



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini Prevocational Education Qualification

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 2024

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 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.

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.

SECTION A

- 1 The following account was taken from the books of Tenele, a trader.

Electricity account					
2024		E	2023		E
Sept 30	Bank	5400	Oct 1	Balance b/d	300
			2024		
			Sept 30	Income statement	3600
			30	Balance c/d	1500
		<u>5400</u>			<u>5400</u>
Oct 1	Balance b/d	1500			

- (a) (i) Explain **each** entry as it appears on the electricity account above.

2023

Oct 1 Balance b/d E300

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2024

Sept 30 Bank E5400

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Sept 30 Income Statement E3600

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Sept 30 Balance c/d E1500

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..... [6]

- (ii) Explain how Tenele applied the prudence principle when recording the closing balance of the electricity account in the financial statements.

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..... [2]

- (b) Name the financial statement in which Tenele would record **each** of the following items.

Carriage inwards

Cash in hand [2]

The following balances were extracted from Tenele's books on 1 October 2024.

	E
Inventory	4500
Trade receivables	5400
Furniture	2000
Bank	1200 Cr
Trade payables	7700
Rent receivable prepaid	600
Electricity	1500 Dr

(c) (i) Explain what is meant by the term 'working capital'.

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(ii) Calculate Tenele's working capital.

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(iii) Suggest **four** ways in which Tenele can improve her working capital.

- 1
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- 2
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- 3
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- 4
- [4]

(d) (i) Explain **one** reason why suppliers may be interested in Tenele's financial statements.

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-
- [2]

(ii) State **three** types of users of Tenele's financial statements, other than suppliers.

- 1
- 2
- 3 [3]

[Total: 24]

- 2 Phumzile, a sole trader, started business on 1 July 2023.

REQUIRED

- (a) State **two** disadvantages to Phumzile of operating as a sole trader.

1

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2

..... [2]

- (b) (i) Name the division of the ledger in which Phumzile would maintain **each** of the following accounts.

Account	Division of the ledger
Langa, a credit supplier	
Returns outwards	
Loan account	
Sales account	

[4]

- (ii) State **two** advantages to Phumzile of dividing the ledger into sections.

1

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2

..... [2]

After preparing the trial balance on 30 June 2024, Phumzile discovered the following errors.

- 1 No entries had been made for a cheque received for rent, E1000.
- 2 Sales to John, E2400, had been entered in Jones account.
- 3 A purchase of office equipment, E5400, had been entered in the purchases account.
- 4 Commission received in cash, E275, had been debited to the commission received account and credited to the cash account.

REQUIRED

- (c) Prepare journal entries to correct **each** of the errors 1 – 4. Narratives are **not** required.

Phumzile
General journal

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[Total: 16]

SECTION B

- 3 Zulu is a trader. He maintains a full set of accounting records.

On 1 July 2024 Zulu's sales ledger balances were as follows.

	E
Khaya	800
Busi	1400
Sihle	50 Cr

Zulu's subsidiary books for July 2024 showed the following.

Sales Journal			
2024			E
Jul 5	Muhle		1600
10	Sihle		800
17	Khaya		1220
22	Busi		680

Returns Inwards Journal			
2024			E
Jul 7	Muhle		400
20	Khaya		500

General Journal			
2024		E	E
Jul 31	Trade payable Busi	250	
	Trade receivable Busi		250
	Transfer from purchases ledger to sales ledger		

Cash Book (debit side)			
2024		Discount allowed	Bank
		E	E
Jul 11	Khaya	20	780
15	Busi	35	1365
29	Muhle	40	1560

On 1 August 2024 there was a credit balance of E400 on the sales ledger control account.

REQUIRED

- (a) Suggest **two** reasons for the credit balance of E50 on Sihle's account on 1 July 2024.

1

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- (b) Prepare Zulu's sales ledger control account for the month of July 2024. Balance the account and bring down the balances on 1 August 2024.

Zulu
Sales ledger control account

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- (c) Explain **three** ways in which Zulu will benefit from maintaining a sales ledger control account.

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[Total: 16]

- 4 Masakhe is a manufacturer of wooden chairs. He provided the following information at the end of his financial year on 31 August 2024.

	E
Inventory 1 September 2023	
Raw materials	25 350
Work in progress	15 600
Finished goods	33 440
Returns inwards	6 500
Purchases raw materials	250 000
Returns of purchases of raw materials	1 500
Wages	
Factory operatives	120 000
Factory supervisors	75 800
Office and sales staff	59 000
General expenses	81 000
Trade receivables	92 400
Trade payables	42 490
Bank overdraft	54 300
Premises at cost	100 000
Factory machinery at cost	90 000
Office equipment at cost	36 000
Loose tools at valuation 1 September 2023	13 210
Provision for depreciation 1 September 2023	
Factory machinery	40 000
Office equipment	16 200
Capital at 1 September 2023	212 940
Drawings	15 000

The following additional information was available.

- At 31 August 2024

Inventory	raw materials	E
	work in progress	23 880
	finished goods	16 300
Wages accrued	factory supervisors	30 200
	office staff	6 000
Value of loose tools		2 500
		9 680
- The loose tools are revalued at the end of each financial year.
- The factory machinery is to be depreciated at 20% per annum using the reducing balance method.
- The office equipment is to be depreciated at 15% per annum using the straight line method.
- The general expenses are to be apportioned 2/3 to the factory and 1/3 to the office.

(a) Prepare Masakhe's manufacturing account for the year ended 31 August 2024.

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REQUIRED

Masakhe
Statement of financial position at 31 August 2024

[9]

- (c) Explain **two** implications of **not** applying the consistency principle when Masakhe depreciates his non-current assets.

1

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2

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- (d) Explain how Masakhe applied the assumed continuity principle when recording non-current assets in the statement of financial position.

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..... [2]

- (e) Suggest **three** possible reasons why Masakhe required a bank overdraft.

1

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2

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[Total: 27]

5 Bhanyaza provided the following information.

	E
Inventory (1 July 2023)	23 300
Inventory (30 June 2024)	22 200
For the year ended 30 June 2024	
Sales	75 000
Purchases	55 300
Operating expenses	8 600

REQUIRED

(a) (i) Calculate Bhanyaza’s cost of sales and gross profit for the year ended 30 June 2024. Show your working.

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(ii) Calculate **each** of the following ratios, correct to **two** decimal places. Show your workings.

Gross margin

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Mark-up

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Profit margin

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Rate of inventory turnover

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..... [9]

Bhanyaza's profit margin for the year ended 30 June 2023 was higher than that for the year ended 30 June 2024.

REQUIRED

(b) (i) Suggest **two** possible problems that may arise because of the fall in Bhanyaza's profit margin.

1

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2

..... [2]

(ii) Suggest **two** reasons for the fall in the profit margin.

1

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2

..... [2]

(c) Suggest **two** ways in which Bhanyaza could improve the rate of inventory turnover.

1

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2

..... [2]

[Total: 17]

