

According to the syllabus page 3: Learners will not be penalized for using different terminology from that indicated in the syllabus.

1. GENERAL COMMENTS

Most learners managed to answer all questions.

Many learners ignored dates and contra account names in ledger accounts were written incorrectly.

Most learners did not know the different layouts/formats of books and financial statements.

Learners struggled with theory questions, especially interpretational (C and D assessment objective) questions.

When duplicating an answer, learners tend to forget to delete the incorrect answer, thus having two answers for the same question.

Duplication of accounts in books and aliens (information not part of said account/sub-section/financial statement) are still areas of great concern.

Some learners still use abbreviations which are not accepted.

2. COMMENTS ON INDIVIDUAL QUESTIONS

- 1 (a) (i) Poorly answered. The question was interpreted wrongly. The statement of account and the part in brackets in the question concerning the return of goods was mostly ignored. Learners did not know their theory

Answer

Trade discount being omitted from the invoice (1)

Account paid in full and returning goods afterwards (1)

Overcharging on invoice/Calculation errors/incorrect prices on invoice

Allowance made by LJ Traders

Incorrect goods delivered/goods are not according to specification/sample or wrong size/colour

Incorrect quantities delivered/more goods delivered than ordered

Goods are damaged/rotten/expired/poor quality

Any **three** [3]

- (ii) Well answered. Although this question was generally well answered, several learners did not give their answers to two decimal places. Since amounts represent monetary figures, two decimal places were required to receive marks.

Answer

(1) N\$431,20 (1)

(2) N\$130,80 (1)

(3) N\$823,60 (1)

If zero left out - NO mark given.

[3]

- (b) Fairly well answered. Most learners did not know that the credit note's total from (a)(ii) must also be recorded in the debtors returns journal. Some learners did not total the debtors returns journal even though the question required it.

Answer

| Debtors Returns Journal of LJ Traders – August 2021 | | | | |
|---|-----|----------------------|------|------------------|
| Doc. | Day | Details | Fol. | Amount (N\$) |
| PF556 | 5 | Lori Stores | | 823,60 |
| JK22 | 13 | Lee-Ann Bezuidenhout | | 380,00 (1) O/F |
| KK99 | 20 | Innocent Veii | | 360,00 (1) |
| | | | | 1 563,60 (1) O/F |

No O/F mark given for entry on 13th if entry on 5th left out.

Lori Stores total of (a) (ii) used as O/F

O/F of total given when using O/F total of (a) (ii) or excluding Lori Stores transaction

[3]

- (c) Poorly answered. Almost none of the learners knew how to record the posting of the total from the debtors returns journal to the returns inwards account. The individual names of debtors were used instead of the total posted as debtors. The account should have been closed off, not balanced, to the sales account instead of the trading or profit and loss account. The correct dates were not used.

Answer

Returns Inwards Account

| Date | Day | Details | Fol | Amount (N\$) | Date | Day | Details | Fol | N\$ |
|-------------|-----|---------|-----|------------------|-------------|-----|---------|-----|------------------|
| 2021 Aug | 31 | Debtors | | 1 563,60 (1) O/F | 2021 Aug | 31 | Sales | | 1 563,60 (1) O/F |

Date, detail and amount correct for both dr. and cr. side to get one mark each.
O/F of total used to get O/F mark in account.

[2]

- (d) Poorly answered. Many learners treated the account wrongly and did not know on which side to increase or decrease. Learners mostly failed to calculate the correct opening balance of the provision for doubtful debts, mostly using the debtors balance given. Debtors and bad debts were recorded in the account which was seen as aliens. Some did not calculate the decrease to be transferred to the profit and loss account and used it as a balance brought down for the next financial year. Dates were given, but ignored or incorrectly used.

Answer

Provision for Doubtful Debts Account

| Date | Day | Details | Fol | Amount (N\$) | Date | Day | Details | Fol | N\$ |
|-------------|-----|---------------|-----|-----------------------|-------------|-----|---------|-----|---------------|
| 2021 Aug | 31 | Profit & Loss | | (1) O/F 38 (1) O/F | 2020 Sep | 1 | Balance | b/d | 1 298 (1) O/F |
| | | Balance | c/d | 1 260 | | | | | |
| | | | | 1 298 | | | | | 1 298 |
| | | | | | 2021 Sep | 1 | Balance | b/d | 1 260 (1) O/F |

Date, detail and amount correct to get one mark for balance and two marks for profit and loss.

O/F for profit and loss only given if making use of N\$24.

Balance b/d should only be on CREDIT side and is linked to carried down but only if there are no aliens and the date and details are correct.

Calculations

$$\begin{aligned}
 64\,900 \times 2\% &= 1\,298 \\
 (63\,700 - 700) \times 2\% &= \underline{1\,260} \\
 1\,298 - 1\,260 &= 38 \text{ (Profit \& Loss amount)}
 \end{aligned}$$

OR

$$\begin{aligned}
 64\,900 \times 2\% &= 1\,298 \\
 (63\,700 \times \frac{2}{100}) &= \underline{1\,274} \\
 &24 \text{ if used (1) O/F}
 \end{aligned}$$

[4]

- (e) (i) Fairly well answered. Learners did not give the action and justification of why the action should be taken. They simply stated and explained the prudence principle.

Answer

The debt should be written off (1)

Either – If this is not done the debtors will be overstated and the profit for the year will be overstated (1)

Or – The principle of prudence must be applied (1)

[2]

- (ii) Fairly well answered. Learners did not give the action and justification for why the action should be taken. The necessity of providing for doubtful debts was not fully understood by learners. Some did not know what provision for doubtful debts is. In most cases, the matching principle did not form part of the justification.

Answer

By not having a provision for doubtful debts, the profit will not be shown at a realistic value because the matching concept is ignored (1).

Provision on doubtful debts needs to be provided for, under the accrual/matching concept, so that an expense is recognised for probable bad debts as soon as invoices are issued instead of waiting for debtors not to pay (1).

The provision should continue to be maintained (1)

Either – The principle of matching would not be applied if it was discontinued (1)

Or – The principle of prudence would not be applied if it was discontinued (1)

Or – The profit may be overstated/expenses understated if it was discontinued (1)

Any two

[2]

- 2 (a) Fairly well answered. Dates were incorrectly written or totally ignored. Contra account names were written wrongly and recorded on the wrong side. Learners entered cash purchases whereas creditors control accounts only contain credit transactions, which was considered as an alien. Learners did not know how to record the set-off. A few learners did not balance the account at the end of the month.

Answer**Creditors Control Account**

| Date | Day | Details | Fol | Amount (N\$) | Date | Day | Details | Fol | Amount (N\$) |
|------|-----|--|-----|--------------|------|-----|-----------|-----|----------------|
| 2021 | Sep | Discount Received | | | 2020 | Sep | Balance | b/d | 1 298 (1) O/F |
| | | Returns Outwards/ Purchases returns | | 18 750 (1) | | 30 | Purchases | | 482 700 (1) |
| | | Debtors ledger | | | | | | | |
| | | Bank/ Cash | | 20 100 (1) | | | | | |
| | | Balance | c/d | | | 1 | Balance | b/d | 1 260 (1) O/F |
| | | | | 7 600 (1) | | | | | |
| | | | | 388 400 (1) | | | | | |
| | | | | 82 310 (1) | | | | | |
| | | | | 517 160 | | | | | 517 160 |
| | | | | | 2021 | Oct | Balance | b/d | 82 310 (1) O/F |

Date, detail and amount correct to receive one mark on dr. and cr. side.

If date is left out or incorrect, first correct detail and amount is penalised. (-1)

O/F for balance b/d is given if it is on the CREDIT side, it is the same c/d and date is correct.

[6]

- (b) Fairly well answered. Learners did not know what the reasons for the errors are. All errors were entered even if it did not have an effect on the creditors control account. Increase and decrease columns were treated incorrectly.

Answer

Ruby & Levi Traders
Statement of corrected creditors at 30 September 2021

| Nr. | Reason | Increase | Decrease | Balance |
|-----|-------------------|-----------|----------|----------------|
| | | N\$ | N\$ | N\$ |
| | Balance | b/d | | 82 310 |
| 2 | Interest expense | 100 (1) | | 82 410 |
| 3 | Purchases | 2 800 (1) | | 85 210 |
| 4 | Discount received | | 200 (1) | 85 010 (1) O/F |

[4]

- (c) Fairly well answered. Learners did not know what the reasons are for the errors. All errors were entered even if it did not have an effect on the creditors control account. Increase and decrease columns were treated incorrectly.

Answer

**Ruby & Levi Traders
Statement of corrected creditors at 30 September 2021**

| Nr. | Reason | Increase | Decrease | Balance |
|-----|------------------|----------|----------|----------------|
| | | N\$ | N\$ | N\$ |
| | Balance b/d | | | 85 000 |
| 1 | Purchases | 100 (1) | 90 (1) | 84 910 |
| 2 | Interest expense | 100 (1) | | 85 010 (1) O/F |

[3]

Reasons for both (b) and (c) could be in a sentence form as long as it does not change the expenses mentioned, e.g., interest received or allowed and discount allowed.

O/F for both is given if action is correct and there are no aliens, e.g., at (b) the purchases of N\$90 or figures used to calculate N\$90 and at (c) the discount received of N\$200 and the purchases of N\$2 800.

- (d) (i) Poorly answered. Learners gave an explanation of the advantage given instead of stating how the control account can assist with it. They did not know that the creditors control account balance should be compared with the total of the creditors list.

Answer

The balance on the control account can be used to check against the total of the list of creditors.

[1]

- (ii) Poorly answered. Learners gave an explanation of the advantage given instead of stating how the control account can assist with it. They did not know that the separation of duties between more than one staff member will prevent fraud.

Answer

Control accounts are prepared by someone other than the person responsible for the creditors' ledger.

[1]

- (iii) Poorly answered. Learners gave an explanation of the advantage given instead of stating how the control account can assist with it. They did not state that the creditors balance (not amount or total) is for inclusion in the trial balance

Answer

Provide an immediate total of the creditors for inclusion in the trial balance.

[1]

- 3 (a) Well answered. Most learners could identify the errors, but some did not know the errors leading to the suspense amount. They confused the errors affecting the trial balance with those that do not.

Answer

Number 1 - Complete reversal
 Number 2 - Error of omission
 Number 3 - Error of principle
 Number 4 - Compensating error

[4]

- (b) Poorly answered. Some learners did not know the difference between a general journal and trial balance. They could not identify the correct account to be debited and credited. Some learners wrote the account to be credited first followed by the account to be debited which is not acceptable. They had more than one debit and/or credit entry for the same transaction including suspense which did not have an effect on any of the given errors. Error 1 was mostly recorded as N\$175 instead of N\$350. The wrong contra accounts were used at error 4. Learners wrongly used debtors' journal and creditors journal as contra account names.

Answer

Gobabis Wholesalers
General Journal at 31 October 2021

| | Debit | Credit |
|------------|-----------|-----------|
| | N\$ | N\$ |
| Stationery | 350 (1) | |
| Bank | | 350 (1) |
| Drawings | 290 (1) | |
| Purchases | | 290 (1) |
| Sales | 500 (1) | |
| R. Red | | 500 (1) |
| Sales | 2 000 (1) | |
| Purchases | | 2 000 (1) |
| Bank | 27 (1) | |
| FJ Smith | | 27 (1) |

Mark line by line.

Detail and amount correct for one mark.

[10]

- (c) Very poorly answered. Many learners did not know the rules regarding which account to debit and which account to credit. They do not know the different sections and accounts falling under each section. They omitted the changes from the general journal that should have been made to the original figures. Some learners did not know the layout of the trial balance.

Gobabis Wholesalers
Trial Balance on 31 October 2021

| | Debit | Credit |
|---|---------------|----------------|
| | N\$ | N\$ |
| BALANCE SHEET ACCOUNT SECTION | | |
| Capital | | 560 624 |
| Drawings (8 600 + 290) | 8 890 (1) | |
| Land and Buildings | 365 000 | |
| Vehicles | 120 000 | |
| Equipment | 60 000 | |
| Provision for depreciation on vehicles | | 13 850 (1) |
| Provision for depreciation on equipment | | 12 000 |
| Loan: Gobabis Bank | | 64 300 |
| Inventory | 52 987 | |
| Debtors (22 500 – 500) | 22 000 (1) | |
| Bank overdraft (7 830 + 350 – 27) | | 8 153 (2) O/F |
| Creditors (15 270 + 27) | | 15 297 (1) O/F |
| NOMINAL ACCOUNT SECTION | | |
| Sales (112 400 – 500 – 2 000) | | 109 900 (2) |
| Purchases (98 100 – 290 – 2 000) | 95 810 (2) | |
| Returns outwards | | 12 800 |
| Returns inwards | 6 200 | |
| Carriage inwards | 1 286 | |
| Stationery (966 + 350) | 1 316 (1) O/F | |

| | | |
|------------------|----------------|----------------|
| Rates | 3 871 | |
| Fuel | 4 200 | |
| Wages | 40 000 | |
| Interest on loan | 5 144 | |
| General expenses | 4 300 | |
| Depreciation | 5 920 | |
| | <u>796 924</u> | <u>796 924</u> |

Mark calculations if layout incorrect.

Do not penalise if no section.

If accounts where marks are given is written on the incorrect side, penalise by subtracting one mark e.g., purchases amount correct but on credit side entered = give one mark.

Bank overdraft O/F in **(b)** for the N\$350 and the N\$27.

Creditors O/F in **(b)** for the N\$27.

Stationery O/F in **(b)** for the N\$350.

N\$350 at stationery can be learners' own figure in **(b)** that is added to stationery.

[11]

- 4 (a) Fairly well answered. Some learners did not read the question and used the information of 31 August 2021 to calculate the capital. Many learners did not know how to calculate capital. The actual treatment differs from what was written. They write add but subtract the amount; wrote the correct amount but left out a digit, for example N\$9 800 was written as N\$980.

Answer

| Assets | | Liabilities | |
|----------------|-------------------|------------------|-------------------|
| Vehicles | 135 500 | Creditors | 12 500 |
| Inventory | 18 000 (1) | Loan: Outjo Bank | <u>50 000 (1)</u> |
| Debtors | 7 300 | | <u>62 500</u> |
| Bank | 9 800 (1) | | |
| Accrued income | 1 000 | | |
| Fixed deposit | <u>10 000 (1)</u> | | |
| | <u>181 600</u> | | |

Any two items correctly treated, one mark

$$\begin{aligned} \text{Capital} &= 181\,600 - 62\,500 \\ &= 119\,100 (1) \end{aligned}$$

[5]

- (b) Very poorly answered. Most learners did not know the layout of the statement of financial position at all. The correct layout of the statement should be used, not assets – liabilities. Wrong or no section headings were used. Opening capital was not transferred from question 4 (a) and the total of employment of capital was not transferred to capital employed to calculate owners' equity and the net loss figure. The adjustment for drawings was mostly ignored.

Answer

Jerry Ekandjo
Statement of Financial Position on 31 August 2020

| | N\$ | N\$ | N\$ | |
|--|--------------------------|------------|-----------------|-------------------|
| Capital Employed | | | | |
| Owner's Equity | | | | |
| Capital | 119 100 (1) O/F | | | |
| Less: Net Loss | 1 050 (1) O/F (2) O/F | 118 050 | | 13 245 105 855 |
| Less: Drawings (2 300 + 3 700) | | 6 000 (1) | 112 050 (1) O/F | 99 855 |
| | | | | |
| Long term liabilities | | | 40 000 | |
| Loan: Outjo Bank | | 40 000 (1) | | |

| | | | | |
|------------------------------|-----------|------------|-------------|---------|
| | | | 152 050 | 139 855 |
| Employment of Capital | | | | |
| None Current Assets | | | | |
| Vehicle | | | 121 950 (1) | 109 755 |
| | | | | |
| Investments | | | 15 000 (1) | |
| Fixed deposit: Safe Bank | | 15 000 | | |
| | | | | |
| Net Working Capital | | | 15 100 (1) | |
| Current assets | | 23 900 (1) | | |
| Inventory | 15 000 | } | | |
| Debtors | 8 000 (1) | | | |
| Accrued income | 900 | | | |
| | | | | |
| Current Liabilities | | 8 800 (1) | | |
| Creditors | 5 300 | } | | |
| Accrued Expenses | 1 100 (1) | | | |
| Bank | 2 400 | | | |
| | | | 162 050 | 139 855 |

Net loss O/F given if:

Total from learner's employment of capital - long term liability + drawings - O/F of capital calculated in (a).

Owner's Equity O/F given if:

Total from learner's employment of capital - long-term liability.

Reason for two accepted figures at non-current assets = book value is already given at balances on 31 August 2021, but the additional information made is confusing to learners.

Any three correct under Net working capital - current assets + current liabilities, e.g., inventory, creditors and bank (must be under correct section).

[13]

- 5 (a) Poorly answered. Fully given dates (day, month, year), contra account names, rules and treatment of income and expense accounts in the ledger were problematic for most learners. Profit and loss figures were not correctly calculated and used as balances brought down or not calculated at all. The question clearly stated that the balance/prepaid expense/accrued expense/accrued income must be brought down for the next financial year.
- (i) Learners did not know how to record the donation of stationery. EFT payments were sometimes recorded as cash, while the Waltons transaction was recorded as creditors.

Answer

Stationery Account

| Date | Day | Details | Fol | Amount (N\$) | Date | Day | Details | Fol | Amount (N\$) |
|------|-----|---------|-----|--------------|------|-----|---------------------------------|-----|---------------|
| 2020 | | | | | 2021 | | | | |
| Sep | 1 | Bank | | 1 600 (1) | Jan | 1 | Donations | | 450 (1) |
| Nov | 30 | Waltons | | 2 780 (1) | Aug | 31 | Profit & Loss | | 3 250 (1) O/F |
| | | | | | | | Balance/ Prepaid expenses | c/d | 680 |
| | | | | 4 380 | | | | | 4 380 |
| 2021 | | | | | | | | | |
| Sep | 1 | Balance | b/d | 680 (1) | | | | | |

- (ii) Namib Bank, Georgie Wholesalers and loan were wrongly used as contra account names.

Answer

Interest on Loan Account

| Date | Day | Details | Fol | Amount (N\$) | Date | Day | Details | Fol | Amount (N\$) |
|-------------|-----|---------------------------------|-----|--------------|-------------|-----|---------------|-----|---------------|
| 2021 Jan | 1 | Bank | | 5 000 (1) | 2021 Aug | 31 | Profit & Loss | | 7 500 (1) O/F |
| Apr | 1 | Bank | | 2 000 (1) | | | | | |
| Aug | 31 | Balance/ Accrued expenses | c/d | 500 | | | | | |
| | | | | 7 500 | | | | | 7 500 |
| | | | | | 2021 Sep | 1 | Balance | b/d | 500 (1) O/F |

O/F for profit and loss only accepted for 10 000 (learners forgot to deduct payment) and calculate interest on changed loan amount.

O/F for balance b/d only given if on credit side with correct date, if no aliens.

[4]

- (iii) Some learners did not realise that rent received is an income account and recorded the bank transactions on the debit side. Georgie Wholesalers and rent received were wrongly used as contra account names.

Answer

Rent Received Account

| Date | Day | Details | Fol | Amount (N\$) | Date | Day | Details | Fol | Amount (N\$) |
|-------------|-----|---------------|-----|---------------|--------------|-----|-------------------------------|-----|--------------|
| 2021 Aug | 31 | Profit & Loss | | 18 000 (1) | 2020 Nov | 1 | Bank | | 4 500 (1) |
| | | | | | 2021 July | 31 | Bank | | 12 000 (1) |
| | | | | | Aug | 31 | Balance/ Accrued income | c/d | 1 500 |
| | | | | 18 000 | | | | | 18 000 |
| 2021 Sep | 1 | Balance | b/d | 1 500 (1) O/F | | | | | |

O/F for balance b/d only given if on debit side with correct date, if no aliens.

For all three date, detail and amount correct for 1 mark.

If years is already entered at profit and loss for interest on loan and rent received, it can be excluded at balance b/d.

[4]

- (b) Very poorly answered. Most learners had a problem with justification. They did not know to consider why this action could not be allowed and give appropriate reasons for not allowing. They did not know that the whole amount incurred for the financial year, whether paid or not, should be transferred to the profit and loss account.

Answer

Must apply the matching principle (1).

Interest on loan must be matched with the revenue of the same period irrespective of when paid (1).

The amount incurred must be transferred to the profit and loss account not the amount paid (1).

[3]

- (c) Fairly answered. Most of the learners could show the decrease and increase in profit but could not give the error that led to the change in profit. When listing the account names as an explanation to the changing profit, some wrongly used bank overdraft instead of interest on overdraft, doubtful debts instead of provision for doubtful debts, drawings (which has no effect on profit and seen as an alien) instead of donations. Learners did not know how to calculate the profit margin that should have been deducted because the entry was originally written at the selling amount and not the cost price.

Answer

Gobabis Wholesalers
Trial Balance on 31 October 2021

| No | | Decrease in profit | Increase in profit | |
|----|--|-----------------------|-----------------------|----------------|
| | | N\$ | | N\$ |
| | Calculated profit for the year | | | 48 000 |
| 1 | Interest on overdraft Bank charges | 350 (1) 680 (1) | | |
| 2 | Decrease in provision for doubtful debts (4 100 – 3950) | | 150 (1) | |
| 3 | Donation of goods (3 600 x $\frac{40}{100}$ = 1 440) | 1 440 (2) | | |
| | Totals | 2 470 | 150 | (2 320) |
| | Corrected profit for the year | | | 45 680 (1) O/F |

If donations' amount is correct but written at increase or only under profit give one mark for calculation.

If learners write error 1 - 3 give marks for amounts, however, if description/reason is changing explanations, e.g., interest on overdraft stated as interest on current account no mark.

One mark for calculation of N\$1 440.

Corrected net profit O/F is only given if action is correct.

[6]