

Centre Number	Candidate Number	Candidate Name
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NAMIBIA SENIOR SECONDARY CERTIFICATE

ACCOUNTING ORDINARY LEVEL

4345/1

PAPER 1

1 hour 30 minutes

Marks 100

2017

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	
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Total	
<i>Marker</i>	
<i>Checker</i>	

This document consists of **14** printed pages and **6** blank pages.



Republic of Namibia
MINISTRY OF EDUCATION, ARTS AND CULTURE

1 (a) Identify which accounting principle states that a business will continue indefinitely.

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[1]

(b) State **two** reasons why it is possible to have a debit balance on a creditor's account.

1.....

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2.....

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[2]

(c) Place a tick (✓) in the correct box indicating the final account to which the balances of the following accounts are transferred at the end of the financial year.

		Trading Account	Profit & Loss Account	Appropriation Account
1	Sales (Revenue)			
2	Salaries to administration staff			
3	Interest on partners' drawings			
4	Carriage outwards			
5	Opening Stock (Inventory)			

[5]

(d) (i) Explain the difference between capital expenditure and revenue expenditure.

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[2]

(ii) Place a tick (✓) in the correct box indicating which of the following are capital expenditure and which are revenue expenditure.

		Capital Expenditure	Revenue Expenditure
1	Purchase of packing material from Carton Ltd for despatch of goods.		
2	Payment by cheque for air freight cost of goods exported.		
3	Purchase of laser printer for use in office.		

[3]

(e) State why a narrative should be shown as part of a general journal entry.

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[1]

Efange starts a business with cash of N\$50 000.

REQUIRED

(f) Name the account which would be credited in his ledger.

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[1]

(g) Name **two** errors which do not affect the balancing of the trial balance.

1.....

2.....

[2]

(h) State **two** users who might be interested in or make use of final accounts (financial statements) of a business.

1.....

2.....

[2]

An invoice showed a balance of N\$2 000 less 3% discount for payment by the end of the month. 5 days later the supplier issued a credit note for trade discount 5% omitted from the invoice. The debtor paid the amount due in time and claimed the cash discount.

REQUIRED

(i) Calculate the amount the debtor paid. Show your calculations.

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[3]

(j) State in which subsidiary book a vehicle sold on credit would be recorded if the business trades in computer software.

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[1]

(k) Explain the following terms used by a manufacturing business.

(i) Work in progress

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[2]

(ii) Prime cost

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[2]

[27]

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Question 2 is on page 6

- 2 The following balances appeared in the books of South North Enterprise on 30 September 2017.

	N\$
Bank	2 500 (Dr)
Rent paid	12 000
Equipment	48 000
Purchases	46 000
Sales (Revenue)	100 000
Salaries and wages	14 000
Provision for depreciation of equipment	4 800
Debtors (Trade receivables)	5 000
Creditors (Trade payables)	2 500
Drawings	8 500
Stock (Inventory) 1 October 2016	13 000
General expenses	3 000
Capital	?

REQUIRED

- (a) State **one** purpose of preparing a Trial Balance.

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[1]

(b) Prepare South North Enterprise's trial balance at 30 September 2017.

South North Enterprise
Trial Balance at 30 September 2017

	Debit	Credit
	N\$	N\$

[13]

[14]

- 3 Jay Joy owns a coffee shop. The financial year ends on 30 September. Her Balance Sheet (Statement of financial position) prepared on 30 September 2017 is shown below. Some words and figures are missing.

REQUIRED

- (a) Enter the missing words or figures in each of the boxes (i) to (vii).

Jay Joy			
Balance Sheet (Statement of Financial Position) as at 30 September 2017			
	N\$	N\$	N\$
OWNER'S EQUITY			(i) <input type="text"/>
Capital	96 800		
Add Net Profit (Profit for the year)	15 000	111 800	
Less (ii) <input type="text"/>		10 000	
EMPLOYMENT OF CAPITAL			
Fixed assets (Non-current assets)	Cost Price	Provision for depreciation	(iii) <input type="text"/>
Machinery	15 000	2 250	12 750
Furniture	65 000	9 750	55 250
Fixtures and fittings	26 000	(iv) <input type="text"/>	23 400
	106 000	14 600	91 400
Working capital			(vi) <input type="text"/>
Current assets		20 400	
Stock (Inventory)	8 000		
Accrued Income (Other receivables)	(v) <input type="text"/>		
Bank	10 400		
Less Current liabilities		10 000	
Accrued Expenses (Other payables)	10 000		
			(vii) <input type="text"/>

[7]

(b) Suggest **two** ways in which Jay Joy would benefit from using accounting ratios.

1

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2

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[2]

(c) Calculate the following ratios correct to **two** decimal places.

(i) Current ratio

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[2]

(ii) Quick ratio

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[3]

Jay Joy's total purchases for the year amounted to N\$300 000, of which 35% were cash purchases. She is allowed 45 days in which to pay her credit suppliers.

REQUIRED

(d) (i) Calculate the payment period for the creditors (trade payables). Round your answer up to the next whole day.

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[3]

(ii) Advise Jay Joy on **two** possible disadvantages of paying her creditors (trade payables) after the period of credit allowed.

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2

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[2]

Jay Joy would like to compare her results with those of other businesses.

She is aware that misleading results can occur even when comparing with a business of a similar size, trading in similar products.

REQUIRED

(e) Suggest and explain to Jay Joy **three** factors that she should consider when comparing her results with those of a similar business.

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[6]

[25]

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Question 4 is on page 12

- 4 Zocks maintains a Debtors (trade receivables) ledger and a Creditors (trade payables) ledger.

The balances in his books on 1 August 2017 included the following.

		N\$
Credit supplier	Tazz Supplies	700
Credit customer	J Koos	200

The following transactions took place in August 2017.

August

- 1 Bought goods on credit from Tazz Supplies, list price N\$1 500. Received 10% trade discount.
- 4 Issued an invoice to J Koos for goods sold on credit, N\$800.
- 10 Returned to Tazz Supplies 20% of the goods purchased on 1 August.
- 14 One quarter of the goods sold to J Koos on 4 August were returned.
- 21 Paid the amount owing to Tazz Supplies by cheque and received 5% cash discount.
- 27 Received a cheque, N\$190, from J Koos in full settlement of the amount owing on 1 August.

REQUIRED

- (a) (i) Write up the account of J Koos for August 2017. (Balance the account and bring down the balance on 1 September 2017 if in a T-account format.)

J Koos account

[7]

(ii) Write up the account of Tazz Supplies for August 2017. (Bring down the balance on 1 September 2017 if in a T-account format.)

Tazz Supplies account

[7]

(b) Suggest **three** ways in which Zocks could reduce the risk of bad debts.

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[3]

(c) State **four** ways in which Zocks could determine the amount of his provision for bad debts.

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[4]

[21]

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Question 5 is on page 16

- 5 J Wind and K Hoek trade as Windhoek CC. The following balances appeared in the books on 1 May 2017.

	N\$
Members' contribution	500 000
Bank	33 150 (cr)
Loan to member: J Wind (12% p.a.)	56 000

The transactions for May 2017 included the following.

May

- 3 Received a cheque from J Wind for repayment of one quarter of the loan (N\$14 000) plus four months' interest on loan.
- 12 Received a cheque from K Hoek, N\$75 000, to increase his members' contribution.
- 21 J Wind gave a vehicle, N\$150 000, to the business to increase his members' contribution.
- 31 Paid monthly salary, N\$10 550, to J Wind by cheque.

REQUIRED

Write up the following accounts in the ledger of Windhoek CC. Balance the accounts and bring down the balances on 1 June 2017.

(a) Bank

Bank account

[6]

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