



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

6896/02

Paper 2

October/November 2020

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your candidate name, Centre number and candidate number on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for rough working.

Do not use staples, paper clips, highlighters, and glue or correction fluid.

Answer **all** questions.

You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.

The businesses mentioned in the Question Paper are fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

For Examiner's Use	
1	
2	
3	
4	
5	
Total	

This document consists of **15** printed pages and **1** blank page.

- 1 Sinenhlanhla, a wholesaler, sells goods on both cash and credit terms. She allows 15% trade discount and 2% cash discount for payments within 30 days.

On 20 August 2020, Sinenhlanhla sent an invoice to Themba for goods, list price E6000.

REQUIRED

- (a) State **four** contents of an invoice.

- 1
- 2
- 3
- 4 [4]

- (b) (i) State **one** reason why Sinenhlanhla allowed a trade discount to Themba.

.....

..... [1]

- (ii) Calculate the total of the invoice sent to Themba. Show your workings.

.....

..... [1]

- (iii) State the double entry for the transaction on 20 August 2020, in the books of Themba.

Account debited

Account credited [2]

On 30 August 2020, Themba returned goods with a list price of E500.
On 5 September 2020, he paid a cheque in full settlement of his debt.

REQUIRED

(c) (i) Calculate the amount paid by Themba on 5 September 2020. Show your workings.

.....
.....
..... [3]

(ii) Name and explain the accounting principle which is applied by Sinenhlanhla to determine when revenue is recognised as being earned.

Principle

Explanation

.....
..... [2]

[Total: 13]

(c) Prepare Ayabonga’s motor vehicles disposal account.

Ayabonga
Disposal account – Motor vehicle

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..... [5]

Ayabonga is considering depreciating his set of tools.

REQUIRED

(d) Name and explain the depreciation method which would be **most** suitable for Ayabonga to use for his tools.

Name of method

Explanation

..... [3]

[Total: 22]

- 3 Zane is a trader who does not keep a full set of accounting records. Her financial year ends on 31 July. She was able to provide the following information.

	1 August 2019	31 July 2020
Inventory	8 700	7 450
Trade receivables	13 200	14 700
Trade payables	15 480	12 800

During the year ended 31 July 2020 E

Cheques received from credit customers	44 500
Cheques paid to credit suppliers	32 400
Discount received	1 200
Discount allowed	800
Cash purchases	5 590
Goods returned to suppliers	480
Irrecoverable debts written off	400

REQUIRED

- (a) State **four** reasons why it is important for Zane to record all business transactions.

1

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..... [4]

(b) Calculate Zane's total sales and total purchases for the year ended 31 July 2020.
Show your workings.

Calculation of sales

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Calculation of purchases

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[12]

(c) Calculate Zane's gross profit for the year ended 31 July 2020.

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..... [5]

(d) State **four** reasons why Zane's gross margin is lower than it was in the previous year.

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..... [4]

(e) Explain why the gross margin is important to Zane.

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..... [2]

[Total: 27]

- 4 Bhekiwe is a caterer. She has a limited knowledge of accounting but attempted to prepare a statement of financial position at the end of the financial year on 31 August 2020.

The statement she prepared which contains errors is shown below.

Bhekiwe
Statement of Financial Position as at 31 August 2020

Assets	E
Motor vehicles at cost	82 000
Kitchen equipment at cost	23 375
Inventory	15 850
Trade payables	15 600
Profit for the year	14 570
Prepayment	250
Bank overdraft	<u>5 200 Cr</u>
	<u>143 770</u>

Liabilities	
Trade receivables	17 200
Capital (1 September 2019)	75 000
Provision for depreciation: Motor vehicles	7 000
Provision for depreciation: Kitchen equipment	3 375
Drawings	5 000
Bank loan - repayable 31 August 2024	24 300
Balancing figure	<u>11 679</u>
	<u>143 770</u>

In addition to the errors made in the statement of financial position, the following errors were also discovered.

- 1 A payment by S. Dlamini, a trade receivable, E 2500, had been credited to the account of S.W Dlamini, a trade payable.
- 2 No entry had been made for inventory, E800, taken by Bhekiwe during the year for her own use.
- 3 Profit from sale of kitchen equipment, E700, had been omitted in the income statement.
- 4 Rent of premises E 7540, had been debited to the rent account as E 5470.
- 5 A provision for doubtful debts of E500 should have been created.

(b) Explain **one** reason why it is important for Bhekiwe to have an annual statement of financial position.

.....

.....

..... [2]

[Total: 16]

5 The financial year of WXY Limited ends on 30 June.

The following balances were extracted from its books on 1 July 2019.

	E
Ordinary shares of E1 each	300 000
Retained earnings	8 000
General reserve	25 000
5 % Debentures	50 000

An interim dividend of E5000 was paid during the year.

Additional information at 30 June 2020.

- 1 The profit for the year was E34 700.
- 2 A transfer of E15 000 was made to general reserve.
- 3 A 6% final dividend was proposed.

REQUIRED

(a) Prepare WXY Limited's statement of changes in equity for the year ended 30 June 2020.

WXY Limited
Statement of Changes in Equity for the year ended 30 June 2020

Details	Share Capital E	General reserve E	Retained earnings E	Total E
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[6]

(b) Define the term 'limited liability'.

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..... [1]

WXY Limited is considering to convert to a public limited company

REQUIRED

(c) State **three** differences between private and public limited companies.

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..... [6]

WXY Ltd is considering raising additional funds by the issue of preference shares.

REQUIRED

(d) Distinguish between preference shares and ordinary shares. Give **two** differences.

Preference Shares	Ordinary Shares
1
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2
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[4]

(e) (i) Explain what is meant by the term debentures.

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..... [2]

(ii) Calculate the amount of interest payable by WXY Ltd on the debentures.

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..... [1]

WXY Ltd applied some accounting policies when preparing financial statements.

REQUIRED

(f) State the objective described by each of the statements below that is considered when selecting an accounting policy to apply.

1. Accounting information should impact the decision making of the person using it.

.....

2. Financial statements must be presented in such a way that the information can easily be comprehended by a person with a reasonable knowledge of business and finance

..... [2]

[Total: 22]

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