



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

Paper 2

6896/02

October/November 2024

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your name, centre number and candidate number in the spaces provided.

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.

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 **5** blank pages.

1 Thami owns a grocery shop. The following took place during the month ended 31 August 2024.

- 1 Purchased inventory on credit, E2800
- 2 Received invoice for repainting shop, E5600, payable in 30 days' time
- 3 Paid for petrol and oil, E1500, cash
- 4 Sold an old office desk on credit at its book value of E4000

REQUIRED

(a) Complete the table to state the effects of transactions (2–4) on assets, liabilities and capital. State increased, decreased or “no effect” where the transaction does not have an effect.

The first one has been completed as an example.

	Assets	Liabilities	Capital
1	<i>Increased by E2800</i>	<i>Increased by E2800</i>	<i>No effect</i>
2			
3			
4			

[9]

(b) (i) State the meaning of the terms capital expenditure and capital receipt.

Give **one** example for each.

Capital expenditure

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.....

Example

Capital receipt

.....

.....

Example [4]

- (ii) State the meaning of the terms revenue expenditure and revenue receipt.

Give **one** example for each.

Revenue expenditure

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Example

Revenue receipt

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Example [4]

In order to maintain her non-current assets at a realistic value, Thami records them at net book value.

REQUIRED

- (c) Name and explain the principle Thami is **not** observing by recording non-current assets at net book value.

Name of principle

Explanation of principle

..... [2]

[Total: 19 marks]

- 2 Toy Nee Ltd produces children's toys. The financial year ends on 31 August. On 31 August 2024, Toy Nee Ltd provided the following information.

	E
Sales	195 000
Purchases of raw materials	88 000
Factory machinery at cost	50 000
Provision on depreciation on machinery	10 000
Direct factory wages	37 000
Indirect factory wages	24 000
Factory general expenses	10 500
Factory fuel and power	8 200

Additional information

		31 August 2023	31 August 2024
		E	E
1	Inventory		
	raw materials	4500	3900
	work in progress	3150	2700
	finished goods	6200	5900
2	Factory fuel and power accrued	400	300
3	Factory machinery depreciation is charged at 10% per annum using the straight line method.		

REQUIRED

- (a) Calculate the following. Show your workings.

- (i) Cost of raw materials consumed

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..... [2]

- (ii) Prime cost

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..... [2]

..... [5]

Toy Nee Ltd

Income Statement (trading account section) for the year ended 31 August 2024

..... [4]

..... [2]

- (d) Suggest **three** reasons why a manufacturer may sometimes purchase finished goods from another manufacturer.

1

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2

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3

..... [3]

[Total: 18 marks]

- 3** Dolly is a trader. Her financial year ends on 30 September. Dolly rents business premises at an annual rent of E7200. She sub-lets part of these premises to Similo at a monthly rent of E200.

Dolly provided the following information.

2023			E
October	1	Rent paid in advance	1200
		Rent receivable accrued	200
	5	Rent received by credit transfer	2800
December	1	Rent paid by cheque	5400

REQUIRED

- (a)** Prepare the rent payable account and rent receivable account as they would appear in Dolly's ledger for the year ended 30 September 2024. Balance the accounts and bring down the balances on 1 October 2024.

Rent Payable account

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Rent Receivable account

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..... [9]

- (b) (i) Name the ledger in which the rent receivable account should be maintained.

..... [1]

- (ii) State **three** advantages to Dolly of dividing the ledger into sections.

1

.....

2

.....

3

..... [3]

- (iii) Name the subsidiary book used to record the transaction on 5 October 2023.

Subsidiary book [1]

- (c) Name and explain the principle Dolly is applying when calculating the amount of rent receivable to be transferred to the income statement.

Name of principle

Explanation of principle

.....

..... [2]

- (d) State the effect on the profit for the year if the principle named in **Part (c)** had not been applied to the calculation of the rent payable for the year.

.....

..... [2]

[Total: 18 marks]

9
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*For
Examiner's
Use*

- 4 Zethu and Thandi are in partnership. Their financial year ended on 30 September.

REQUIRED

- (a) State **three** disadvantages to Zethu of being a member of a partnership agreement.

1

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2

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3

..... [3]

- (b) Explain why it was important for Zethu and Thandi to draw up a partnership agreement when they formed their business.

.....

..... [2]

The partnership agreement of Zethu and Thandi included the following.

- 1 interest on partners' capital is allowed at 10% per annum
- 2 interest on drawings is charged at 5% per annum
- 3 partners are entitled to interest on loans at 7% per annum
- 4 Zethu is entitled to a partnership salary of E12 000 per annum
- 5 profits and losses are shared in the ratio 2: 1 respectively

Zethu and Thandi also provided the following information.

	Zethu		Thandi
	E		E
Capital account balances at 1 October 2023	20 000		10 000
Current account balances at 1 October 2023	1 800	Cr	1 200 Dr
Drawings for the year	2 000		1 000

Zethu lent E15 000 to the partnership on 1 October 2023.

The profit for the year ended 30 September 2024 before loan interest was E21 900.

- (c)** Prepare Zethu and Thandi's appropriation account for the year ended 30 September 2024.

Zethu and Thandi
Appropriation Account for the year ended 30 September 2024

[6]

- (d)** Prepare Zethu's current account for the year ended 30 September 2024. Balance the account and bring down the balance on 1 October 2024.

Zethu
Current account

[6]

Zethu and Thandi are considering converting their business to a limited company.

REQUIRED

(e) (i) State **two** advantages to Zethu and Thandi of forming a limited company.

- 1
-
- 2
- [2]

(ii) State **two** disadvantages to Zethu and Thandi of forming a limited company.

- 1
-
- 2
- [2]

[Total: 21 marks]

5 Nelile, a trader, started a business on 1 October 2023.

Her accountant prepared a draft income statement for her first year of trading which showed a profit for the year of E28 000. She was unable to prepare a statement of financial position because of illness.

Despite her very limited understanding of accounting, Nelile attempted to prepare a statement of financial position on 30 September 2024. The statement she prepared which contained errors, is shown below.

Nelile
Statement of Financial Position at 30 September 2024

	E	E
Premises	108 200	
Less: closing inventory	<u>17 860</u>	90 340
Machinery at cost	80 000	
Less: fixtures and fittings at cost	<u>15 000</u>	65 000
Loan – Asakhe bank, repayable 2027	110 000	
Less Bank overdraft	<u>1 290</u>	108 710
Cash drawings		12 400
Cash		<u>1 000</u>
		<u>277 450</u>
Capital		125 300
Profit for the year		28 000
Provision for depreciation: Fixtures and fittings		1 500
Trade receivables		69 000
Trade payables		36 470
Balancing figure		<u>17 180</u>
		<u>277 450</u>

The following information was later discovered.

- 1 No adjustment had been made in the income statement and the statement of financial position for the following.

	E
Depreciation of machinery	12 000
Drawings of goods	400
Irrecoverable debt written off	200
Creation of provision for doubtful debts	1 376

- 2 On 30 September 2024 the cash book showed a bank overdraft of E2190.

REQUIRED

- (a) Prepare Nelile's statement of corrected profit for the year ended 30 September 2024.

Nelile
Statement of Corrected Profit for the year ended 30 September 2024

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..... [5]

- Nelile
Corrected Statement of Financial Position at 30 September 2024

..... [12]

Nelile is concerned about the return on capital employed (ROCE) in her business.

REQUIRED

- (c) (i) State the formula for the calculation of the return on capital employed (ROCE).

.....
 [1]

- (ii) State **three** ways in which Nelile could improve the return on capital employed (ROCE).

1

 2

 3
 [3]

The quality of the information in a set of financial statements determines how useful accounts are.

REQUIRED

- (d) State **three** ways in which the quality of Nelile's financial statement could be measured. The first one has been completed as an example.

1 *Reliability*
 2
 3
 4 [3]

[Total: 24 marks]

