE		
	YOU ARE REQUIRED TO:	MARKS
(a)	Calculate the normal gross profit percentage on sales which Fabulous Shoes (Pty) Ltd applied during its 2023 financial year.	(9)
(b)	Assume that the normal gross profit percentage on sales is 20 %, calculate the value inventories (excluding VAT) destroyed in the fire for the period 1 January to 30 April 2024.	(10)
(c)	Calculate the amount of the insurance claim.	(3)
(d)	Provide the journal entries for the insurance transaction in the records of Fabulous Footwear (Pty) Ltd.	(6)
(e)	<p>Write a memorandum to the Chief Executive Officer of Fabulous Footwear (Pty) Ltd in which you explain the initial measurement of Inventory according to IAS 2.</p> <p><u>Marks will be awarded as follows:</u></p> <p>Content (10) Layout and presentation (2)</p>	(12)
TOTAL MARKS: QUESTION 2		(40)

QUESTION 3

30 MARKS

Company A (Pty) Ltd is a private company which produces a variety of soft drinks in the south of Namibia. The company is registered for VAT, and its year-end is 31 December. An extract of the trial balance for the 2022 and 2023 financial years is provided below:

	Additional information	2023	2022
Land – cost price	2	5 250 000	3 250 000
Buildings – cost price	2	15 700 000	9 700 000
Accumulated depreciation – buildings	2	(3 060 000)	(2 425 000)

Mortgage bond	2	(9 986 000)	(4 563 000)
Factory under construction	3	5 000 000	2 625 000
Specific loan (incurred for factory)	3	0	(2 625 000)
Plant and equipment – cost price	4,5	29 150 000	22 000 000
Accumulated depreciation – plant and equipment	4	(12 940 000)	(13 710 000)
Supplier’s loan	5	(1 600 000)	0
Vehicles – cost price	6	3 312 500	2 800 000
Accumulated depreciation – vehicles	6	(1 032 000)	(1 778 000)

Additional information

1. There was, besides the disposal/derecognition of non-current assets specifically mentioned, no other non-current assets disposed of/derecognised during the current reporting period which ends 31 December 2023.
2. The company purchased an additional warehouse during the 2023 financial year. The registration of the property occurred on 2 May 2023. The depreciation of the building for the 2023 financial year was correctly recorded in the accounting records. The cost of the warehouse was partly paid via EFT and the rest was financed with a mortgage bond. The mortgage bond pertaining to the warehouse amounted to N\$ 6 000 000 on 31 December 2023.
3. Since the business was expanding, an additional factory had to be constructed for a total cost of N\$ 5 000 000. This cost excluded the interest portion of the specific loan (amounting to N\$ 5 000 000) to be obtained for this purpose. The construction of the building started in 2022 and was only concluded on 31 December 2023, on which date the entire loan was settled. As this loan was specifically obtained for this project, the accountant correctly capitalized the interest on the loan to the building. The interest rate for the loan is 10 % per annum. The bank paid the loan amount in two equal instalments on 1 July 2022 and 2 January 2023.
4. During November 2023, Namibia received heavy rains. Due to extensive flooding on the 2nd of November, some of the manufacturing plant and equipment were severely damaged. Manufacturing equipment costing N\$ 2 400 000 and accumulated depreciation of N\$ 850 000 on the day of the damage, was destroyed completely. The amount of the insurance compensation was N\$ 1 173 913 (excluding VAT). The insurance company settled the amount on 13 December 2023.
5. The cost to replace the damaged manufacturing plant and equipment amounted to N\$ 3 000 000. The supplier installed the plant on 20 December 2023 and was paid an amount of N\$ 1 400 000. The remaining amount was recorded in the creditors account in the general ledger for payment during 2024.

6. A delivery truck with a cost price of N\$ 500 000 and accumulated depreciation of N\$ 437 500 was traded in on 1 August 2023. The cost of the new truck amounted to N\$ 562 500 but the supplier allowed a credit of N\$ 50 000 on this cost.
7. During 2023 other plant and equipment items were purchased for cash to expand Company A's capacity.

QUESTION 3

TO BE ANSWERED ON A SEPARATE PAGE		
	YOU ARE REQUIRED TO:	MARKS
(a)	Present the <u>cash flow from investing activities</u> and the <u>cash flow from financing activities</u> as it will appear in the statement of cash flows of Company A (Pty) Ltd for the reporting period ended 31 December 2023. Note: Cash flow from operating activities is <u>not required</u> . Ignore VAT.	(18)
(b)	Disclose the note to cash generated from operations for the period ended 31 December 2023 in much detail with the available information.	(12)
TOTAL MARKS: QUESTION 3		(30)

END OF ASSESSMENT