



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF ECONOMICS, ACCOUNTING & FINANCE**

QUALIFICATION: BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BGAC	LEVEL: 6
COURSE CODE: FAC511S	COURSE NAME: FINANCIAL ACCOUNTING 101
SESSION: JULY 2025	PAPER: THEORY AND CALCULATIONS
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR	Mahindi C

INSTRUCTIONS
<ul style="list-style-type: none">• Answer ALL the questions in blue or black ink only. NO PENCIL.• Start each question on a new page, number the answers correctly and clearly.• Write clearly, and neatly showing all your workings/assumptions.• Work with at least four (4) decimal places in all your calculations and only round off final answers to two (2) decimal places.• Questions relating to this examination may be raised in the initial 30 minutes after the start of the examination. Thereafter, candidates must use their initiative to deal with any perceived errors or ambiguities and any assumptions 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)

Multiple choice questions

Each of the following questions has only one correct answer. On your answer sheet, write the letter which, in your opinion, represents the correct answer.

1.1 Which one of the following statements is incorrect?

- (a) Borrowing money from the bank is an external event.
- (b) Accounting information is primarily used by external parties.
- (c) Economic activities translated into financial terms are called "data".
- (d) Accounting is a means by which information, regarding business activities, is transmitted to the management and others.
- (e) None of the above

1.2 Prepaid expenses require an adjustment to be made to the double entry accounts as follows:

- (a) Credit relevant expense account with prepayment before balancing off account; debit statement of profit or loss and comprehensive income.
- (b) Debit relevant expense account with prepayment before balancing off account; credit prepayment to same account after balancing off.
- (c) Debit relevant expense account with prepayment before balancing off account; credit statement of profit or loss and comprehensive income.
- (d) Credit relevant expense account with prepayment before balancing off account; debit prepayment to same account after balancing off.
- (e) None of the above.

1.3 Flotana Enterprises make use of control accounts. Which one of the following alternative will cause the trial balance not to balance?

- (a) The discount column in the cash payment journal was debited to the "discount allowed account" in the ledger.
- (b) A credit purchase invoice was correctly entered as N\$325 in the purchases journal, but the amount was incorrectly posted as N\$235 to the personal account of the payable.
- (c) The bank overdraft appears as a credit balance in the trial balance.
- (d) A credit sales invoice of N\$1 090 was incorrectly entered as N\$190 in the sales journal and posted as such to the personal account of the receivable.
- (e) None of the above.

1.4 The following account appeared in the ledger of Taku-Tau at 28 February 2024, the end of their financial year.

RENT RECEIVED

Date		Details	Amount	Date		Details	Amount
2024				2024			
Feb	1	Accrued income	300	Feb	28	Bank	3 300
				Feb	28	Accrued income	600

Which one of the following amounts represents the rent received to be shown as an income for the current financial year according to the accrual principle?

- (a) N\$3 300
- (b) N\$3 000
- (c) N\$3 900
- (d) N\$3 600
- (e) None of the above

1.5 You are the accountant of Vetjan and Marjan (Pty) Ltd. The following information for March 2025 was obtained from the records before any adjustments were made:

Total credit sales for the month	N\$40 000
Cash receipts from receivables	N\$24 000
Settlement Discount allowed in respect of receipts receivables	N\$750

Additional information:

- i. The sales journal has been overcast by N\$1 000.
- ii. The cash sales for the month amounted to N\$9 000.
- iii. The debtors control account reflected a debit balance of N\$30 500 on 1 March 2025.
- iv. The card of a creditor with a debit balance was transferred to the debtor's ledger. This person will in future be a debtor, N\$1 000.

Which of the following alternatives represents the correct balance of the receivables control account at 31 March 2025?

- (a) N\$35 750
- (b) N\$36 750
- (c) N\$38 250
- (d) N\$38 750
- (e) None of the above

1.6 Nokokule construction sold a machine, originally costing N\$500, to Alpha Limited for N\$750 on credit.

Which of the following alternative correctly reflects the influence of the above transaction on the accounting equation of Nokukule construction?

	Assets	Equity	Liabilities
(a)	- N\$750	+ N\$750	-
(b)	- N\$750 + N\$750	-	-
(c)	+ N\$750	+ N\$500	+ N\$250
(d)	+ N\$750 -N\$500	-	+N\$250
(e)	None of the above		

1.7 On 1 December 2023 ABC Construction received an amount of N\$2 400 representing fee received for services to be rendered on a monthly basis during the six months 1 January 2024 to June 2024.

On 1 January 2024 ABC Construction had to make an advance payment of payment N\$600 in respect of rent for the period 1 January 2024 to 31 March 2024. The latter payment was necessary to enable ABC Construction to render the above-mentioned services.

Which one of the following amounts represents the net profit/loss of ABC Construction, resulting from the above, for the period ended 28 February 2024, the end of the financial year? (The matching as well as the accrual principles are to form the basis for your calculations.)

- (a) N\$400 profit
- (b) N\$800 profit
- (c) N\$1 800 profit
- (d) N\$600 profit
- (e) None of the above

1.8 The following information was taken from the accounting records of Open Accounts Traders at 28 February 2024 before the any adjustments or closing entries had been made:

Trade receivables	N\$40 150
Allowance for credit losses (balance at 1 March 2023)	N\$1 800
Credit losses written off during the year	N\$550

Additional information:

The allowance for credit losses is to be adjusted to 5% of net receivables. In addition to the above, N\$150 must still be written off as credit losses.

Which one of the following alternatives represents the amounts in respect of credit losses written off and allowance for credit losses to be disclosed in the statement of profit or loss of Open Accounts Traders for the year ended 28 February 2024?

<u>Credit losses written off</u>	<u>Allowance for credit losses</u>
(a) N\$550	N\$2 000
(b) N\$900	N\$200
(c) N\$150	N\$1 800
(d) N\$700	N\$200
(e) None of the above	

1.9 The following transactions were extracted from the account of Tatekulu Ngwala (a creditor) of Awe Awe Store, for October 2023. 31 October (closing balance is N\$350), 8 October (credit purchase is N\$500), 20 October (payment by EFT is N\$400), 25 October (purchase return is N\$200). The opening balance of Tatekulu Ngwala's account as at 1 October 2023 would be?

- (a) Dr N\$ 950
- (b) Cr N\$ 950
- (c) Dr N\$ 550
- (d) Cr N\$ 750
- (e) None of the above

1.10 Given the following information for Solo Enterprises:

	<u>29 February 2023</u>	<u>28 February 2024</u>
	N\$	N\$
Creditors	3 000	2 000
Inventory	2 000	1 500
Equipment at cost price	4 000	4 000
Accumulated depreciation	1 000	1 100
Cash	500	400
Capital	?	?

No withdrawals or additional capital contributions were made by the owners during the year ended 28 February 2024.

Which one of the following amounts represent the net income/loss of Solo Enterprises for the year ended 28 February 2024?

- (a) N\$500 net loss
- (b) N\$300 net income
- (c) N\$500 net income
- (d) N\$300 net loss
- (e) None of the above

Question 2

(40 Marks)

The following list of accounts balance was taken from the books of Wallelepo-Nawa Enterprises.

Wallelepo – Nawa Enterprises	
List of balances as at 31 March 2025	
	N\$
Land and building	100 000
7% long term investment	25 600
Equipment	101 110
Accumulated depreciation: equipment	31 415
Inventory as at 1 April 2024	24 810
Receivables	71,050
Payables	55 885
VAT refund receivable	5 160
Bank and cash	7 820
Allowance for credit losses as at 1 April 2024	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 paid	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 balances is a normal balance.
2. The inventory count as at 31 March 2025 showed closing inventory valued at N\$21 195.
3. The annual rental for the business premises amounts to N\$20 000 per annum.
4. Insurance has been paid until 30 June 2025.
5. A receivable owing N\$2 000 has recently been downgraded by ratings agencies and is experiencing severe cash-flow problems; as a result, Wallelepo- Nawa has decided to write off this receivables 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: Land & Building
(Not depreciated)
Equipment 15% reducing balance method
(Depreciation should be calculated to the nearest whole number).

Required:

- (a) Prepare the Statement of Profit or Loss of Wallelepo-Nawa for the year ended 31 March 2025. (20 Marks)
- (b) Prepare the Statement of Financial Position Wallelepo-Nawa as at 31 March 2025. (20 Marks)

Question 3 (20 Marks)

Part A (14 Marks)

Potch Retailer had the following transactions during April 2025:

1. Received an EFT for N\$1 200 from J Boden whose debt of N\$1 800 was written off as a credit losses for four months ago.
2. The account of D Crouse, a receivable whose account of N\$4 000 has been in arrears for three months, is charged with interest at a rate of 18% per annum.
3. The owner took inventory for his private use, N\$800.
4. Paid N\$200 out of the bank account on behalf of B Cloete, being transport cost on goods delivered to him.

5. Stationery was issued from trading inventory for use in the office, N\$150. This transaction has not yet been entered in the books.
6. Trading inventory not according to order is returned to the supplier (A & B Wholesalers), N\$900. This inventory was bought on account.

NB: The organization use a periodic inventory system.

Required:

Record the above transactions in a worksheet as shown below to show the effect on the accounting equation and the source document for each transaction.

Date	Assets	Equity	Liabilities	Source document
1 June	+ N\$10 000 Vehicle	-	+ N\$10000 Creditors	Debit note

Part B

(6 Marks)

You are provided the following information extracted from the books of Haricool Air Conditioner in the month of April 2025; a VAT vendor registered business.

1. Mr Sitapata bought a delivery vehicle that he intends using in his business, total amount for the vehicle cost is N\$380 000, he paid N\$20 000 via EFT and the remaining amount was still due to Auto House where he bought the vehicle.
2. The employees of Haricool Air Conditioners were paid their monthly salaries of N\$50 000 using an electronic transfer fund (EFT) directly from the business bank account.
3. Repaired a client's air conditioner and received money via bank transfer for N\$13 500.
4. Bought four new air conditioners from a non-registered VAT vendor to be installed at a client premises next week and paid via EFT, N\$28 000.

All amounts are inclusive of VAT, were applicable.

Round off all amounts to two decimal places.

Required:

Enter the above transactions in the general journal of Haricool Air Conditioner in the month of April 2025 (6 marks)

Question 4**(20 Marks)**

Zanex CC was incorporated on 1 March 2022. On this date, the close corporation purchased three (3) machines for N\$20 000 each and office furniture for N\$15 000.

On 31 May 2022, members decided to purchase a new delivery truck for N\$600 000, a new motor vehicle for N\$40 000, and a second delivery van for N\$20 000. All these purchases were made on account from Auto House. On 31 January 2023, members decided to sell the motor vehicle to WW Motors for N\$40 000. The money for the sales was transferred via EFT on 28 February 2023.

It is the corporation's policy to write off depreciation on furniture and equipment at 20% per annum on the cost and all vehicles at 15% per annum using the reducing balance method.

The financial year end on 28 February.

Ignore VAT.

Required:

Make use of the information given above to draw up the following ledger accounts for the year ended 28 February 2023 (the accounts must be properly balanced and closed off).

- | | |
|---|-----------|
| (a) Vehicles | (3 Marks) |
| (b) Furniture and equipment | (3 Marks) |
| (c) Accumulated depreciation- vehicles | (6 Marks) |
| (d) Accumulated depreciation- equipment | (1 Mark) |
| (e) Depreciation | (3 Marks) |
| (f) Asset disposal | (4 Marks) |

THE END