

Centre Number	Candidate Number	Candidate Name
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**NAMIBIA SENIOR SECONDARY CERTIFICATE**

**ACCOUNTING ORDINARY LEVEL**

**6143/2**

PAPER 2

2 hours 30 minutes

Marks 100

**2022**

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.

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

This document consists of **16** printed pages.



**Republic of Namibia**  
**MINISTRY OF EDUCATION, ARTS AND CULTURE**

1 Imsi Traders' financial year ends on 30 September.

The following account appeared in the ledger of Imsi Traders on 30 September 2022.

**Water and electricity Account**

Date	Day	Details	Fol	Amount	Date	Day	Details	Fol	Amount
2022 Sep	1	Balance	b/d	2 440	2022 Sep	30	Income Statement		1 950
							Balance	c/d	490
				<u>2 440</u>					<u>2 440</u>
2022 Oct	1	Balance	b/d	490					

**REQUIRED**

(a) Name the section of the statement of financial position on 30 September 2022 in which the balance of the water and electricity account would appear.

.....  
 .....

[1]

(b) State the amount for water and electricity which would appear in the trial balance prepared on 30 September 2022 prior to the preparation of financial statements.

.....  
 .....

[1]

(c) State the effect on the profit for the year ended 30 September 2022 if the adjustment for N\$490 for water and electricity had **not** been made.

.....  
 .....  
 .....  
 .....

[2]

Imsi Traders provided the following information about a fixed deposit, Fixed deposit: NamBank N\$60 000, for the year ended 30 September 2022.

1. The fixed deposit was made on 1 October 2020.
2. Interest on the fixed deposit is 8% per annum. It is receivable on a quarterly basis and paid directly into the bank account of the business.
3. The fixed deposit matures on 30 September 2022 and is also paid directly into the bank account of the business.

**REQUIRED**

- (d) (i) Prepare the fixed deposit: NamBank account for the year ended 30 September 2022. Balance the account and bring down the balance on 1 October 2022.

**General Ledger of Imsi Traders  
Fixed Deposit: NamBank Account**

N\$	N\$

[2]

- (ii) Prepare the interest on fixed deposit account for the year ended 30 September 2022. Balance the account.

**General Ledger of Imsi Traders  
Interest on Fixed Deposit Account**

N\$	N\$
	2022
	July 1 Balance      b/d      3 600

[2]

In addition to the balances on the water and electricity account and interest on fixed deposit account, the following balances appeared in the books of Imsi Traders on 30 September 2022.

	N\$
Inventory (1 October 2021)	39 300
Purchases	90 000
Sales	158 000
Purchases returns	1 000
Sales returns	1 300
Carriage inwards	870
Carriage outwards	300
Discount received	540
General expenses	21 000
Telephone	4 300
Rent income	14 000
Insurance	11 000
Rates and taxes	37 430

#### Additional information

1. Inventory as at 30 September 2022, N\$48 000.
2. The telephone account was paid for 10 months to 31 July 2022.
3. Rental income of N\$2 000 was still outstanding on 30 September 2022.
4. Insurance included N\$3 000 that was for the owner's personal use.



2 Wilma and Chrisna are in partnership. Their financial year ends on 30 June.

Their partnership agreement states:

1. Profits and losses are shared between Wilma and Chrisna in the ratio 2 : 1.
2. Interest on capital is allowed at 5% per annum.
3. Interest on drawings is charged at 15% per annum.
4. Chrisna receives a salary of N\$4 000 per month.

**REQUIRED**

(a) State **one** reason for

(i) allowing partners interest on capital.

.....

.....

(ii) charging partners interest on drawings.

.....

.....

[2]

Wilma and Chrisna provided the following information.

Balances at 1 July 2021 were

Current accounts

Wilma	N\$18 000
Chrisna	N\$7 000

Capital accounts

Wilma	N\$150 000
Chrisna	N\$75 000

1. During the year ended 30 June 2022 drawings were as follows

Wilma	N\$20 000
Chrisna	N\$14 000

2. Profit for the year as calculated in the profit and loss account was N\$42 300.



- 3 Telana Mynhardt started her business on 1 August 2022 with the following assets and liabilities.

	N\$
Vehicles	120 000
Equipment	38 600
Inventory	16 200
Cash	10 500
Loan from Buria Bank	50 000

**REQUIRED**

- (a) Prepare Telana’s opening journal entry on 1 August 2022. A narrative is required.

**Telana Mynhardt  
General Journal – August 2022**

Date	Details	Debit	Credit
		N\$	N\$

[3]

- (b) Name **one** use of the general journal apart from recording opening entries and closing transfers.

.....

.....

[1]



Telana’s cousin, John, started a manufacturing business on 1 September 2021.

He introduced N\$90 000 capital, of which N\$85 000 was paid into the business bank account.

The table shows the account balances following transactions that have taken place.

2021	1 September	2 September	3 September	30 September
	N\$	N\$	N\$	N\$
<b>Assets</b>				
Office equipment		15 000	15 000	15 000
Motor vehicle			180 000	180 000
Bank	85 000	70 000	70 000	70 000
Cash	5 000	5 000	5 000	4 000
<b>Liabilities</b>				
Payables			180 000	180 000
Capital	90 000	90 000	90 000	89 000

**REQUIRED**

(c) State the transaction which took place on **each** date.

The first transaction has been completed as an example.

1 September 2021

*John introduced N\$90 000 capital of which N\$85 000 was banked and N\$5 000 kept in cash.*

2 September 2021

.....  
 .....

3 September 2021

.....  
 .....

30 September 2021

.....  
 .....

[3]

John manufactures computer parts. His financial year ends on 31 August.

John does not have any work in progress.

His mark-up is 24%.

John provided the following information for the year ended 31 August 2022.

	N\$
Prime cost	80 000
Factory overheads	<u>120 500</u>
	<u>200 500</u>

Units produced 10 000 units

**REQUIRED**

(d) (i) State the meaning of the term *prime cost*.

.....

.....

[1]

(ii) Suggest **two** items which may be included in the factory overheads.

1 .....

2 .....

[2]

(iii) Calculate the selling price of each unit.

.....

.....

.....

.....

.....

.....

[3]

John is considering purchasing new equipment costing N\$180 000. He can invest additional capital of N\$60 000.

**REQUIRED**

(e) Suggest **two** ways in which John could obtain the additional finance required to purchase the equipment.

1 .....

.....

2 .....

.....

[2]

John estimated that the purchase of the equipment would result in the following:

- 1. Output would increase by 25%.
- 2. Prime cost would increase in direct proportion to output.
- 3. Factory overheads would increase by N\$25 000.
- 4. Mark-up would have to be reduced to 20% in order to sell all the output.

**REQUIRED**

(f) Calculate the change in the gross profit and advise John whether it will be beneficial to the business to purchase the equipment.

(i) Calculation gross profit if the machinery is purchased.

.....

.....

.....

.....

.....

.....

.....

[3]

(ii) Suggest **two** factors John should consider before purchasing the machinery.

1 .....

.....

2 .....

.....

[2]

(iii) Recommend whether or not John should purchase the machinery.

.....

.....

[1]

**[21]**

- 4 The trial balance prepared by Mary Indongo on 30 September 2022 did not balance. The difference was a shortage of N\$10 298 on the debit side which was placed in a suspense account.

The following errors were later discovered.

1. The sales account had been undercast by N\$12 800.
2. An invoice sent to Marilise, a customer, for N\$1 950 had not been entered in Marilise's account.
3. Discount allowed of N\$4 200 had been entered on the credit side of the discount received account.
4. A payment of N\$875 for fuel had been entered as N\$857 in the fuel account.
5. An EFT of N\$6 000 received from Juan was correctly entered in his account but entered on the wrong side of the cash book.
6. The debtors returns journal was understated by N\$730.
7. A new vehicle bought for N\$178 000 was entered in the vehicle repairs account.
8. An amount of N\$1 200 paid to J Lungameni, a creditor, had been debited to the account of S Lungameni.

**REQUIRED**

- (a) Identify the type of errors made in numbers 7 and 8.

(i) Error 7 .....

(ii) Error 8 .....

[2]

- (b) Complete the table below to show the entries required to correct errors number 7 and 8.

Error	Entry required to correct the error			
	Debit		Credit	
	Account	N\$	Account	N\$
7				
8				

[2]

[2]

- (c) Draw up the suspense account of Mary Indongo after the errors have been corrected.

**General Ledger of Mary Indongo  
Suspense Account**

N\$	N\$

[7]

- (d) Complete Mary Indongo's statement of corrected net profit for the year ended 30 September 2022.

If the error has no effect on the profit write a zero in **both** columns.

The first one has been completed as an example.

**Mary Indongo  
Statement of corrected net profit for the year ending 30 September 2022**

	N\$	N\$	N\$
Net Profit			167 900
	Increase (+)	Decrease (-)	
Error 1	12 800		
Error 2			
Error 3			
Error 4			
Error 5			
Error 6			
Error 7			
Error 8			
Corrected Net Profit			

[8]

[21]

- 5 Lallie Wholesalers buys and sell table lamps. The financial year ends on 31 August.

After the preparation of the draft income statement for the year ended 31 August 2022 the following information was available.

At 1 September 2021

	N\$
Capital	1 029 200
Land and buildings	700 000
Office equipment at cost	230 000
Motor vehicles at cost	280 000
Provision for depreciation on office equipment	46 000
Provision for depreciation on motor vehicles	56 000
Provision for doubtful debts	8 100

At 31 August 2022

Inventory (31 August 2022)	102 000
Drawings	24 000
Bank	27 900 (credit)
Debtors	202 000
Creditors	100 000
Loan: Venox Bank (repayable 31 August 2025)	200 000
Fixed deposit: Romatix Bank	50 000

The draft profit for the year ended 31 August 2022 was N\$120 800.

It was discovered that the following errors had been made.

- No entries had been made for N\$6 000 withdrawn from the business bank account by the owner in August 2022.
- No entries had been made for additional capital of N\$100 000 introduced into the business bank account in July 2022.
- No depreciation had been charged on the office equipment and the motor vehicles for the year ended 31 August 2022:

The office equipment should be depreciated at 10% per annum using the straight-line method.

The motor vehicles should be depreciated at 20% per annum using the reducing balance method.

- The provision for doubtful debts should have been adjusted so that it was equal to 5% of the debtors at the end of the year.



Lallie Wholesalers buys lamps for N\$180 each.

The inventory at 31 August 2022 had been valued at cost price and included 10 broken lamps. These lamps could be sold for scrap, at N\$60 each. The cost of sending them to the scrap merchant was N\$140 in total.

**REQUIRED**

**(b) (i)** Name the principle that is applied when valuing closing inventory.

.....  
 .....

[1]

**(ii)** State the basis on which inventory should be valued.

.....  
 .....

[1]

**(iii)** Calculate the value at which these broken lamps should have been included in the inventory on 31 August 2022.

.....  
 .....  
 .....

[3]

**(c)** Place a tick (✓) in the appropriate column to indicate the effect of adjusting the value of inventory on the profit for the year and the closing inventory.

	Item	Increase	Decrease
<b>(i)</b>	Profit for the year		
<b>(ii)</b>	Closing Inventory		

[2]

**[19]**

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