

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

2020

Additional Materials: 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.
- The businesses mentioned in this question paper are entirely fictitious.

For Examiner's Use	
1	
2	
3	
4	
5	
Total	
<i>Marker</i>	
<i>Checker</i>	

This document consists of **13** printed pages and **3** blank pages.



Republic of Namibia
MINISTRY OF EDUCATION, ARTS AND CULTURE

- 1 Michelle Utaara, a sole trader, started a business, Berma Stores on 1 October 2019, using the perpetual stock (inventory) system.

On 1 August 2020 the bank account of Berma Stores showed a credit balance, N\$2 000.

The following transactions took place in August 2020.

- 1 Paid advertising, N\$70, in cash.
- 4 Interest charged on the overdrawn bank account, N\$200.
- 10 M Mujame was declared insolvent. His estate paid 80c in the dollar on his account of N\$2 500. The rest must be written off as irrecoverable.
- 12 Purchased a delivery van, N\$20 000, on credit from Wacko Motors.
- 15 Received and banked a cheque of N\$200, for bad debt previously written off as irrecoverable.
- 18 Paid Wacko Motors by cheque, N\$5 000.

REQUIRED

- (a) Complete the table to record the effect of the above transactions on the accounting equation.

The first one has been completed as an example.

Item	Assets	Owner's Equity	Liabilities
Date	N\$	N\$	N\$
<i>Example</i>			
2020			
Aug 1	-70	-70	
4			
10			
12			
15			
18			

[12]

Michelle's knowledge of accounting is limited and she does not understand the difference between capital and revenue items.

REQUIRED

- (b) Explain the following terms to Michelle Utaara.

- (i) capital receipts

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.....

[1]

(ii) revenue expenditure

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.....

[1]

(c) Name the financial statement in which the capital expenditure of Berma Stores will be recorded.

.....

[1]

(d) State the effect revenue receipt have on the profit of a business.

.....

[1]

(e) Classify the following as either a capital receipt, revenue receipt, capital expenditure or revenue expenditure.

(i) N\$120 was written off as bad debt.

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[1]

(ii) N\$500 was paid for repairs of equipment.

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[1]

(iii) Bought second-hand vehicle, N\$35 000.

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[1]

(iv) Sold premises, N\$450 000.

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[1]

[20]

2 Frieda Vino's financial year ends on 31 August. She prepares monthly control accounts.

REQUIRED

(a) Advise Frieda Vino on **two** reasons why it is important to keep control accounts.

1

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2

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[2]

On 1 August 2020 the creditors (trade payables) control account showed a balance of N\$4 400.

Frieda Vino supplied the following information.

	N\$
Purchases on credit	46 800
Cash purchases	8 800
Goods returned to credit suppliers	440
Cheques paid to creditors (trade payables)	46 900
Discount received	730
Interest charged on overdue accounts by credit suppliers	210

REQUIRED

(b) Select the relevant figures and prepare Frieda's creditors (trade payables) control account for the month ended 31 August 2020. Balance the account and bring down the balance on 1 September 2020.

Frieda Vino
Creditors (Trade Payables) Control Account

[7]

(c) Select **two** items in the list on the previous page which will encourage Frieda Vino to pay her creditors (trade payables) promptly. Give a reason in **each** case.

Item 1

Reason.....

.....

.....

Item 2

Reason.....

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[4]

Frieda Vino provided the following information.

	N\$
Debtors (trade receivables) at 1 September 2019	12 000
Debtors (trade receivables) at 31 August 2020	9 000
Bad debts written off during the year 31 August 2020	360

Frieda maintains a provision for doubtful debts at 5% of the debtors (trade receivables).

REQUIRED

(d) Suggest **three** ways in which Frieda Vino can reduce bad debts.

1

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[3]

- (e) Prepare a relevant extract from the information provided to show how debtors (trade receivables) and provision for doubtful debts would appear in Frieda Vino's balance sheet (statement of financial position) at 31 August 2020.

Show the section in the balance sheet (statement of financial position) in which the entries would appear.

Frieda Vino
Extract from Balance Sheet (Statement of Financial Position)
at 31 August 2020

[4]

[20]

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Question 3 on page 8

- 3 Alvina Mujame is trading in leisure goods. Her financial year ends on 30 June. The trial balance prepared on 30 June 2020 showed a shortage of N\$858 on the debit side.

Alvina Mujame only used the trial balance to verify whether her books were done correctly.

REQUIRED

- (a) Advise Alvina Mujame on the necessity of preparing monthly bank reconciliation statements.

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[2]

After the preparation of Alvina Mujame's trial balance, the following errors were discovered.

1. The creditors (trade payables) journal had been undercast by N\$200.
2. The purchase of stationery, N\$80, was credited to the cash book and debited to the purchases account.
3. Payment to B Bok, N\$220, had been credited to his account.
4. Rent received, N\$550, was entered in the cash book but not in the rent received account.
5. Motor vehicles repairs of N\$300 had been debited to the motor vehicle account.
6. The stock (inventory) of goods on 1 July 2019 had been valued at N\$12 222, instead of N\$12 990.
7. Purchases of equipment, N\$300, debited to the purchases account.

REQUIRED

- (b) Prepare the suspense account of Alvina Mujame.

Suspense Account

[5]

Before the errors were corrected, Alvina's draft income statement showed a net profit of N\$14 358.

REQUIRED

- (c) Complete the statement to show the effect on the net profit after correcting errors 1 – 7. Write the words "No effect" next to the error number if the error does not affect the profit.

Alvina Mujame
Statement of corrected net profit for the year ended 30 June 2020

	+	-	
	N\$	N\$	N\$
Net profit before correction			14 358
Error 1			
Error 2			
Error 3			
Error 4			
Error 5			
Error 6			
Error 7			
Corrected net profit			

[9]

[16]

- 4 The financial year of Magic Discounters ends on 30 June. The trial balance as at 30 June 2020 is shown below.

Trial Balance of Magic Discounters as at 30 June 2020

	Debit	Credit
	N\$	N\$
Balance Sheet Section		
Capital		234 000
Drawings	45 000	
Land and buildings	135 000	
Equipment	82 000	
Vehicles	42 000	
Provision for depreciation on equipment		37 600
Provision for depreciation on vehicles		8 500
Debtors (Trade receivables)	34 500	
Stock (Inventory)	82 390	
Bank	123 110	
Creditors (Trade payables)		22 840
Loan: Swakop Bank (12%)		25 000
Nominal Accounts Section		
Sales		620 000
Purchases	380 000	
Returns inwards	20 000	
Bad debts	1 800	
Interest on loan	1 500	
Water and electricity	13 390	
Insurance	4 800	
Rent income		17 550
	965 490	965 490

Adjustments and additional information

1. The value of closing stock (inventory) could not be counted but Magic Discounters use a margin of 30%.
2. A debtor, B Adams, could not be traced and his account of N\$500 must be written off as bad.
3. A provision for doubtful debts of 5% per annum must be created.
4. Equipment is depreciated at 15% per annum on cost price and vehicles at 20% per annum using the reducing balance method.
5. Provision must be made for the interest on loan which was outstanding.
6. Rent received covers a period of 13 months to 31 July 2020.
7. At 30 June 2020, N\$520 is still owed for water and electricity.
8. Included in insurance was an annual premium of N\$2 400 which was paid on 1 January 2020.

The owner of Magic Discounters suggested that the total of the rent received should be transferred to the trading and profit and loss account.

REQUIRED

(b) Advise the owner of Magic Discounters why it is important to record rent received correctly in the final accounts.

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[5]

[26]

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Question 5 on page 14

- 5 The financial year of Benji Ngajoo ends on 30 June. On 1 July 2018 the balances in Benji's ledger included the following.

	N\$
Vehicles at cost	70 000
Provision for depreciation on vehicles	20 000

The following information is provided.

1. On 1 July 2018, Benji bought a vehicle for N\$20 000 on credit from Tshegalo Motors.
2. On 1 July 2019 Benji purchased another vehicle for N\$25 000, paying by cheque.
3. On 30 September 2019 Benji sold an old vehicle for N\$5 000, which was paid into the bank. This vehicle cost N\$12 000 when purchased on 1 July 2017.
4. Benji depreciates her vehicles on cost at 20% per annum on a month-by-month basis.

REQUIRED

Prepare the following accounts for the years ended 30 June 2019 and 30 June 2020.

Balance the vehicles and provision for depreciation on vehicles accounts and bring down the balance on 1 July 2020.

(i) Vehicles Account

[4]

(ii) Provision for Depreciation on Vehicles Account

[9]

(iii) Vehicle Disposal Account

[5]

[18]

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