EXAMINATIONS COUNCIL OF ESWATINI

JC

EXAMINATION REPORT

FOR

BOOKKEEPING AND ACCOUNTS

YEAR

2022

Table of Contents

JC BOOKKEEPING AND ACCOUNTS

Paper 520/01

General Comments

The paper comprised of five questions, ten multiple choice items and four structured and theory type questions. The overall performance of the candidates was fair as there was a balance in the performance from the different centres. However, it was worth noting that candidates in some centres scored very low marks which was worrying.

Most candidates did not write dates which made them lose marks. This was mostly on question 2(c) and question 4(f) where they were required to open ledger accounts, and question 2(b) where they were required to prepare a purchases journal/daybook.

Teachers are advised to expose candidates to theory questions so that they confidently attempt them during examinations as it seemed that most candidates had difficulty in answering these types of questions.

Comments on Specific Questions

Question 1

This question consisted of 10 compulsory multiple-choice questions. They were to select the response they considered correct and write the letter in the spaces provided.

The performance in this question was average but some candidates got very low marks in this question. Teachers are advised to expose candidates to multiple choice questions. Most candidates failed to obtain marks in question **(A), (D)** and **(H).** In question **(A)**, candidates were required to identify the accounting equation from given options. A majority of candidates were choosing option B which read; **Assets = Capital - Liabilities**. Question **(D)** required candidates to identify an item with a credit balance, instead of choosing C which was the correct response, they opted for the other different options. Question **(H)** required candidates to state what was not a reason for measuring profit. Most candidates chose option B which is a reason for measuring profit.

Question 2

(a) This part of the question was well done by most candidates especially the definition of capital. Notably some candidates left out the key words like '**capital is money or assets for starting a business"**, they mainly used **"money"** and left out assets which gave the impression that capital is only money used to start a business.

Liabilities are defined as money owed by the business to other firms or individuals. A majority of candidates used the word "owned" instead of owed which resulted to a loss of marks. Some candidates defined trade payables, trade receivables and loans which was not part of the question.

(b) The performance in this question was average. It was worth noting though that some candidates prepared a trial balance, sales journal and a purchases journal. Other candidates started with the account to be credited instead of the account to be debited which resulted in loss of marks. Most candidates were only able to give the correct narrations.

The expected answer was:

2022				
Jan 6	Furniture		5000	
	Elethu Furnishers			5000
	Furniture bought on credit			
Jan 12	Bad debts		400	
	S. Dube/debtor			400
	Bad debts written off			
Jan 15	Drawings		100	
	Purchases			100
	Goods taken for private own use/drawings of stock			
Jan 31	N. Dludlu		50	
	Interest receivable			50
	Interest charged for late payment			

(c) This question was poorly done by most candidates. Candidates posted the wrong accounts, omitted dates, posted to the wrong sides and used wrong details which resulted to a loss of marks.

The expected answer was:

General Ledger

Furniture A/C

Jan 6	Elethu Furnishers	5000			

Drawings A/C

Jan 15	Purchases	100			

Purchases A/C

			Jan 15	Drawings	100

Purchases Ledger

Elethu Furnishers A/C

			Jan 6	Furniture	5000

(d) This question was generally well done by most candidates. Some candidate gave responses like "the debtor was not able to pay", "the creditor has died instead of debtor or trade receivable" which resulted in loss of marks.

The expected answer was:
- death
- imprisonment
- loss of job

- bankruptcy
- disability
- insanity
- dishonesty

Question 3

(a) This question was well attempted and answered by most candidates. With credit transaction, most candidates knew the key term which is "later payment or future payment".

(b) Generally, this part of the question was well performed by most candidates. When calculating depreciation for the year 2020 most candidates did well and for 2021, they however failed to apply the reducing balance method, they multiplied the depreciation figure for 2020 by 2 which resulted in loss of marks. It was also worth noting that most candidates lost marks because they did not use calculators which resulted in them getting wrong answers even though the correct formula was used.
The expected answer was:
Depreciation for 2021 would be calculated as follows.
Formula
Reducing balance method: NBV * %decrease/yr.
Year 2020 depreciation charge   = 100 000 * 20/100
                                            = E 20 000
Reducing balance method: NBV * % decrease/yr.
NBV = 100 000 – 20 000 = 80 000
Year 2021 depreciation charge = 80 000 * 20/100
                                            = E 16 000

(c) Candidates' performance in this question was average. The entries for 2020 were well done, the challenge was noted with 2021 where most candidates failed to calculate the accumulated depreciation, they wrote E16 000 instead of E36 000 thus loosing marks.
The expected answer was:

	Cost	Accumulated depreciation	Net book value
Motor van (2020)	100 000	20 000	80 000
Motor van (2021)	100 000	36 000	64 000

(d) This question was poorly done by most candidates. Most candidates gave "prudence concept" as their answer. The correct answer was the Historical cost concept which states that assets and expenses should be recorded at cost in the books of accounts.

(e) This question was poorly performed by most candidates. Most candidates failed to identify the effect. Some wrote "effect" instead "no effect" which was an incorrect response and resulted to a loss of marks.
The expected answer was:

Item	Incomes	Expenses
1. Motor repairs unpaid	No effect	Increase
2. Rent receivable prepaid	Decrease	No effect
3. Commission receivable in arrears	Increase	No effect
4. Insurance overpaid	No effect	Decrease

Question 4

(a) This part of the question was generally performed well by most candidates. Most candidates correctly defined sole trader as a business owned and operated by one person.

(b) In this part of the question, candidates performed poorly, most candidates answered "cash and credit transaction" which resulted to a loss of marks. The correct answer was "cash transaction."

(c) The general performance was average, it was worth noting that many candidates only knew one source document for the cashbook, which is a "receipt" leaving out a cash slip, bank statement, and a bank deposit slip.

(d) This part of the question was poorly done by most candidates. Most candidates did not attempt the question. Some candidates wrote current liabilities for June 1 balance b/d E900 and current assets for June 1 balance b/d E3000. The correct responses were "current assets for June 1 balance b/d E900 and current liabilities for June 1 balance b/d E3000.

(e) This part of question was dismally performed by most candidates. Most candidates seemed confused as they gave responses like "double entry was complete" the correct response was "double entry should be completed in the cash book, on the debit side, in the cash column".

(f) The performance in this part of the question was average. Candidates who omitted dates, used wrong details lost marks in this question. It was also noted that most candidates could not prepare discount allowed and discount received accounts, on another note some candidates used names of the debtors and creditors for details in these discounts accounts which resulted in the loss of marks.

(g) This question was generally well done by most candidates, even though some candidates gave answers like "trading and profit and loss appropriation account and income statement of financial position which resulted in the loss of marks". The correct answers should have been "profit and loss account and statement of financial position."

Question 5

(a) This part of the question was performed well by most candidates even though some confused a partnership for a company. They used terms like "shareholders" instead of "partners".
The expected answer was:
- the name and address of the partnership business
- the names and addresses of the partners
- the amount of capital contributed by each partner
- the type of business that the partners will operate
- whether the partners are to earn interest on capital or not
- whether partners are entitled to drawings or not
- if there is interest to be charged on drawings, and if so how much?
- Whether any partner is earn a salary or not
- The ratio in which profit or losses are to shared
- The commencement date of the partnership business

(b) In this part of the question, most candidates performed well even some gave answers like "they share profit and loss" which is an advantage thus resulting in them loosing marks.

(c) This part of the question was poorly done. The question required candidates to state how partners share profits or losses if there is no partnership deed. Most candidates gave responses like "they won't share, they will share proportionate to their capitals, they use their bank account which resulted in the loss of marks. The correct response was "share equally."

(d) In this part of the question, candidates performed dismally. The correct response for interest on capital was "to reward partners for investing funds in the partnership. The correct response for salary was "to reward partners who are actively involved in the running of the business.

(e) This part of the question was also poorly done by most candidates. Most candidates prepared an appropriation account instead of the financed by section. They also failed to identify the partner with a debit balance, the treated his current account balance as a credit balance which resulted in loss of marks. Some candidates also lost marks because they started which current accounts instead of capital accounts which made them not to get full marks.

Paper 520/02

General Comments

The paper comprised of five questions which consisted of structured and theory type questions. The overall performance of the candidates was generally below average as most centres did not perform well. Also, worth noting was that very few centres scored good marks unlike in other years where some centres scored high marks at the backdrop of an overall below average performance. Centres are advised to adequately prepare candidates for the examination.

Most candidates did not write dates which made them lose marks. This was mostly the case on questions 2(c) and 3(a) and 3(b). On question 2(c) they were required to prepare a purchases account from a list of given items and on question 3(a) they were required to prepare a sales journal and in 3(b) they were expected to post to the ledger. Centres are advised to emphasise to candidates on the three components of an entry i.e. date, detail and amount. In question 3(d) candidates were required to prepare an opening statement, marks were lost because most candidates started with the liabilities instead of assets and some candidates were responding like they were preparing a trial balance.

Centres are urged not to overlook theory questions when assessing candidates but must expose them to confidently attempt them during examinations as it transpired that most candidates had difficulty in answering these types of questions properly more especially in question 1(b).

Comments on Specific Questions

Question 1

(a) This question required learners to fill an invoice. This part of the question was generally well done by most of the candidates.

The expected answer was:
- **(i)** Thuli Dombolo
- **(ii)** E35
- **(iii)** 4
- **(iv)** E45
- **(v)** E9
- **(vi)** 6
- **(vii)** E353

(b) This part of the question was on source documents theory. It was fairly done by most candidates.
- **(i)** On this part of the question, candidates were asked to explain an invoice issued. Most candidates' response was a document issued to a customer to remind him to pay.
  The expected answer was:
  it is a source document for goods sold on credit.

- **(ii)** On this part of the question, candidates were required to state two reasons for keeping source documents. This part of the question was not well done by most candidates as they gave out varying incorrect responses. The expected responses were:
  - they act as proof or evidence that a transaction took place
  - act as proof of payment
  - to check errors
  - for auditing purposes
  - use for future reference

- **(iii)** This part of the question required candidates to give an explanation as to why a credit note may be used. This part was poorly done by most candidates and the expected responses were:
  - when goods have been returned by the buyer

- to correct an overcharge
- when the buyer returns empties
- when the buyer has received a debit note

(iv) This part of the question required candidates to explain one reason why goods may be returned. It was very well done by most candidates.
The expected answer was:
- if they are faulty
- If they are more than the one ordered
- If they are damaged
- If it's a wrong order

(v) On this part of the question candidates were required to state what VAT stands for. This proved to be a problem for some candidates even though it was well done by some.
The expected answer was:
Value Added Tax

(vi) This part of the question required candidates to state the purpose of charging VAT and it was well done.
The expected answer was:
To increase government revenue

Question 2

The overall performance on this question was poor.

(a) (i) In this part of the question, candidates were required to define a ledger. Most candidates failed to define a ledger and most responses incorrectly stated that it is a subsidiary book instead of saying it is the chief/main book of accounts.

(ii) In this part of the question, candidates were required to state two advantages of dividing the ledger. This part was poorly done by most candidates and centres.
The expected responses were:
- makes ledger more organised
- reduces the possibility of fraud
- easy to locate errors
- it enables checking procedures
- to group together similar items
- work can be shared between several people/ enable division of labour

(b) In this part of the question, candidates were given items from which they were required to classify them as nominal, personal, real or personal and then indicate the type of balance for each item. The question was poorly done by most candidates more especially the part where they were to state the type of account.
The expected answer was:

Item	Type of account	Type of balance
1 Sales	Nominal	Credit
2 Drawings	Proprietary	Debit
3 Insurance	Nominal	Debit
4 Land and buildings	Real	Debit
5 Trade payables	Personal	Credit

(c) This part of the question required candidates to prepare a purchases account. It was not well done by most candidates and some candidates lost marks because they did not insert dates.
The expected answer was:

PURCHASES ACCOUNT

2022			E	2022			E
May	1	Balance b/d	2 000	May	14	Drawings	100
	3	S. Dlamini	800				
	9	Bank	1 200				
	20	Cash	500		31	Balance c/d	4 400
			4 500				4 500
June	1	Balance b/d	4 400				

Question 3

(a) In this question candidates were given information from which they were required to prepare a sales journal. The candidates generally failed to prepare a sales journal. One of the items had a trade discount which learners were expected to adjust accordingly before recording in the sales journal. Most candidates dismally failed to make this adjustment which resulted in the loss of marks.
The expected answer was:

	NOSIPHO'S SALES JOURNAL	Debit (E)	Credit (E)
2022			
June 5	Bayabonga (800 – 80)	720	
7	Bayeta	600	
12	Buhle	300	
30	Credit sales account		1620

(b) In this part of the question, candidates were expected to use information from the sales journal in (a) to post to the ledger. This was also poorly done by most candidates.
The expected answer was:

			BAYABONGA ACCOUNT							
2022										
June	5	sales	720							
			SALES ACCOUNT							
				2022						
				June	30	trade receivables	1620			

(c) This part of the question required candidates to explain the difference between trade discount and cash discount. This was well done by most candidates.
The expected answer was:

Cash discount	**Trade discount**
- encourages prompt payment	- encourages bulk buying
- recorded in the books of accounts	- not recorded in the books of accounts

(d) In this part of the question, candidates were given a list of balances for assets and liabilities from which they were required to prepare and opening statement in order to calculate the capital amount. This question was poorly done by most candidates. Some candidates started with recording liabilities instead of assets and some were mixing the items (like in a trial balance) instead of listing assets first on the debit column and then the liabilities on the credit column which resulted in the loss of marks.

The expected answer was:

Sivuno Enterprise
Opening statement as at 1 July 2022

			Debit E		Credit E	
		Motor vehicle	24 000			
		Inventory	3 100			
		Trade receivable	6 700			
		Insurance prepaid	3 000			
		Trade payables			3 400	
		Commission payable owing			500	
		Bank overdraft			6 600	
		Capital			26 300	
		Assets and liabilities at 1 July 2022	36 800		36 800	

Question 4

This question was also poorly done by most candidates. Candidates on this question were given a trial balance which had three errors not revealed by the trial balance.

(a) (i) In this part of the question the candidates were required to make journal entries to correct the errors and write narrations. This was poorly done by most candidates as they failed to correct the errors.

The expected answer was:

	Debit (E)	Credit (E)
1 Bank	2500	
Sales		2500
Correction of an error of omission (1)		
2 Discount received	20	
Stationery		20
Correction of an error of compensation		
3 Returns inwards	200	
Carriage inwards		200
Correction of an error of principle		

(ii) In this part of the question, candidates were then expected to prepare a corrected version of the trial balance after the correction of the errors. This was poorly done even though some candidates were able to calculate the correct balances in the corrected trial balance although they had failed to do it using the journal entries in (a). Centres are advised to adhere to this new syllabus requirement of correcting the errors which was previously not a requirement.
The expected answer was:

Minenhle's Trial Balance as at 30 April 2022

	Debit (E)	Credit (E)
Inventory (1 March 2021)	1500	
Revenue/sales		14500
Motor vehicles	90 000	
Purchases	8800	
Returns inwards	300	
Carriage inwards	300	
Discount received		130
Rent	2900	
Bank	6000	
Stationery	320	
Capital		95 490
	110 120	**110120**

(b) In this part of the question, candidates were expected to classify the given items as non-current assets, current assets, non-current liabilities and current liabilities by using a tick in the spaces provided. This part of the question was well done by most candidates.
The expected answer was:

	Items	Non-current assets	Current assets	Non-current liabilities	Current liabilities
(a)	Bank		✓		
(b)	Motor vehicles	✓			
(d)	Unused stationery		✓		
(e)	Repairs still owing				✓
(g)	Rent paid in advance		✓		

Question 5

(a) In this part of the question, candidates were given transactions from which they were to state the effect of recording the transaction on profit for the year, non-current assets and current assets. This part of the question was not well done by most candidates. The answer options given to the candidates and as well as in the example provided were "increased", "decreased" and "no effect". Some candidates were responding by writing "effect" which resulted in the loss of marks because if there is an "effect" then it means it's either a decrease or increase and should be clearly articulated as such.

The expected answer was:

	Effect on profit for the year	**Effect on non-current assets**	**Effect on current assets**
Transaction 2	Decrease by 3500	No effect	Decrease by 3500
Transaction 3	No effect	Increase by 6000	Increase by 6000
Transaction 4	Increase by 500	No effect	Increase by 500

(b) In this part of the question candidates were given a list of balances with some additional information (adjustments) from which they were required to prepare a statement of financial position. This question was well done by most candidates however some centres performed poorly on this part of the question by incorrectly preparing an income statement.

The expected answer was:

Thulebona Stationery Shop
Statement of Financial Position as at 31 September 2022

	Cost	Depr	NBV
	E	E	E
Non-current assets			
Furniture and fittings	30 000	3000	27 000
Office equipment	15 000	3000	12 000
			39 000
Current assets			
Stationery (inventory)		1700	
Trade receivables		8000	
Cash on hand		4500	
Rent prepaid		400	
		14 600	
Less current liabilities			
Trade payables	5000		
Interest on loan owing	400	5400	
Working capital			9 200
			48 200
Financed by:			
Capital			25 000
+ Profit for the year			5 200
			30 200
- Drawings			2 000
			28 200
Long-term liability			
Loan from XYZ Bank			20 000
			48 200