



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION : BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BGAC	LEVEL: 5
COURSE: FINANCIAL ACCOUNTING 102	COURSE CODE: FAC512S
DATE: NOVEMBER 2025	SESSION: THEORY AND APPLICATION
DURATION: 3 HOURS	MARKS: 100

1st OPPORTUNITY EXAMINATION	
FIRST EXAMINER:	Ms. H Kangala, Ms. EN Sakeus & Mr. J Angula
MODERATOR:	Mr. C Mahindi

INSTRUCTIONS
<ol style="list-style-type: none">1. This question paper is made up of FIVE (5) questions.2. Answer All the questions and in blue or black ink.3. You are advised to pay due attention to expression and presentation. Failure to do so will cost you marks.4. Start each question on a new page in your answer booklet and show all your workings.5. Questions relating to this 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 and any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

Non-programmable calculator/financial calculator

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Excluding this front page)

Question 1**20 Marks**

NamGym Ltd is a VAT-registered fitness and wellness company that also supplies gym equipment. The business has a year end of 30 June. On 1 January 2025, NamGym signed a contract with *WellCo Ltd*, a medium-sized business in Windhoek, to set up a corporate wellness programme.

The contract promises the following:

1. Supply of gym equipment – NamGym Ltd has the gym equipment (treadmills, weights, rowing machines) ready for delivery at its warehouse on the day of order of 01 January 2025. However, at WellCo's request, NamGym must hold the equipment until 31 December 2025, because WellCo is still preparing their new gym space. To this NamGym agreed, because of availability of ample space. For this reason:
 - The equipment is identified and set aside for WellCo.
 - The goods are ready for delivery at any time upon WellCo's request.
 - NamGym cannot use the equipment for any other customer.
2. Provide a one-day corporate wellness seminar, to be held on 15 January 2025 at WellCo's offices.
3. Supply fitness tracking devices (50 units), delivered to employees on 1 January 2025.

Payment terms:

- The total contract price is N\$1,200,000 (including 15% VAT), payable in three equal instalments of N\$400,000 (including VAT) at the end of each year (2025, 2026, 2027).

The contract prices are divided according to contract specifications as follows; all prices include VAT:

- Gym equipment = N\$900,000
- Seminar = N\$150,000
- Fitness devices = N\$150,000

Other information:

- NamGym provides only a standard assurance warranty on equipment and devices.
- Assume that collection is probable. No discounts or rebates apply.

Requirement:

Apply the five-step IFRS 15 model to the NamGym–WellCo Ltd contract to recognize revenue and prepare the appropriate journal entries for the year ended 30 June 2025. (20 Marks)

Question 2**(21 Marks)**

H&M Traders is a business in the fashion consignment industry. The business is owned by two partners, Happy and Marvelous, who started the business and are to share in its profits in their agreed ratio of 3:2. The following terms relate to H&M's partnership agreement:

1. Partners are entitled to annual salaries of N\$30,000 (Happy) and N\$20,000 (Marvelous).
2. Marvelous is entitled to an annual bonus of N\$10,000 for managing the shop.
3. Interest on capital is allowed at 10% per annum, based on balances at the beginning of the year.
4. Interest on drawings is charged at 5% per annum on drawings.
5. The remaining profits or losses are to be shared according to their agreed ratio.

The following balances were extracted from the books on 31 December 2024:

- Capital Accounts (1 January 2024):
 - Happy: N\$120,000
 - Marvelous: N\$80,000
- Drawings during the year:
 - Happy: N\$25,000
 - Marvelous: N\$18,000
- There were no opening balances on the partners' current accounts.
- Net profit before adjustments: N\$65,000

Additional Information (Adjustments):

1. A total of N\$6,000 relating to motor vehicle expenses were included in expenses for the period, but N\$2,000 of these relate to Happy's personal use.
2. Provision for doubtful debts must be increased by N\$1,500. This has not been accounted for.
3. Depreciation of N\$4,500 on equipment had not been recorded.
4. Rent income of for the month of December 2024 of N\$3,000 has been received but was not yet recorded in the accounts.

Required:

- a) Prepare the Profit and Loss Appropriation Account for the year ended 31 December 2024. (5 marks)
- b) Prepare the Statement of Changes in Equity for Happy and Marvelous as at 31 December 2024. (9 marks)

c) Prepare the Current Account for Marvelous, showing all adjustments for the year.

(7 marks)

Question 3

(17 marks)

The unadjusted cashbook (bank column) of NamFinance CC showed a debit balance of N\$15,300 on 30 September 2025. On the same day, the entity's bank statement reflects a positive credit balance of N\$10,050.

Upon checking the records with the bank statement, the following errors and omissions were discovered:

1. Bank charges of N\$650 were entered in the bank statement only.
2. The bank erroneously debited NamFinance CC' account with an amount N\$1,700 that was supposed to be charged from another customer's account.
3. An EFT of N\$2,400 received from a customer was entered in the Cashbook as N\$4,200.
4. A payment of N\$3,200 to a supplier was correctly entered in the Cashbook but recorded in the bank statement as N\$2,300.
5. A standing order for insurance of N\$1,800 appeared in the bank statement but was not recorded in the Cashbook.
6. Payments of a total of N\$6,400 were issued but have not yet been presented for payment by the bank at month-end.
7. A direct deposit by a debtor of N\$5,000 was not entered in the Cashbook.
8. A deposit of N\$7,500 made on 29 September was only credited by the bank on 2 October.
9. On 29 September, a customer made a mobile deposit of N\$3,500, which was correctly recorded in the cash book, but did not appear on the bank statement as at 30 September 2025.
10. A cash withdrawal of N\$1,200 to replenish the petty cash for the office was debited in the Cashbook.
11. A deposit of N\$4,600 was correctly entered in the Cashbook, but the bank statement recorded it as N\$6,400.

Required:

a) Use a ledger account to adjust the cashbook balance as at 30 September 2025. (7 marks)

b) Prepare the Bank Reconciliation Statement as at 30 September 2025, starting with the balance per bank statement. (10 marks)

Question 4**(27 Marks)**

Kavango Industries Ltd provided the following trial balance as at 31 December 2024:

Account	N\$	N\$
Ordinary Share Capital (N\$2 each)		3,000,000
Share Premium		500,000
Retained Earnings (1 January 2024)		600,000
8% Preference Share Capital (N\$1 each)		800,000
Rundu Property (at cost)	2,500,000	
Motor Vehicles (at cost)	1,200,000	
Accumulated Depreciation (Motor Vehicles)		400,000
Inventory (1 January 2024)	450,000	
Trade Receivables	500,000	
Bank	150,000	
Trade Payables		390,000
Revenue		4,800,000
Purchases	2,600,000	
Administrative Expenses	650,000	
Selling and Distribution Expenses	420,000	
Interest on loan	60,000	
10% Loan (issued 1 Jan 2023)		600,000
Dividends Paid: Ordinary Shares	200,000	
Dividends Paid: Preference Shares	64,000	

Additional Information:

1. As at 31 December 2024, closing inventory was valued at N\$520,000.
2. Depreciation on motor vehicles is provided at 20% per year on cost.
3. The company's tax expense for the year is estimated at N\$200,000.

4. The company has 1,500,000 of issued ordinary shares, with no new shares issued during the year.
5. The directors propose a final dividend of N\$0.10 per ordinary share on 15 December 2024.
6. The Rundu Property was revalued upwards by N\$300,000 during the year to its current value of N\$2,500,000.

Required:

- a) Prepare the Statement of Profit or Loss and Other Comprehensive Income for Kavango Industries Ltd for the year ended 31 December 2024 in accordance to the presentation requirements of IFRS 18. (12 marks)
- b) Prepare the Statement of Changes in Equity for the year ended 31 December 2024. (10 marks)
- c) Calculate the Earnings per Share (EPS) for the year ended 31 December 2024. (5 marks)

Question 5

15 Marks

Sunrise Fitness Club received N\$60,000 on 1 October 2024 for annual membership subscriptions. The amount covers the period 1 October 2024 to 30 September 2025. The accountant of the club recorded the entire N\$60,000 as income for the year ended 31 December 2024.

However, during the audit, the auditor questioned whether the full amount should be treated as income or partly as a liability.

Required:

Using the definitions of income and liabilities from the Conceptual Framework, discuss whether the subscription received should be treated fully as income, or partly as income and partly as a liability. Give specific amounts and justify your answer. (5 marks)

4.2. Answer the following questions:

- i. Explain the qualitative characteristic of relevance. (2 Marks)
- ii. Explain the objective of general purpose of financial statements. (2 Marks)
- iii. Explain the accrual basis concept. (2 Marks)
- iv. Explain the meaning of *profitability ratios* in financial analysis. (2 marks)
- v. Discuss one limitation of ratio analysis. (2 marks)

End of Question paper