



EXAMINATIONS COUNCIL OF ESWATINI  
Eswatini Prevocational Certificate of Secondary Education

CANDIDATE  
NAME

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CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**BUSINESS ACCOUNTING**

**5921/02**

Paper 2

**October/November 2023**

**2 hours**

Additional Material.

No additional materials required.

**READ THESE INSTRUCTIONS FIRST**

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

Write in dark blue or black pen.

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

Answer **all** questions.

You may use a calculator.

The businesses described in this question paper are entirely 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	
<b>Total</b>	

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

**SECTION A**

1 Thandiwe started a business in 2023. She has a very limited understanding of book-keeping and accounts and appointed a member of staff to be responsible for the day-to-day financial records. Thandiwe requires an explanation of some accounting terms and why some accounting records are maintained.

**REQUIRED**

(a) Define the term accounting.

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

(b) (i) State the meaning of the term intangible asset.

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..... [1]

(ii) Give **one** example of an intangible asset.

..... [1]

Thandiwe makes use of different source documents and applies accounting principles to maintain her financial records.

**REQUIRED**

(c) (i) State the purpose of an invoice.

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..... [1]

(ii) List **three** contents of an invoice.

1 .....  
2 .....  
3 ..... [3]

(d) State the meaning of the money measurement principle. Give **one** example of how it can be applied.

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

(e) State **two** advantages of maintaining a purchases journal.

- 1 .....
- .....
- 2 .....
- ..... [2]

Thandiwe wishes to know who may be interested in her financial statements and the reason for their interest.

**REQUIRED**

(f) Name **two** users of accounting information who are outside Thandiwe's business.

In **each** case state one reason for their interest.

- 1 .....
- .....
- 2 .....
- ..... [4]

**[Total: 16]**

2 Amahle started a business but did not maintain any financial records. On 1 July 2022, she decided to open a set of accounting records and provided the following information.

	E
Motor vehicles	80 000
Trade payables	35 450
Trade receivables	24 600
Bank	17 500 Cr
Rent accrued	700
Inventory	17 000

**REQUIRED**

(a) (i) State the purpose of an opening journal entry.

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..... [1]

(ii) Prepare an opening journal entry for Amahle on 1 July 2022. A narrative **is** required.

Amahle  
General journal

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On 1 August 2022, Amahle’s cash book showed a credit bank balance of E15 800.

On the same date, a statement received from the bank showed a debit balance of E17 445.

When she compared her bank statement with her cash book she discovered the following:

Items in the cash book but not in the bank statement

Cash sales, E1450

Cheque paid to Bhekani, E900

Items appearing only on the bank statement

Bank charges, E145

Credit transfer, E750, from Zulu

A cheque received from Veli E1300 was dishonoured by the bank

Additional information

The credit balance in the cash book on 1 August 2022 was overcast by E200

The bank had debited Amahle’s business bank account with E600 which should have been debited to her personal bank account

**REQUIRED**

**(b) (i)** Update Amahle’s cash book and bring down the balance on 1 August 2022.

Amahle

Cash book (bank columns only)

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(ii) Prepare Amahle's bank reconciliation statement at 1 August 2022.

Amahle  
Bank reconciliation statement at 1 August 2022

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..... [5]

Amahle provided the following information about her rent for the year ended 30 June 2023.

2022		E
July 1	Rent accrued (2 months)	700
Aug 1	Paid 8 months' rent by credit transfer	2800
2023		
April 1	Paid 5 months' rent by credit transfer	1750

**REQUIRED**

(c) (i) Prepare Amahle's rent account for the year ended 30 June 2023. Balance the account and bring down the balance on 1 July 2023.

Amahle  
Rent account

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..... [5]

- (ii) Prepare relevant extracts to show the entry for rent in Amahle’s income statement for the year ended 30 June 2023 and statement of financial position on 30 June 2023.

Amahle  
Income statement extract for the year ended 30 June 2023

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Amahle  
Statement of financial position extract on 30 June 2023

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..... [2]

- (iii) Explain how Amahle applied the matching principle when making the entry for rent in the income statement.

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..... [2]

**[Total: 24]**

- 3 Philani's financial year ends on 31 August. On 1 September 2022 he had the following balances in his books.

	E
Machinery (A)	7000
Machinery provision for depreciation (A)	2520

The following transactions took place during the year ended 31 August 2023.

2022	E
1 Sept Purchased machinery (B) on credit from Sizanani Machines	8000
2023	
1 Feb Bought machinery (C) making payment by credit transfer	6000

Machinery A was purchased on 1 September 2020. On 28 February 2023, Philani sold this machinery for E2000 cash.

Philani depreciates his machinery at a rate of 20% per annum using the reducing balance method. Depreciation is charged for the months the asset is in existence.

**REQUIRED**

- (a) Prepare Philani's machinery account for the year ended 31 August 2023. Balance the account and bring down the balance on 1 September 2023.

Philani  
Machinery account

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..... [4]



- (b) (i)** Prepare Philani’s provision for depreciation of machinery account for the year ended 31 August 2023. Balance the account and bring down the balance on 1 September 2023.

You may use the space provided for your calculations.

Philani

Provision for depreciation on machinery account

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Workings

- (ii)** State the amount of the provision for depreciation of machinery which should appear in the statement of financial position on 31 August 2023.

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(c) (i) Prepare the machinery disposal account for the year ended 31 August 2023.

Philani  
Machinery disposal account

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..... [4]

(ii) State whether there was a profit or loss on the disposal of the machinery.

..... [1]

**[Total:19]**

4 On 1 September 2022, Titselo started a business buying and selling one commodity.

He provided the following information about the inventory received and issued during the financial year ended 31 August 2023.

Receipts

2022	October	10 units @ E30 each
	November	15 units @ E32 each
2023	March	15 units @ E34 each
	July	25 units @ E40 each

Issues

2022	December	8 units
2023	August	45 units

**REQUIRED**

(a) State what is meant by inventory.

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..... [1]

(b) Calculate the value of Titselo's inventory on 30 September 2023 using the LIFO method.

Show all your workings.

Date	Received	Issued	Inventory after each transaction
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..... .....	..... .....	..... .....	..... ..... .....
..... .....	..... .....	..... .....	..... ..... .....
..... .....	..... .....	..... .....	..... ..... ..... .....
..... .....	..... .....	..... .....	..... ..... ..... .....
..... .....	..... .....	..... .....	..... ..... ..... .....

[8]

Titselo's current assets on 30 September 2023 amounted to E17 000 while his current liabilities were E12 500.

**REQUIRED**

(c) Suggest **two** reasons why it an advantage for Titselo to have more current assets than current liabilities.

1 .....

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2 .....

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..... [4]

Titselo wishes to compare his trading results with another business.

**REQUIRED**

(d) Explain **five** factors Titselo has to consider when comparing his trading results with another business.

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..... [10]

**[Total: 23]**

5 Vumile is a trader who sells goods at a mark-up of 25%. She sells her goods both on cash and credit terms.

She provided the following information for the year ended 30 June 2023.

	E
Inventory 1 July 2022	38 800
Inventory 30 June 2023	53 320
Revenue – Cash	47 704
Credit	108 176

**REQUIRED**

(a) Prepare Vumile’s income statement (trading account section) for the year ended 30 June 2023 to calculate the purchases and cost of sales figures.

Vumile

Income statement (trading account section) for the year ended 30 June 2023

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Vumile provided the following additional information on 30 June 2023.

	E
Motor vehicles at net book value	80 000
Rent receivable prepaid	6 400
Bank loan repayable 31 May 2024	3 500
Bank loan repayable on 30 June 2026	20 000
Trade payables	8 800
Trade receivables	15 540
Bank	5 200 dr

**REQUIRED**

**(b) (i)** Calculate Vumile’s quick ratio for the year ended 30 June 2023, correct to **two** decimal places. Show your workings.

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..... [3]

**(ii)** Comment on Vumile’s quick ratio calculated in **(b) (i)** above.

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

**(iii)** Explain why the quick ratio is regarded as the most reliable measure of liquidity.

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

After the preparation of the financial statements for the year 30 June 2023 it was found that:

- 1 An irrecoverable debt of E240 should have been written off.
- 2 A provision for doubtful debts of 2% of trade receivables should have been created.

**REQUIRED**

**(c) (i)** State the effect of **each** error on the income statement for the year ended 30 June 2023.

1 .....  
2 ..... [2]

**(ii)** State the effect of **each** error on the statement of financial position at 30 June 2023.

1 .....  
.....  
2 .....  
..... [4]

**[Total: 18]**

