



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

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ACCOUNTING

6896/01

Paper 1

October/November 2022

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name 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, 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 For **each** of the questions (a) to (j) below, choose the response you consider to be correct and write the letter in the box to indicate the answer.

(a) What would be used in the preparation of a statement of financial position?

- A bank statement
- B cash book
- C purchases journal
- D sales journal

[1]

(b) What is a liability to a business?

- A amount owing by trade receivables
- B amount owing to trade payables
- C rates paid in advance
- D short term loan to employee

[1]

(c) A trader paid a cheque of E6500 for telephone expenses of which E550 was for his personal telephone expenses.

How did the trader record this in his books?

	Account debited	E	Account credited	E
A	Bank	6500	Drawings	550
			Telephone expenses	5950
B	Bank	5950	Telephone expenses	5950
C	Drawings	550	Bank	6500
	Telephone expenses	5950		
D	Telephone expenses	5950	Bank	5950

[1]

(d) Which task is performed by a Bookkeeper?

- A analysing the performance of the business
- B preparing annual financial statements
- C providing information for decision making
- D recording transactions in the ledger

[1]

- (e) Busa sold goods, E1500, to Sisanda on 1 August. Sisanda settled her account on 12 August by cheque and was entitled to a discount of 2% for prompt payment.

Which entries did Busa make to record the transaction of 12 August?

	Account debited	Amount	Account credited	Amount
		E		E
A	bank	1470	Sisanda	1500
	discount allowed	30		
B	bank	1470	Sisanda	1500
	discount received	30		
C	Sisanda	1500	bank	1470
			discount allowed	30
D	Sisanda	1500	bank	1470
			discount allowed	30

[1]

- (f) Mandisa provided the following information at the end of his financial year on 31 August 2022.

	E
Capital	50 000
Bank loan repayable September 2023	15 000
Mortgage	120 000
Bank overdraft	2 600
Trade payables	7 000

How much were the non-current liabilities at 31 August 2022?

- A** E 120 000
B E 135 000
C E 185 000
D E 187 600

[1]

- (g) Which group contains only tangible non-current assets?

- A** equipment, machinery, premises, vehicles
B goodwill, equipment, vehicles machinery
C inventory, trade receivables, bank, cash
D premises, cash, inventory, fixtures

[1]

(h) Which is an error of principle?

- A cheque for E85 from Ben entered in Ben's account as E58
- B commission received, E340, entered in the sales account
- C purchase of machinery, E400, entered in purchases account
- D sale of goods, E300, to Nozi not recorded in the books

[1]

(i) A payment of rent by cheque was debited to the rent account and credited to the bank account.

Which accounting principle was applied?

- A consistency
- B duality
- C prudence
- D realisation

[1]

(j) Mandla's business is registered for VAT. He sold goods on credit to Veli. The selling price was E1800 excluding VAT. The standard rate of VAT is 15%.

How was this transaction recorded in Mandla's books?

	Account debited	E	Account credited	E
A	sales	1800	Veli	1530
			VAT	270
B	sales	1800	Veli	2070
	VAT	270		
C	Veli	1530	sales	1800
	VAT	270		
D	Veli	2070	sales	1800
			VAT	270

[1]

[Total: 10 marks]

2 The financial year of Sonto, a trader, ends on 31 August.

She prepared the unfinished cash book shown below.

On 30 August 2022 Sonto paid all the available cash into the bank except E100. This transaction was not recorded.

REQUIRED

(a) State **three** advantages to Sonto of maintaining a cash book.

1

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2

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3

..... [3]

- (b) Make entries in the cash book below for the amount of cash that was deposited in the bank on 30 August 2022. Balance the cash book and bring down the balances on 1 September 2022.

Sonto
Cash Book for the month of August 2022

Date	Details	Discount E	Cash E	Bank E	Date	Details	Discount E	Cash E	Bank E
Aug 1	Balance b/d		800	2000	Aug 5	Purchases			2400
7	Msweli	6		194	8	Madlala	20		780
12	Bank		250		12	Cash			250
18	Sales		1900		17	Sipho (dishonoured cheque)			410
					20	Drawings		2100	

[4]

(c) Explain **each** of the following entries in Sonto's cash book.

2022

August 1 Balance b/d

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.....

August 12 Cash

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.....

August 17 Sipho (dishonoured cheque)

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

August 20 Drawings

.....
.....
..... [8]

(d) State the section of the statement of financial position in which the balances in Sonto's cash book were recorded on 31 August 2022.

Cash balance

Bank balance [2]

(e) State **three** possible reasons why the cheque on 17 August 2022 was dishonoured by the bank.

1

2

3 [3]

[Total: 20 marks]

3 Mthobisi, a wholesaler, sells goods on credit to retailers. His transactions for the month of September 2022 included the following.

2022

- Sept 6 Goods sold to Duduzani, E2400
- 10 Goods sold to Celimphi, list price E4500, subject to a trade discount of 15%
- 18 Duduzani returned goods, E600
- 23 Received a cheque, E1755 from Duduzani in full settlement of his account
- 29 Goods returned by Celimphi, list price E900

REQUIRED

(a) Complete the table to name the document issued by Mthobisi and the accounts debited and credited for the transactions on each of the following dates.

Date	document issued	entries in Mthobisi's ledger	
		account debited	account credited
Sept 10			
Sept 18			
Sept 23			

[10]

(b) Prepare Mthobisi's sales journal and returns inwards journal for the month of September 2022.

Sales Journal

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Returns Inwards Journal

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..... [6]

(c) Identify **two** reasons why Celimphi might have returned the goods on 29 September 2022.

1

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2

..... [2]

Mthobisi later discovered the following errors.

- 1 On 10 September no record was made for goods purchased on credit from Ziningi, list price E4500, subject to a trade discount of 20%
- 2 On 14 September goods returned to Zinhle, had been recorded at their list price of E900. Zinhle had allowed a trade discount of 25% when Mthobisi purchased the goods.

REQUIRED

(d) Prepare journal entries to correct each of Mthobisi's errors. Narratives are not required.

Mthobisi General Journal

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..... [4]

[Total: 22 marks]

4 Lizzy is a retailer. Her shop is divided into two departments, A and B.

REQUIRED

(a) Give **two** reasons why it is useful for Lizzy to know the results of each department.

- 1
-
- 2
- [2]

Lizzy apportions all expenses except wages in the proportion of sales made by the two departments.

REQUIRED

(b) State **one** other way in which Lizzy could apportion the expenses between the two departments.

..... [1]

Lizzy provided the following information for the year ended 30 September 2022.

	Department A	Department B
	E	E
Sales	50 200	75 000
Purchases	33 440	64 040
Carriage inwards	360	–
Returns inwards	200	–
Inventory – 1 October 2021	5 200	1 720
Inventory – 30 September 2022	6 000	2 000
Wages	10 520	13 820
 Expenses		 E
Rent		5 400
General expenses		1 750
Electricity		1 010

(d) (i) Calculate the rate of inventory turnover for **each** of Lizzy's departments. Show your answers correct to **one** decimal place.

Department A

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.....
.....

Department B

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.....
..... [4]

(ii) Suggest **two** possible reasons why the rate of inventory turnover for department A is different from that of department B.

1
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2
..... [2]

[Total: 22 marks]

5 Mjo is a trader whose financial year ends on 31 July. He sells goods on credit.

Mjo provided the following information.

- 1 August 2020 Khwesha owed E2750
- 29 September 2020 Khwesha paid a cheque of E2000
- 30 June 2021 Amount owing by Khwesha was written off as an irrecoverable debt

During the year ended 31 July 2022 Mjo wrote off irrecoverable debts totalling E850.

REQUIRED

(a) (i) Explain the meaning of an irrecoverable debt.

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..... [2]

(ii) List **four** ways in which Mjo could reduce the possibility of irrecoverable debts.

1

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2

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3

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4

..... [4]

(b) (i) Prepare Khwesha's account in the ledger of Mjo for the year ended 31 July 2021.

Khwesha account

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..... [3]

- (ii) Prepare the irrecoverable debts account in the ledger of Mjo for **each** of the years ended 31 July 2021 and 31 July 2022.

Irrecoverable debts account

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..... [4]

- (c) Identify and explain the principle observed by Mjo when writing off irrecoverable debts.

Principle

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Explanation

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..... [3]

On 31 July 2021 Mjo created a provision for doubtful debts at 3% of the trade receivables balance, E30 000

On 31 July 2021 Mjo maintained a provision for doubtful debts at 3% of the trade receivables balance, E35 000

REQUIRED

- (d) (i) Write up the provision for doubtful debts account in Mjo's ledger for the years ended 31 July 2021 and 31 July 2022. Balance the account and bring down the balance on 1 August of each year.

Provision for Doubtful Debts account

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..... [5]

- (ii) Prepare relevant extracts from Mjo's statement of financial position at 31 July 2021 and 31 July 2022.

Mjo

Statement of Financial Position (extracts) at 31 July 2021 and 31 July 2022.

2021

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2022

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..... [4]

- (e) Identify **one** way Mjo might have used to decide on the amount of provision for doubtful debts other than the percentage basis.

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..... [1]

[Total: 26 marks]

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