

EXAMINATIONS COUNCIL OF ESWATINI

EGCSE

EXAMINATION REPORT

FOR

ACCOUNTING (6896)

YEAR

2021

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EGCSE ACCOUNTING

Paper 6896/01

General comments

The paper comprised of five questions, of which question one was ten multiple choice questions and the other four questions were structured questions.

The candidates were required to answer all questions.

The general set up of the paper was drawn up from the whole syllabus and candidates were required to display knowledge and understanding, application, evaluation and decision making.

The overall performance of the candidates was poor as compared to the previous year.

Candidates lost marks on basic accounting skills such as:

- Poor display of manufacturing account and bank reconciliation statement
- Poor writing of dates
- Failing to explain certain basic concepts

Most candidates did not attempt some of the questions especially question 3 (manufacturing account) and question 5 (bank reconciliation statement).

It is also suspected that candidates are struggling to finish the examination on the allocated time.

QUESTION 1

In this question most learners performed very well. There were few cases where question 1 was not attempted by the candidates. In those cases, it was observed that the candidates did not manage the time properly.

However, in (g), (h), (i) and (j) the candidates did not perform very well. In (j) the candidates opted for option (a). In this question the candidates, in their calculations of capital included E12500 for renovations which had no effect on capital.

Question Number	Key	Question Number	Key
(a)	A	(f)	A
(b)	B	(g)	C
(c)	D	(h)	B
(d)	C	(i)	D
(e)	B	(j)	B

QUESTION 2

This question was fairly done, though some centres showed that they had not done the topic.

- (a) Most candidates gave uses of the petty cash book instead of the benefits of the petty cash and lost marks. In second part of the question, a majority of candidates could not give the precise meaning of imprest which should include the word “fixed amount” and they lost marks.
- (b) This question was fairly done except that some candidates could not ascertain the cash to restore the imprest and those who did could not write the correct detail, they used terms like “imprest restored” and “balance b/d” which were not acceptable. Part two of the question was poorly done, they failed to post the entries to the ledger accounts. Some of the learners opened a ledger account instead of individual accounts; also, they could not record the date properly.
- (c) This question was fairly done. The second part of the question was however poorly done as the learners could not identify the account to be debited and the account to be credited.
- (d) In this question candidates were expected to display understanding of correcting an error whereby a capital expenditure item was treated as revenue expenditure. This was averagely done.

QUESTION 3

This question was poorly done. Most candidates did not attempt this question.

- (a) The original format of preparing the manufacturing account was not followed. Most candidates recorded revenue in the manufacturing account. They also could not differentiate between production cost and operational costs. The apportionment of the expenses between the office and the manufacturing department was a problem. Most of those who attempted the question did not know what to do.

- (b) Poorly done question. They could not apportion expenses properly. Some learner included the manufacturing expenses in the income statement. It was of great concern that even the basic layout of an income statement was not carried out properly.
- (c) Some candidates were able to do this question well, though some candidates could not display their answers properly. They did not give their answers to two decimal places and lost marks.
- (d) This was fairly done. Some candidates included the ways of improving working capital and lost marks.

QUESTION 4

This question was fairly done by the majority of candidates.

- (a) There are centres which are still writing “sales day book” instead of “sales journal”. This is not acceptable.

In part two some of the answers were incomplete; “invoice” instead of “invoice issued”. This is also unacceptable.

Part three of the question was fairly done. Candidates were able to explain the entries in the ledger account.

In part four of the question, the candidates were required to state the significance of the balance brought down in a person account. This was poorly done by most candidates. The significance was that “Sibalo owed Khuzwayo E2500”.

- (b) This question was poorly done. Dates were not written; wrong details were recorded. For example goods instead of purchases, returns instead of returns outwards, discount instead of discount received.

Part two of the question was fairly done.

- (c) The calculation of the percentage of the discount allowed was poorly done. The candidate did not know what to do.

- (d) This question was also poorly done. Some candidates were mistaking irrecoverable debts for bad debt recovered.

QUESTION 5

This question was poorly done by most candidates; most candidates did not attempt this question.

- (a) Fairly done. Candidates were able to give the reasons for reconciling the bank columns of the cash book with the bank statement. Some candidates listed the items in the bank statement and lost marks.
- (b) The candidates were able to give reasons why a cheque may be dishonoured by the bank. This was well done.
- (c) The cash book was fairly done by most candidates; however, some candidates were unable to update the cash book. They omitted the opening balance. In some centres the candidates were using the running balance method without the balance column.
- (d) Most candidates failed to identify unpresented and uncredited cheques. They encountered problems of adding directed numbers thus losing marks.
- (e) This question was fair done. Some candidates were giving contrasting differences which is not acceptable.

EGCSE ACCOUNTING**Paper 6896/02****General comments:**

The paper comprised of five (5) structured questions and all questions were compulsory. The general performance was not that good compared to 2020. A number of candidates showed signs of unpreparedness for the examination. The highest score was 93% while three candidates got 0.

Marks were lost for not following rubrics. Some questions specified that an account should be balanced and the balance brought down at a given date; some candidates would enter different date for the balance brought down ignoring the given date or they would not include dates. That is, for some accounts entries were presented without dates.

Some candidates' presentations were confusing, like the receipts and payments account presented in a two columns which was confusing; while some were very difficult to understand like the preparation of current accounts within the statement of financial position and that of the statement of affairs. Centres are urged to encourage their candidates to be prepared for the examination.

Comments on Specific Questions**Question 1**

This question required candidates to prepare a sales ledger control account, state reasons that causes a credit balance of a sales ledger control balances, complete a table to name items that will appear in a purchases ledger control account and identify the source of information for each item and explain the advantages of preparing monthly control accounts.

- (a) (i)** This part question required candidates to prepare Zipho's sales ledger control account. Most candidates lost marks by recording items that were not supposed to be recorded in the sales ledger control account, including items for purchases ledger control account and cash sales. They also omitted a given closing credit balance on September 1, 2021. A vast majority did not write dates and for some, the dates were incorrectly written like missing the year or brought down the balance to 2022.

- (ii) This part question required candidates to state reasons that would have caused Zipho's sales ledger credit balance of E500. Most candidates gave incomplete responses like "overpayment" instead of overpayment by Zipho's credit customers, misinterpreted customers for suppliers and some mistook Zipho as a customer yet he was the trader.
- (b) Candidates were required to complete the table to name items that would appear in Zipho's purchases ledger control account and identify the source of information for each item. A majority of candidates mentioned source documents as sources of information instead of subsidiary books. Some could not identify the items from the given information, others responded by using ledger as a source of information.
- (c) This part question required candidates to explain advantages of preparing control accounts. Some candidates were giving advantages of dividing the ledger into sections thus losing marks. Some failed to score the full marks because they listed the points instead of explaining them for example "assist in locating errors" and leaving out "when the trial balance fails to balance". Some used words like "correct errors" instead of "locate errors". Most candidates mentioned finding credit sales and credit purchases amongst other advantages which is not an advantage.

Question 2

In this question candidates were required to explain the advantage of drawing up an agreement when a partnership business is formed, state advantages of a partnership business and prepare Sive and Lunga's appropriation account.

- (a) In this part question candidates were required explain the advantage of drawing up an agreement when a partnership is formed. Most candidates were stating or explaining the contents of a partnership agreement. Some could not get maximum marks because they gave incomplete responses or one aspect like "avoiding misunderstandings" and would leave the other aspect "as it states the right and responsibilities of each partner". Some candidates would define the partnership agreement instead of explaining its advantage.
- (b) In this part, candidates were required to state the advantages of a partnership business. This was generally well answered with some exceptions whereby candidates would include disadvantages like "unlimited liability, separate legal entity and sharing profit etc" thus losing marks.
- (c) Candidates were required to prepare Sive and Lunga's appropriation account. This part was fairly done though some candidates did not use the correct presentation of the profit and loss

appropriation account like using ledger accounts and added items that were supposed to be deducted like “interest on drawings” which are added but candidates deducted it. Some included interest on loan, drawings, capital and loan which were not supposed to be included in the appropriation account. Some candidates obtained a loss but failed to show by any sign or words that the figure was a loss. Some candidates would write, “loss” and also present the figure in brackets, centres are advised to ensure that candidates are prepared for the examination.

- (d)** In this part, candidates were required to prepare an extract from Sive and Lunga’s statements of financial position showing the capital and current accounts of the partners.

This part was poorly done and proved very difficult for a majority of candidates. Some did not attempt to answer the question and those who attempted prepared separate ledger accounts for the partner’s current accounts. A majority scored one mark for the capital total which was E50 000. Some would write just entries from the appropriation account without stating that it’s a current account and lost marks in the process while those who used the correct presentation added items that were supposed to be deducted.

- (e)** Candidates were required to name and explain the accounting principle applied by the partnership accountant. Most candidates would just name the correct principle but fail to explain it. A common wrong response was the prudence concept while others wrote realisation. The correct answer was the matching principle.

Question 3

In this question, candidates were required to state the meaning of the term “subscriptions” in connection with the club, complete a table to name the equivalent terms used by a trading business, state what the accumulated fund of a club represents, state how the accumulated fund of a club would be affected if there is a deficit, calculate Mpilenhle’s Health Club accumulated fund, prepare the receipts and payments account, prepare the canteen income statement for Mpilenhle Health Club.

- (a) (i)** This part required candidates to state the meaning of the term “subscriptions”. This part was fairly done by candidates. Most candidates assumed that subscriptions were joining fees instead of it being an amount paid to renew membership in a club. Some lost marks as they failed to give a reason why or when members pay this amount. Some would take it as a participation fee for a club activity.

(ii) Candidates were to complete a table to name the equivalent term used by a trading business. Most candidates were able to identify the equivalent term used by businesses. However, there were some who wrote terms like “working capital” instead of capital which is equivalent to accumulated fund and trading and profit and loss account instead of profit and loss account for income and expenditure account.

(iii) Candidates were to state what the accumulated fund of a club represents. Most candidates assumed that capital represents the accumulated fund or it is assets and liabilities not showing it as a difference between assets and liabilities. Some responses failed to earn a mark, like those that wrote, it is money used to run the club. A majority never mentioned that it is the accumulation of the surpluses over the life of the club.

(iv) In this part question, candidates were to state how the accumulated fund of a club would be affected if the club made a deficit.

This part was well attempted by most candidates. Some did not write the proper word “decrease” instead they wrote “loss” and “understate”.

- (b)** Candidates were asked to calculate accumulated fund. Most failed to calculate the accumulated fund as some did not deduct the provision for depreciation from the non-current assets. Some candidates mixed prepaid and accrued subscriptions between assets and liabilities. Noted also, was that candidates failed to use the correct format for calculating accumulated fund.
- (c)** Candidates were asked to prepare a receipts and payments account. Most candidates fairly attempted this part question. However, they did not record the opening bank balance on the receipts and payments account while others included the prepayments and accruals which were not supposed to be included. There were some who used the vertical format of a cash book and most lost marks for omitting dates or incorrect dates. Some treated adjustments, like adjusting wages in the receipts and payments account yet this was not supposed to be done.
- (d)** Candidates were required to prepare the canteen income statement for Mpilenhle Health Club. Most candidates failed dismally in this part question. Most prepared income and expenditure account instead of an income statement. Some would include the subscriptions which are not part of the income statement and some included all the club expenses instead of only the canteen expenses.

Question 4

In this question, candidates were required to calculate Andile's current ratio correct to two decimal places, comment on Andile's current ratio, suggest three ways in which Andile could improve her working capital, complete a table to indicate the effect on Andile's working capital and explain reasons why Andile should not compare her financial statements with those of her cousin's business.

- (a)** **(i)** This part required candidates to calculate Andile's current ratio. The question was poorly done by most candidates. Most candidates included non-current assets and non-current liabilities. Some calculated quick ratio instead of the current ratio required. Some candidates presented the answer in form of figures or reversed current assets and liabilities in the answer yet it should present current assets to current liabilities.
- (ii)** In this part, candidates were expected to comment on Andile's current ratio calculated in **(4)** **(i)**. Candidates failed dismally to comment on the current ratio. They lacked understanding of the interpretation of the current ratio on whether it is satisfactory and/ or not satisfactory. Candidates regarded the current ratio as satisfactory even if it is below or above the benchmark of 1.5 :1 and 2.1. Some comments referred to total assets and liabilities instead of the short-term assets and liabilities. Some confused the current ratio as the quick ratio hence excluding inventory from their comments.
- (iii)** Candidates were to suggest ways in which Andile could improve her working capital. A majority of candidates suggested ways of improving profits like buying from cheap suppliers. Some failed to show that working capital is improved instead they were general like, "selling assets" instead of "selling surplus of non-current assets".
- (b)** Candidates were expected to complete a table to indicate the effect on Andile's working capital. This part question was fairly done. Some candidates appeared to use guess work writing only 'decrease' in all the spaces. Others used incorrect figures for examples where the answer was "decreased by 4000" candidates wrote "decreased by 400" or came up with untraceable figures like E333.3.
- (c)** Candidates were required to explain reasons why Andile should not compare her financial statements with those of her cousin's business. Most candidates failed to give reasons why the two business were not supposed to be compared. Instead, they only listed points without explaining them. Some candidates explained one side for examples stated Andile's side only or the cousin's

side not mentioning the other part, like saying “Andile is a sole trader but not stating that the cousin is in a partnership business”. Some were general instead of using the given information to compare.

Question 5

In this questions, candidates were required to prepare Thobile’s statement of affairs showing capital at 30 September 2021 and prepare Thobile’s capital account showing the profit or loss.

- (a)** This question required candidates to prepare Thobile’s statement of affairs. Candidates did not perform well in this question, they failed to write the correct format as they presented the statement of affairs as a trial balance or as an opening journal entry. Some candidates just grouped assets and liabilities or mixed assets and liabilities in one group like including bank overdraft in current assets. Some failed to adjust for depreciation in the non–current assets. Some could not calculate or show the capital yet the question was specific that capital must be shown. Some candidates could not calculate and adjust the provision for doubtful debts.
- (b)** Candidates were required to prepare Thobile’s capital account, showing the profit or loss for the year. This part question was poorly done, with a majority of candidates leaving it unanswered. Some made a complete reversal of entries hence lost marks. Some of those who were able to calculate capital in part **(a)** failed to transfer it to the statement of calculating profit instead of doing ledges account as required. Some candidates also used wrong terms like “motor vehicle” instead of “drawings”, and writing “capital” and additional capital instead of “balance b/d” and “cash” respectively. Some candidates did not show the “profit or loss for the year” as the requirement of the question.