

Centre Number	Candidate Number	Candidate Name
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NAMIBIA SENIOR SECONDARY CERTIFICATE

ACCOUNTING ORDINARY LEVEL

4345/2

PAPER 2

2 hours

Marks 100

2018

Additional Material: Non-programmable calculator

INSTRUCTIONS AND INFORMATION TO CANDIDATES

- Candidates answer on the Question Paper in the spaces provided.
- Write your Centre Number, Candidate Number and Name in the spaces at the top of this page and on all separate answer sheets used.
- Write in dark blue or black pen.
- You may use a soft pencil for any rough work, diagrams or graphs.
- Do not use correction fluid.
- Do not write in the margin *For Examiner's Use*.
- You may use blank pages for calculations/when answers are crossed out and corrected.
- Answer **all** questions.
- The number of marks is given in brackets [] at the end of each question or part question.
- You may use a non-programmable calculator.
- Where layouts are to be completed, you may not need all the lines for your answer.

For Examiner's Use	
1	
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Total	
<i>Marker</i>	
<i>Checker</i>	

This document consists of **14** printed pages and **2** blank pages.



Republic of Namibia

MINISTRY OF EDUCATION, ARTS AND CULTURE

- 1 The bookkeeper of Dandee Traders compares the bank statement with the bank account in the cash book at the end of every month.

On 30 June 2018, the following differences were discovered.

1. The bank statement had an overdrawn balance of N\$4 390 and the bank account in the cash book had an overdrawn balance of N\$6 075.
2. A deposit made into the bank account of N\$3 880 did not appear on the bank statement.
3. Interest received on fixed deposit of N\$5 200 had been paid directly into the current bank account.
4. Cheque no. 320 issued to the municipality for water and electricity was incorrectly entered in the Cash Book as N\$1 465. The bank statement showed the correct amount of N\$1 865.
5. The following cheques did not appear on the bank statement.

Cheque no. 432	N\$340
Cheque no. 455	N\$670
6. An amount of N\$4 750, credited on the bank statement was deposited by the tenant, C Magodhi, who is leasing part of the building.
7. An unpaid cheque of N\$2 225 had been entered on the bank statement. The cheque was originally received from K Zitha and was dishonoured due to insufficient funds.
8. The bank statement showed a debit order of N\$2 000 for insurance paid to Sanlam.
9. The following charges were shown on the bank statement.

Service fees	N\$440
Withdrawal fees	N\$180
Interest on the overdrawn balance	amounted to N\$150

REQUIRED

- (a) Make the necessary entries in the cash book of Dandee Traders to update the bank account and bring the balance down on 1 July 2018.

Dandee Traders
Cash Book (bank columns only) - June 2018

[9]

- (b) Prepare Dandee Traders' bank reconciliation statement at 30 June 2018.

Dandee Traders
Bank Reconciliation Statement at 30 June 2018

[5]

(c) Suggest **two** ways in which Dandee Traders could improve the working capital in order to reduce the bank overdraft.

1

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2

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[4]

[18]

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Question 2 on page 6

- 2 The following statement of account was sent by Green Traders, a sole trading business selling plants and trees, to Simon Shikunda.

GREEN TRADERS				
P O Box 23411		Tel: 064 - 405444		
24 Independence Avenue		Fax: 064 - 405440		
WALVIS BAY		Date: 31 July 2018		
STATEMENT OF ACCOUNT				
Date	Details	Debit	Credit	Balance
		N\$	N\$	N\$
2018				
July 1	Balance b/d	1 100		1 100
13	Invoice no. Z115	1 750		2 850
15	Credit note P112		250	2 600
25	Cheque		1 520	1 080
	Discount		80	1 000
To:	Simon Shikunda P O Box 3411 KUISEBMUND WALVIS BAY Account no: 25			

REQUIRED

- (a) (i) State the meaning of each entry in the statement of account in Simon Shikunda's books.

1 July 2018 Balance N\$1 100

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..... [1]

13 July 2018 Invoice no. Z115 N\$1 750

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..... [1]

15 July 2018 Credit note P112 N\$250

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..... [1]

25 July 2018 Cheque N\$1 520

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..... [1]

25 July 2018 Discount

N\$80

For
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Use

REQUIRED

(ii) Calculate the percentage of discount applied.

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[1]

(iii) State the full amount of the debt in the entry.

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[2]

(b) Name the type of discount shown on the statement on 25 July 2018 in Green Traders' books.

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[1]

(c) Give **two** reasons why Green Traders sent the statement of account to Simon Shikunda.

1

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2

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[2]

On 31 October 2018 Green Traders decided to charge Simon 15% interest per annum for being outstanding for two months.

REQUIRED

(d) Prepare the journal entry Green Traders would make on 31 October 2018. A narrative is **not** required.

Green Traders
General Journal – October 2018

Date	Details	Debit	Credit
		N\$	N\$

[3]

(e) Prepare a relevant extract from the balance sheet (statement of financial position) on 31 October 2018 of Simon Shikunda's showing the amount owing to Green Traders.

[2]

[15]

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Question 3 on page 10

3 Jazee Kalenga started trading as JK Traders on 1 January 2016. He decided to depreciate all vehicles and equipment using the straight line method.

REQUIRED

(a) State whether or not you agree with the use of the straight line method of depreciation for the vehicles and equipment. Give a reason for your answer in each case.

(i) Vehicles

Agree/Not Agree.....

Reason.....

.....

[2]

(ii) Office furniture

Agree/Not Agree.....

Reason.....

.....

[2]

On 1 January 2016 JK Traders bought a vehicle costing N\$250 000 by cheque.

Another vehicle was bought on credit from MZ Motors on 2 May 2016 for N\$300 000.

The vehicle purchased on 1 January 2016 was sold on credit to Wendy Iyambo on 30 June 2017 for N\$215 000.

JK Traders decided to depreciate all vehicles at 15% per annum using the reducing balance method. A full year's depreciation was to be charged in the year of purchase, but no depreciation was to be charged in the year of sale.

REQUIRED

(b) Prepare the following accounts for each of the two years ended 31 December 2016 and 31 December 2017. Balance the accounts where necessary and bring down the balances.

(i) **Vehicles Account**

[5]

(ii) **Provision for Depreciation on Vehicles Account**

[7]

(iii) **Vehicles Disposal Account**

[5]

(c) Discuss how the following principles adds to difficulties when comparing financial statements with other businesses in the same industry.

(i) Historical cost

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[2]

(ii) Non-financial factors

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[2]

JK Traders uses the revaluation method to depreciate his small low-cost equipment. Jazee is concerned about the high amount of the depreciation for the year ended 31 December 2017.

Jazee suspects fraud as 80% of the small low-cost equipment could not be accounted for as on the asset register.

REQUIRED

(d) Suggest **three** steps which could be taken to try to minimise fraud within the business.

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[3]

[28]

- 4 C Rock and D Roll formed Rock & Roll CC, a carpet business on 1 January 2018.

The following transactions appeared in their books during the month of June 2018.

1. Paid rent for premises by cheque, N\$9 400.
2. C Rock contributed a vehicle costing N\$280 000 to the business to increase his member's contribution.
3. D Roll rendered bookkeeping services to the business. Paid a cheque, N\$29 000, for his services.
4. Issued a cheque to C Rock as part-payment of a loan, N\$8 500.
5. Purchased carpets, N\$37 500, on credit from Alladin Carpet Wholesalers.

REQUIRED

Complete the following table to show the effect of the above transactions. The first one has been completed as an example.

No	Account Debited	Account Credited	Assets	Owners' Equity	Liabilities
			N\$	N\$	N\$
1.	Rent paid	Bank	-9 400	-9 400	

[12]

- 5 Selina Rodgers is the owner of Cell Tech which manufactures cell phones. Selina's financial year ends on 30 September. She provided the following information.

	N\$
Stock (Inventory) (1 October 2017) - Raw materials	38 400
- Work in progress	24 000
- Finished goods	96 180
Purchases of raw material	658 200
Carriage inwards on raw materials	7 300
Wages - Direct	184 700
- Indirect	34 420
Office Salaries	143 800
Water and electricity	13 200
Rent expense	58 500
Factory equipment	220 000
Provision for depreciation on factory equipment	33 000
Office equipment	125 000
Provision for depreciation on office equipment	12 500
Factory general expenses	14 300
Advertising	10 700
Sales (Revenue)	1 840 400
Insurance	16 290

Additional information at 30 September 2018

1. Stock (Inventory) 30 September 2018

	N\$
Raw materials	41 600
Work in progress	23 300
Finished goods	64 220

2. Depreciation is charged using the straight line method as follows
 on factory equipment at 15% per annum.
 on office equipment at 10% per annum.
3. Water and electricity of N\$1 200 was accrued and rent expense of N\$4 500 was prepaid.
4. Expenses are to be apportioned
- | | | |
|------------------------|-------------|------------|
| Water and electricity: | factory 4/5 | office 1/5 |
| Rent: | factory 4/5 | office 1/5 |
| Insurance: | factory 2/3 | office 1/3 |

The owner would like to know if it is necessary to calculate her rate of stock (inventory) turnover and stating that Cell Tech's rate of stock turn for 30 September 2017 was 14,3 times.

REQUIRED

(b) (i) Calculate the cost of sales.

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[2]

(ii) Calculate the rate of stock (inventory) turnover. Show your calculations.

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[3]

(iii) State what is indicated by the rate of stock (inventory) turnover calculated in **(b) (ii)**.

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[2]

(iv) Suggest **two** problems Cell Tech may have as a result of the rate of stock (inventory) turnover decreasing over the last two years.

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[4]

[27]