



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini Prevocational Certificate of Secondary Education

BUSINESS ACCOUNTING

Paper 1 Multiple Choice

5921/01

October/November 2024

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.

You may use a calculator.

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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For Examiner's Use	
Marks	

This document consists of **10** printed pages and **2** blank pages.

- 1 Which task is performed by a bookkeeper?
- A analysing the performance of a business
 - B preparing annual financial statements
 - C providing information for decision making
 - D recording transactions in the ledger
- 2 Why does the owner of a business need to know how much profit is made by a business?
- A to calculate the cost of sales
 - B to calculate the return on capital
 - C to consider if trade receivables pay on time
 - D to determine a business's ability to repay a loan
- 3 Which accounting principle is applied when a trader records revenue only when it has been earned?
- A consistency
 - B duality
 - C matching
 - D realisation
- 4 Which accounting policy states that financial statements should be capable of being independently verified?
- A comparability
 - B relevance
 - C reliability
 - D understandability
- 5 Zuzu owed a trade payable E4 500. He paid this using the whole of his business bank balance of E3 000 and E1 500 from his personal bank account.

How did this affect Zuzu's accounting equation?

	Assets	E	Liabilities	E	Capital	E
A	decrease	3 000	decrease	4 500	increase	1 500
B	decrease	3 000	decrease	4 500	decrease	1 500
C	decrease	4 500	decrease	3 000	decrease	1 500
D	decrease	4 500	decrease	3 000	increase	1 500

- 6 On 1 August 2024 Bobo purchased goods on credit from Yolisa. On 10 August 2024 Bobo returned some of these goods.

In which subsidiary book would Yolisa record the transaction of 1 August 2024?

- A purchases journal
- B returns inwards journal
- C returns outwards journal
- D sales journal

- 7 Which business document contains details of purchases, returns and payments that occurred during the month?

- A credit note issued
- B debit note issued
- C invoice received
- D statement of account

- 8 A cheque received by Gugu from Mazwe was dishonoured.

How would Gugu record this dishonoured cheque?

	Account to be debited	Account to be credited
A	bank	irrecoverable debts
B	bank	Mazwe
C	irrecoverable debts	bank
D	Mazwe	bank

- 9 Where is the total of the discount column on the debit side of a cash book posted?

- A to the credit side of the discount allowed account
- B to the credit side of the discount received account
- C to the debit side of the discount allowed account
- D to the debit side of the discount received account

- 10 Which is part of the double entry system?

- A cash book
- B general journal
- C purchases journal
- D trial balance

- 11** A petty cash book is maintained using the imprest system. The monthly imprest of E240 is restored on the first day of each month. The petty cash transactions during June were:

		E
Payments	taxi fare	24
	stationery	62
	refreshments	16
	Zodwa, a credit supplier	86
Receipts	refund for damaged stationery	22

How much was required to restore the imprest on 1 July?

- A** E74
B E166
C E188
D E210
- 12** Which statements about trade discount are correct?
- 1 It is given to encourage bulk buying.
 - 2 It is debited to the supplier's account.
 - 3 It is shown as a deduction from the price of the goods on an invoice.
 - 4 It is only given if the invoice is paid within the period allowed by the supplier.
- A** 1 and 2
B 1 and 3
C 2 and 4
D 3 and 4
- 13** Which product is charged VAT at zero rate in Eswatini?
- A** clothing
B laptop
C medication
D rice
- 14** Sizwe buys goods from Muzi. On 1 October 2024 he owed Muzi E1 200.
- The following transactions took place during the month of October 2024.
- 17 October Sizwe purchased goods, E4 320, less 25% trade discount.
 27 October Sizwe returned goods, E1 440, list price.
- How much did Sizwe owe Muzi on 31 October 2024?
- A** E2 160
B E3 000
C E3 360
D E4 080

15 Which transaction should be entered in both the purchases ledger and the general ledger?

- A** cash paid for goods purchased
- B** purchase of motor vehicle by cheque
- C** returns of goods by a credit customer
- D** returns of goods to a credit supplier

16 Goods returned by Sonkhe, E200, were correctly recorded in the returns inwards journal but were credited to his account as E2 000.

What entries are required to correct this error?

	Account to be debited	E	Account to be credited	E
A	returns inwards	1 800	Sonkhe	1 800
B	Sonkhe	1 800	suspense	1 800
C	Sonkhe	1 800	returns inwards	1 800
D	suspense	1 800	Sonkhe	1 800

17 The bank statement of a business showed an overdrawn balance of E820 on 1 September 2024. At that date there were uncredited deposits of E190 and unpresented cheques of E230.

What was the balance of the bank columns in the cash book on 1 September 2024?

- A** E780 credit
- B** E780 debit
- C** E860 credit
- D** E860 debit

18 Which item would be shown on a bank reconciliation statement?

- A** bank charges
- B** direct debit
- C** dishonoured cheques
- D** error on bank statement

- 19** A trader provided the following information.

		E
November 1	purchases ledger control account balance	2 800
November 30	purchases journal total	26 500
	returns outwards journal total	1 000
	cheques paid to suppliers	24 300
	discount received	500

What was the purchases ledger control account balance on 30 November?

- A** E3500
- B** E4500
- C** E5500
- D** E6500

- 20** A trader sold old equipment.

How should the proceeds of the sale be treated?

- A** as a capital expenditure
- B** as a capital receipt
- C** as a revenue expenditure
- D** as a revenue receipt

- 21** A trader made the following payments.

	E
Purchase of property	124 500
Legal fees on purchase of property	3 500
Cost of insuring the property	2 000

What was the total capital expenditure?

- A** E124 500
- B** E126 500
- C** E128 000
- D** E130 000

- 22** For which non-current asset is the revaluation method of depreciation most suitable?

- A** motor vehicles
- B** office equipment
- C** packing cases
- D** plant and machinery

- 23** A trader depreciates his non-current assets each year using the reducing balance method.

What is the effect of this?

- A** A higher amount of depreciation is charged in the early years of ownership of the asset.
- B** A lower depreciation rate is charged in the later years of the asset's working life.
- C** The accumulated depreciation at the end of each financial year decreases.
- D** The depreciation of the asset is spread equally of the asset's working life.

- 24** Wandile's financial year ends on 30 September. On 1 October 2023 he owed E1 000 for telephone expenses and on 30 September 2024 he owed E1 250.

Wandile entered E7 750 for telephone expenses in his income statement for the year ended 30 September 2024.

How much did Wandile pay for telephone expenses during the year ended 30 September 2024?

- A** E7 500
- B** E7 750
- C** E8 000
- D** E10 000

- 25** Mkhondze, a trader, received a cheque from Mangaliso, a customer, whose debt had been written off as irrecoverable.

Which entries should be made by Mkhondze when he received the cheque from Mangaliso?

	Account to be debited	Account to be credited
A	bank	irrecoverable debt recovered
B	bank	irrecoverable debts
C	irrecoverable debt recovered	income statement
D	irrecoverable debt recovered	irrecoverable debt

- 26** A business maintains a provision for doubtful debts at 5% of trade receivables. The balance on the provision for doubtful debts account on 1 August 2023 was E2200. On 31 July 2024 the trade receivables amounted to E40 000.

How would the adjustment to the provision for doubtful debts be recorded on 31 July 2024?

	Provision for doubtful debts account	E	Income statement	E
A	credit	200	added to gross profit	200
B	credit	200	deducted from gross profit	200
C	debit	200	added to gross profit	200
D	debit	200	deducted from gross profit	200

- 27** What is meant by the term 'net realisable value'?

- A** estimated proceeds of sale less carriage inwards and less costs of completing the goods
- B** estimated proceeds of sale less costs of completing the goods and less costs selling the goods
- C** estimated proceeds of sale less cost of sales
- D** estimated proceeds of sale less production costs

- 28** At the end of the financial year Nomsa valued inventory at cost. The valuation incorrectly included damaged goods costing E600. The damaged goods could be sold for E200.

How would this error **affect** the gross profit, profit for the year and current assets?

	Gross profit	Profit for the year	Current assets
A	understated by E400	understated by E400	understated by E400
B	understated by E600	understated by E600	understated by E600
C	overstated by E200	overstated by E200	understated by E200
D	overstated by E400	overstated by E400	overstated by E400

- 29** The owner of a business took goods for his own use but forgot to make an entry in the accounting records.

What was the **effect of correcting** this error on profit for the year and capital employed?

	Profit for the year	Capital employed
A	decrease	no effect
B	decrease	increase
C	increase	no effect
D	increase	decrease

- 30** A trader wishes to know the cost of goods sold during the year.

Which statement will show this?

- A** Bank statement
- B** Income statement
- C** Statement of account
- D** Statement of financial position

- 31** At the end of the financial year a debt was written off as irrecoverable.

How would this affect the profit for the year and the assets at the year-end?

	Profit for the year	Assets
A	decrease	decrease
B	decrease	no effect
C	increase	increase
D	increase	no effect

- 32** In which section of the statement of financial position would a debit balance on a rates account be recorded?

- A** current assets
- B** current liabilities
- C** non-current assets
- D** non-current liabilities

- 33** What is not included in a partnership agreement?

- A** amount to be charged on annual drawings
- B** annual salaries to be paid to partners
- C** how profits and losses are to be shared
- D** percentage rate of interest on capital

- 34** Linda and Zama are in partnership. The partnership business obtained a loan from Zama. At the end of the year the business paid the loan interest.

Which entries should be made when the interest on the loan is paid?

	Account to be debited	Account to be credited
A	bank	interest on loan
B	interest on loan	bank
C	interest on loan	Zama current account
D	Zama current account	interest on loan

- 35** Which statement about a private limited company is true?
- A** Anyone can purchase shares in the company.
 - B** Shareholders have to be invited before they can purchase shares.
 - C** Shares in the company are freely transferable on the stock exchange.
 - D** There is no maximum number of shareholders.
- 36** Which are advantages to a shareholder in a public limited company?
- 1 access to large amounts of capital
 - 2 shares can be bought and sold easily
 - 3 the company is a separate legal entity
- A** 1 and 2
 - B** 1 only
 - C** 2 and 3
 - D** 2 only
- 37** Which is shown in a statement of affairs?
- A** gross profit
 - B** owner's capital
 - C** total expenses
 - D** total income
- 38** What would be included in the income statement of a manufacturing business but not a wholesale business?
- A** cost of production
 - B** depreciation of factory machinery
 - C** purchases of raw materials
 - D** work in progress
- 39** Which group contains only intangible non-current assets?
- A** bank, inventory, trade receivables
 - B** brand name, copyright, patent
 - C** equipment, goodwill, vehicles
 - D** furniture, machinery, premises
- 40** How is capital employed calculated?
- A** capital less non-current liabilities
 - B** capital plus current liabilities
 - C** non-current assets plus net current assets
 - D** non-current assets less net current assets

