



**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

FIRST 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, where applicable.3. A silent, non-programmable calculator is permissible.4. Show all your workings (where applicable).

This paper consists of 4 pages, excluding the cover page.

QUESTION 1**20 Marks**

- 1.1 List one (1) primary user of financial statements as per Conceptual Framework for Financial Reporting and also explain for what purpose they could use the financial statements. (2)
- 1.2 List six (6) Qualitative Characteristics of Financial Statements. (6)
- 1.3 Explain what the underlying assumption of going concern means. (1)
- 1.4 Explain the difference between input VAT and output VAT. (2)
- 1.5 What does the abbreviation "VAT" stand for? (1)
- 1.6 Explain briefly what you understand by the following accounting terms:
- a) An accrual (2)
 - b) A prepayment (2)
 - c) Revenue (2)
 - d) Balance of accounts (2)

QUESTION 2**45 Marks**

Russel Kotze	
List of balances as at 31 March 2023	
	N\$
Land	100,000
7% long term investment	25,600
Equipment	101,110
Accumulated depreciation: equipment	31,415
Inventory as at 1/1/2021	24,810
Receivables	71,050
Payables	55,885
VAT refund receivable	5,160
Bank and cash	7,820
Allowance for credit losses	5,625
Rent expense	15,000
Sales	406,170
Purchases	196,450
Sales returns	4,150

Purchases returns	3,750
Distribution and advertising	7,320
Insurance	11,250
Wages and salaries	90,470
4% long term bank loan	91,250
Interest on long term loan	1,760
Credit losses	1,120
Drawings	5,290
Capital	74,265

The following information, which has not been accounted for above, is also available:

1. Each of the above account balances is a normal balance.
2. The inventory count as at 31 March 2023 showed closing inventory valued at N\$21 195.
3. The annual rental expense for the business premises amounts to N\$20 000 per annum.
4. Insurance has been paid until 30 June 2023.
5. A receivable owing N\$2 000 has recently been downgraded by rating agencies and is experiencing severe cash-flow problems; as a result, Russel Kotze has decided to write off this receivable account as irrecoverable. The allowance for credit losses should be maintained at 6% of outstanding receivables.
6. The interest on the long-term investment has not yet been received.
7. Depreciation is to be provided for as follows: (Depreciation should be calculated to the nearest whole number).
 - Land: Not depreciated.
 - Equipment: 15% reducing balance method.

REQUIRED

- a) Prepare the general journal entries to account for the above adjustments. No narrations are required. (16)

- b) Prepare the Statement of Profit or Loss of Russel Kotze for the year ended 31 March 2023. (16)
- c) Prepare the Statement of Financial Position of Russel Kotze as at 31 March 2023. Show all workings and round off to the nearest N\$. (13)

QUESTION 3

20 Marks

Zeempie Samsodien is a sole proprietor who owns a corner shop that sells groceries and other small household items and accounts for inventory by using the periodic system. Zeempie Samsodien is a registered VAT vendor and his VAT liability as at 01 March 2023 was N\$13 700 and the standard rate of VAT is 15%. The balance on the bank account on 01 March 2023 was a debit balance of N\$ 12 500. Zeempie Samsodien deals with standard goods falling under the standard VAT rate.

The following information is available for Zeempie Samsodien for the month of March 2023:

- i) Sales on credit for the month of March 2023 amounted to N\$164 250 net of VAT;
- ii) Sales returns (all credit) for the month of March 2023 amounted to N\$14 200 net of VAT;
- iii) Purchases on credit for the month of March 2023 amounted to N\$105 980 net of VAT;
- iv) Purchases returns (all credit) for the month of March 2023 amounted to N\$11 200 net of VAT;
- v) Zeempie Samsodien pays N\$10 000 in VAT to NAMRA (the Receiver of Revenue) monthly by direct debit order on the 15th of every month.

REQUIRED

- a) Prepare the relevant journal entries to account for VAT for March 2023. (15)
- b) Calculate the net VAT payable or receivable as at 31 March 2023. (5)

QUESTION 5

15 Marks

The following details relate to assets that were in the asset register of Wallmark Trading at the beginning of the financial year, 1 April 2022.

Asset	Cost	Accumulated depreciation	Depreciation policy
	N\$	N\$	
Delivery vehicles	650,000	350,000	20% per annum reducing balance method
Machinery	900,000	400,000	15% per annum on cost
Equipment	150,000	48,000	Straight line over 10 years on the depreciable amount

The following occurred during the year ending 31 March 2023:

- A delivery vehicle which cost N\$160 000 with an accumulated depreciation of N\$120 000 on 31 March 2022 was destroyed in an accident on 30 September 2022. The vehicle was insured and a cheque to the amount of N\$34 500 was received from the insurance company.
- On 30 November 2022, one of the old machines with a cost of N\$300 000 and included in the figure of N\$900 000, was traded in on a new machine with a cost of N\$575 000 (VAT inclusive). On 31 March 2022 the accumulated depreciation on the old machine was N\$140 000 and an amount of N\$138 000 was received for it as a traded in value. The outstanding amount for the new machine was paid by cheque.
- Equipment will be disposed at the end of its useful life for an amount of N\$30 000. As at 31 March 2023, the equipment had a remaining useful life of five years.

Assume a VAT rate of 15%.

REQUIRED

- a) Calculate the profit or loss on the machine trade-in. (4)
- b) Disclose the item of property, plant and equipment in the notes to the financial position as at 31 March 2023. (11)

END OF EXAMINATION PAPER

