



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>QUALIFICATION :</b> BACHELOR OF ACCOUNTING AND BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT	
<b>QUALIFICATION CODE:</b> 07BGAC AND 07BLSC	<b>LEVEL:</b> 5
<b>COURSE:</b> FINANCIAL ACCOUNTING 101	<b>COURSE CODE:</b> FAC511S
<b>SESSION:</b> JUNE 2025	<b>PAPER:</b> THEORY & CALCULATIONS
<b>DURATION:</b> 3 Hours	<b>MARKS:</b> 100

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINERS:</b>	Ms H Kangala, Mr H Namwandi, Mr H Hainghumbi, Ms Y Odio, Ms NJ Akwenye
<b>MODERATOR:</b>	Mr C Mahindi

<b>INSTRUCTIONS TO CANDIDATES</b>	
1.	Answer all questions in <b>blue</b> or <b>black</b> ink.
2.	Round off all amounts to the nearest Namibian Dollar, where applicable.
3.	A non-programmable calculator is permissible.
4.	Show all your workings (where applicable).

**This Question paper is made up of 5 Pages (Excluding the front page)**

**Question 1****41 Marks**

The following is a list of the accounts that relate to the business of Cloudy cc for the financial year ended 28 February 2025.

Sales	680,000
Purchases	450,000
Carriage inwards	2,500
Telephone expenses	1,844
Repairs and maintenance	23,300
Rent paid	9,940
Rates and taxes	230
Salaries and wages	15,400
Water and Electricity	2,200
Insurance	315
Stationery	3,330
Capital	825,625
Land and Buildings	880,000
Equipment	158,600
Accumulated depreciation: Equipment (01/03/2024)	25,800
Accumulated depreciation: Land and Buildings (01/03/2024)	10,560
Cash on hand	2,100
Bank (overdraft)	21,000
Long-term Investments	23,226
Inventory (01/03/2024)	6,800
Accounts Receivables	48,350
Allowance for credit losses	1,000
Accounts Payables	64,000
Accrued expenses	150
	<b>3,256,270</b>

**Additional information:**

1. The owner took trading inventory with a sales value of N\$2,115 for own use on 15 December 2024. The enterprise sells goods at cost price plus 12.5%
2. The accountant incorrectly included equipment that was acquired on 1 November 2024 for N\$18,700 under repairs and maintenance.
3. The organisation uses a periodic inventory system. The following balances relate to inventories at the end of the year:
  - Trading inventories - N\$8,600
  - Stationery - N\$150
4. An accounts receivable whose account of N\$3,500 was written off in the previous year was recovered in the current year. The accountant included this amount in sales.
5. An accounts receivable with an account of N\$2,750, included in the accounts receivable should be written off.

6. The allowance for credit losses should be adjusted to 2.5% of outstanding accounts receivables.
7. Insurance relates to a cover with BD Insurers at N\$45 per month. According to the contract, Cloudy cc has been covered for the full financial year.
8. Rent expense relates to the rental of the inventory warehouse at a cost of N\$710 per month.
9. The Land and Buildings asset class is 80% Land and 20% Buildings. Cloudy cc depreciates Buildings at a 2% rate using the Straight-line method. Land is not depreciable.
10. Cloudy cc uses the Reducing Balance method at 15% to apply depreciation on Equipment and other non-current assets.
11. The listed Accrued Expenses relate to a balance that has been brought down from last year's telephone expenses. This account was settled in the current year and the movement in the Bank account has already been correctly accounted for.

**Required:**

- a) Prepare the adjusted Trial Balance for Cloudy cc as at 28 February 2025, considering the information provided. **24 Marks**
- b) Prepare the statement of profit or loss for the year ended 28 February 2025 **10 Marks**
- c) Prepare the closing general journal entries to the **Trading Account and to the Capital Account**. Ignore narrations **7 Marks**

**Question 2**

**12 Marks**

Fresh-take CC supplies wedding décor services as well as décor items to its client base. On 31 May 2024, the trial balance of Fresh-take CC failed to agree. Several errors have been detected by the accounting officer of the close corporation. A credit balance of N\$420.00 brought down from April 2024.

Below are further details on the errors detected.

1. The owner's daughter worked for the business during the school holidays. Her salary of N\$1,500 was recorded as drawings. It was correctly treated in the bank account.
2. An amount of N\$800 paid for advertisements, was not posted to the ledger account, but correctly posted to the bank account.
3. Credit losses of R120 written off against a receivable's account were recorded as a credit, to credit losses account. The amount was correctly recorded treated as a credit to accounts receivables.

4. Purchases of R600 were posted twice to the purchases account.
5. Total cash receipts of N\$81,360 according to the cash receipts journal was recorded as N\$81,630 on the debit side of the bank account.
6. The accounts payable journal was overstated by R500.
7. Goods sold on credit for N\$340 were recorded as N\$430 on the debit side of the accounts payable journal.
8. The business paid N\$1,000 for water and electricity. The only entry made of the transaction was a debit to the bank with N\$1,000.

### **REQUIRED**

Prepare the suspense account general ledger account to correct the errors and clear the difference. **12 Marks**

### **Question 3**

**19 Marks**

BC Music is a wholesaler of music equipment, selling to various music stores while using a periodic inventory system. The company is a registered VAT Vendor and generally deals with other registered VAT vendors. The following are a summary of transactions for the month of March 2025.

VAT is charged at 15%. Assume all amounts are VAT exclusive, unless otherwise stated.

1. Purchased inventory from the manufacturer, Mshasho equipment for N\$710,000 (incl) on credit.
2. Cash sales of music equipment amounted to N\$1,600,000, all paid via bank transfer or with point of sale (swiping). This amount includes sales of N\$160,000 that was made to customers who are not registered for VAT.
3. Received interest on fixed deposit of N\$10,000 from Bic Bank
4. DD Jamz, a small business cash customer of BC Music returned the goods sold to them at N\$25,000.
5. The monthly lease payment of the company's premises amounting to N\$28,500 (incl) was paid by cheque.
6. Sales of music equipment to Kandu Cultural Group N\$500,000 (incl) on credit
7. Paid the monthly salary of Mark Hue, the company's general manager at N\$20,000.
8. The company purchased a computer system for N\$51,300 (incl) for G Computers, paid by cheque.

9. Purchased a seven-seater vehicle for staff transportation N\$100,000 (incl) on credit from Autohut.

**Required:**

- a) Provide the journal entries to record the above transactions in the accounting records of BC Music. Journal narrations are not required. **19 Marks**

**Question 4**

**12 Marks**

The following information was obtained from the financial records of Zinadi Traders on 31 March 2025. N\$

**Balances on 01 March 2025**

Total debit balances in receivables ledger 24,000

Total of debit balances in payables ledger 1,000

**Transactions for the month ended 31 March 2025**

Total of cash sales returns from appropriate journal 300

Total of credit sales column in receivables journal 130,000

Total of cash sales column in cashbook receipts journal 32,000

Total of credit sales returns from appropriate journal 600

Total from receivables column in the cashbook receipt journal 136,000

Total of credit purchases returns from appropriate journal 900

Total discount received on credit transactions 1,300

Payments received from credit customers returned by the bank 1,000

Interest charged on long outstanding receivables balances 200

Total discount allowed on credit transactions 1,500

Credit losses written off in March 2025 per the expenses account 3,600

Accounts receivable mistakenly recorded as a debit to payables ledger 900

**Balances on 31 March 2025**

Total credit balances in receivables ledger 3,200

Total of credit balances in payables ledger 4,000

**Required:** Prepare the accounts receivables control account for Zinadi Traders for the month of March 2025. **12 Marks**

## Question 5

**Required:**

**16 Marks**

- a) Using the definitions of the appropriate elements, discuss why income received in advance should be recognized as a liability and not an asset. **4 marks**
- b) On the 8th of March 2025, the owner of Brown Trading purchased inventory of N\$5,000 for the business and paid for it on the same day using his personal funds. The accountant thinks this transaction should be recognized as a Debit to assets and a Credit to Income, because it should be regarded as a gift from the owner, Mr. Brown.  
Use the definitions of the elements of financial statements to explain why you agree or disagree with the accountant's treatment of the transaction and provide alternative treatment, if there is any. **5 Marks**
- c) Discuss the meaning of capital expenditure and give one example **4 Marks**
- d) Define depreciation and name two methods of depreciation. **3 Marks**

**End of Paper**

