



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini Prevocational Certificate of Secondary Education

BUSINESS ACCOUNTING

Paper 1 Multiple Choice

5921/01

October/November 2022

1 hour

You answer on the Answer Grid.
You will need a multiple-choice Answer Grid.

READ THESE INSTRUCTIONS FIRST

This Question Paper consists of 40 multiple choice questions.

Four possible answers are given for each question. Choose the **best** answer and shade your choice in the oval under the correct letter in soft pencil **HB** on the separate multiple choice Answer Grid provided.

Read all questions carefully.

Answer **all** questions.

EXAMPLE:

41 Which term represents the cost of borrowing money?

- A capital
- B interest
- C loan
- D price

41	A <input type="radio"/>	B <input checked="" type="radio"/>	C <input type="radio"/>	D <input type="radio"/>
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Marks	

This document consists of 11 printed pages and 1 blank page.

- 1 How does bookkeeping differ from accounting?
- A accounting involves recording data, bookkeeping involves interpretation of data
 - B accounting provides summaries of data, bookkeeping provides details of transactions
 - C bookkeeping involves recording data, accounting involves interpretation of data
 - D bookkeeping provides summaries of data, accounting provides details of transactions
- 2 Who is an internal user of accounting information relating to Phiwa's business?
- A bank manager
 - B existing lender
 - C finance manager
 - D potential partner
- 3 Why may a trade payable be interested in the accounting information of his credit customer?
- A to ascertain how much value added tax the credit customer has to pay
 - B to ascertain if the liquidity of the credit customer is satisfactory
 - C to ascertain the credit customer's rate of inventory turnover
 - D to ascertain whether the credit customer should receive trade discount
- 4 Why is it important for a business owner to calculate profit?
- A to ascertain the bank balance
 - B to ascertain the financial position
 - C to ascertain return on capital
 - D to ascertain total expenses
- 5 A trader received an invoice from BB Garage for motor repairs. He debited the motor repairs account and credited BB Garage's account.
- Which accounting principle was applied by the trader?
- A duality
 - B matching
 - C prudence
 - D realisation
- 6 Which best describes current assets?
- A amounts owed by a business repayable in the near future
 - B amounts which are expected to be turned into cash within 12 months
 - C items which a business expects to keep and use for over 12 months
 - D items whose value does not fluctuate on a daily basis

7 Which is a current liability of a business?

- A bank loan interest accrued
- B fifteen-year bank loan
- C provision for depreciation
- D rent receivable accrued

8 Zinhle had the following balances on 30 June 2022.

	E
Cash	1200
Bank loan (repayable 30 April 2023)	2500
Fixtures and fittings	5000
Inventory	1850
Trade payables	2440
Trade receivables	2820
Loan to employee	100

What was Zinhle's capital?

- A E4070
 - B E5830
 - C E6030
 - D E8530
- 9 Tebe purchased goods from Siphon on credit, list price E1000. Siphon offered 10% trade discount and 5% cash discount.

How much was entered in Tebe's purchases journal?

- A E850
 - B E855
 - C E900
 - D E950
- 10 Which item should be recorded in the general journal?
- A cheque received from credit customer later dishonoured
 - B credit customer's account written off as irrecoverable
 - C damaged goods returned by credit customer
 - D trade discount allowed to credit customer

- 11 A trader purchased office furniture and paid by cheque.

How should this be recorded?

	debit	credit
A	cash book	general ledger
B	cash book	purchases ledger
C	general ledger	cash book
D	purchases ledger	cash book

- 12 Which document is sent by a customer when returning goods to a supplier?

- A** credit note
- B** cheque
- C** debit note
- D** statement of account

- 13 In July Sihle supplied goods to Sethu on credit. The account was settled on 31 July by a credit transfer.

In which subsidiary book would Sethu record this transaction on 31 July?

- A** cash book
- B** general journal
- C** purchases journal
- D** sales journal

- 14 The totals of the discount columns in Sane's cash book at the end of August 2022 were:

E600 debit
E740 credit

What entry should Sane make in the discount allowed account on 31 August 2022?

- A** E600 credit
- B** E600 debit
- C** E740 credit
- D** E740 debit

15 What are the advantages of maintaining a cash book?

- 1 it acts as a ledger and subsidiary book at the same time
- 2 it provides totals for discount allowed and discount received
- 3 it provides training to a junior member of staff

- A** 1 only
B 1 and 2 only
C 1, 2 and 3
D 2 only

16 What may be recorded in a petty cash book?

- 1 cash received from an employee for a personal telephone call
- 2 cash taken by the owner of the business to pay a taxi fare
- 3 purchase of cleaning cloths
- 4 purchase of motor vehicle

- A** 1 and 2 only
B 1, 2 and 3
C 3 and 4 only
D 1, 2 and 4

17 Suthu runs a fruit and vegetable shop. She took some cabbages for her own use.

How was this transaction recorded in Suthu's ledger?

	account to be debited	account to be credited
A	drawings	purchases
B	drawings	sales
C	purchases	drawings
D	sales	drawings

18 Fanele supplies goods on credit to Nonhle. On 1 September 2022 Fanele's account in Nonhle's books showed a credit balance of E3120. During September there were purchases of E2054, discount received of E30 and a payment of E1470.

What was the balance on Fanele's account in Nonhle's ledger on 30 September 2022?

- A** E554
B E1620
C E2536
D E3674

- 19 The balance of which account may appear in either the debit column or the credit column of a trial balance?
- A bank
 - B drawings
 - C loan
 - D sales

- 20 Which error will affect the balancing of a trial balance?

- A cash sales debited in the sales account and credited in the cash account
- B goods sold on credit to Zweli debited to Zizwe's account
- C incorrect addition in the purchases account
- D no entry made in the books for rent paid by cheque

- 21 On 1 August Vusi owed Musa, a credit supplier, E840. When Vusi paid the account on 14 August, he debited the bank account and credited Musa's account.

What was the effect of this error on the balance of Musa's account?

- A overstated by E840
- B overstated by E1680
- C understated by E840
- D understated by E1680

- 22 Siya's cash book showed a debit balance of E2370. A standing order for rent paid, E195, appeared on the bank statement but was not shown in the cash book. Cheques amounting to E930 were not credited in the bank statement.

What was the credit balance shown on the bank statement?

- A E1245
- B E2175
- C E3105
- D E3300

- 23 Which statement about a bank reconciliation statement is correct?

- A It contains bank charges and direct debits.
- B It is part of the double entry bookkeeping.
- C It is prepared by the bank.
- D It is prepared by the trader.

- 24 A sales ledger control account showed a debit balance of E4970 and a credit balance of E420. It was then discovered that a debt E76 should have been written off.

What were the correct balances on the sales ledger control account?

	debit balance (E)	credit balance (E)
A	4894	420
B	4970	344
C	4970	496
D	5046	420

- 25 Nomsa purchased security cameras, E7900 for his business premises. The cost of installing the cameras, which was carried out by Nomsa's own workmen was E850.

What was Nomsa's capital expenditure and revenue expenditure?

	Capital expenditure E	Revenue expenditure E
A	–	8750
B	850	7900
C	7900	850
D	8750	–

- 26 Which is a revenue receipt?

- A** cash received from owner as additional capital
- B** cash received from sale of goods
- C** cash received from sale of equipment
- D** cash received from Sisonkhe Lenders as a loan

- 27 What is the main purpose of charging depreciation on non-current assets?

- A** to ensure that the profit for the year is not understated
- B** to ensure that non-current assets are recorded at market value
- C** to put money aside to replace non-current assets when the need arises
- D** to spread the cost of the non-current assets over estimated useful life

- 28** Jay bought machinery for E9000 and depreciated it at the rate of 10% each year using the reducing balance method.

What was the accumulated depreciation at the end of year 2?

- A** E810
- B** E900
- C** E1710
- D** E1800

- 29** Sibalo, a trader, incorrectly included a prepayment of insurance of E350 as an accrual in the income statement.

How was the profit for the year affected by this error?

- A** overstated by E350
- B** overstated by E700
- C** understated by E350
- D** understated by E700

- 30** During the year ended 31 August 2022, Lando wrote off irrecoverable debts of E1950. On 31 August 2022, Lando's trade receivables owed E50 600, of which E350 was irrecoverable.

How much would Lando record for trade receivables in the statement of financial position on 31 August 2022.

- A** E48 300
- B** E50 250
- C** E50 600
- D** E52 200

- 31** How should inventory be valued?

- A** at the cost price
- B** at the lower of cost and net realisable value
- C** at the lower of cost and replacement cost
- D** at the replacement cost

- 32** What is an income statement?

- A** a statement of amounts paid and received during the year
- B** a statement of the assets and liabilities on a certain date
- C** a statement showing all the ledger balances on a certain date
- D** a statement showing the gross profit and profit for the year

33 Mthombeni provided the following information at the end of his first year of trading.

	E
Revenue	36 250
Purchases	24 850
Closing inventory	2 400
Returns inwards	575
Returns outwards	1 475

What was Mthombeni's gross profit?

- A E12 900
 - B E13 225
 - C E14 700
 - D E15 275
- 34 Zama is a sole trader. She is considering forming a partnership with Lolo. What is an advantage to Zama of being in a partnership?
- A additional skills of partners are available
 - B disagreements can occur between partners
 - C profits are shared by all the partners
 - D wrong decisions by one partner affect all partners
- 35 Which item would be recorded in the statement of changes in equity of a company?
- A debenture interest
 - B proposed dividends
 - C redeemable preference shares
 - D transfer to general reserve
- 36 On 1 September 2021, SN Limited issued ordinary shares totalling E104 000 and 10% debentures E100 000.
- During the year ended 31 August 2022 SN Limited paid debenture interest of E8000, and an ordinary share dividend E5200.
- How much was entered as an expense in the income statement for the year ended 31 August 2022?
- A E8 000
 - B E10 000
 - C E13 200
 - D E15 200

37 Zondo, a manufacturer, provided the following information:

	E
Opening inventory of raw materials	7 450
Closing inventory of raw materials	7 650
Purchases of raw materials	90 600
Factory overheads	20 100
Direct wages	83 050

What was the prime cost?

- A E42 750
- B E110 500
- C E173 450
- D E193 550

38 Zethu is a trader who does not keep a full set of double entry records. The following information is available:

	E
Capital at 1 July 2021	20 000
Capital at 30 June 2022	25 000
Drawings for the year	1 750
Capital introduced during the year	2 500

How much was the profit for the year ended 30 June 2022?

- A E2500
- B E4250
- C E5750
- D E6750

39 Fana's financial year ends on 30 September. The following information was provided:

	E
Cash purchases	2 000
Cheques paid to trade payables	11 650
Trade payables at 1 October 2021	1 250
Trade payables at 30 September 2022	1 550

How much were the purchases for the year ended 30 September 2022?

- A E9 350
- B E11 350
- C E11 950
- D E13 950

40 Which accounting ratio can indicate how well expenses are being controlled?

- A current ratio
- B gross margin
- C inventory turnover
- D profit margin

