



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE
NAME

--

CENTRE
NUMBER

--	--	--	--	--

CANDIDATE
NUMBER

--	--	--	--

ACCOUNTING

6896/01

Paper 1

October/November 2021

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your candidate name, Centre number and candidate number on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for rough working.

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

Answer **all** questions.

You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.

The businesses mentioned in the Question Paper are 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	
Total	

This document consists of **17** printed pages and **3** blank pages.

1 For **each** of the questions (a) to (j) below, choose the response you consider to be correct and write the letter in the box to indicate the answer.

(a) Thando, a clothing manufacturer, bought machinery on credit from S Ltd.

What is the double entry for this?

Account debited	Account credited
A machinery	S Ltd
B purchases	S Ltd
C S Ltd	machinery
D S Ltd	purchases

[1]

(b) Siseko bought goods from a supplier for E2300.

The amount was correctly entered in the subsidiary book but posted to the supplier's account as E2030.

Which subsidiary book did Siseko use to correct this error?

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

[1]

(c) On 1 October 2021 Awande's capital was E22 500, the non-current liabilities E50 000, and the current liabilities E39 000.

What was the total of the assets?

- A E 66 500
- B E 72 500
- C E 89 000
- D E111 500

[1]

(d) Where is the total of the discount column on the debit side of a cash book posted?

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

[1]

(e) Which is **not** a current liability?

- A bank loan repayable in 10 months
- B commission receivable accrued
- C overdraft on bank account
- D rent receivable prepaid

[1]

(f) On 31 August 2021 Dudu's trial balance included

Equipment at cost	E55 000
Provision for depreciation of equipment	E16 500

Equipment is depreciated at 10% per annum using the straight-line method.

What was the net book value of equipment in the statement of financial position at 31 August 2021?

- A E33 000
- B E34 650
- C E38 500
- D E49 500

[1]

(g) Mlamuli offers the following terms to all customers:

Trade discount 15%
Cash discount 2% for payments within 14 days

On 23 August 2021 Mlamuli sold goods to Musa at a list price of E17 000.
Musa paid for the goods on 8 September 2021.

How much did Musa pay?

- A E14 110
- B E14 161
- C E14 450
- D E16 660

[1]

(h) Momo sold an old vehicle for cash.

Which account was credited with the amount received from the sale?

- A motor vehicle account
- B motor vehicle disposal account
- C provision for depreciation account
- D sales account

[1]

(i) Which statement best describes a credit note?

- A it is issued to a supplier and increases the amount owed
- B it is issued to a supplier and reduces the amount owed
- C it is received from a supplier and increases the amount owed
- D it is received from a supplier and reduces the amount owed

[1]

- (j) On 1 May 2021 a trader's capital was E100 000. The transactions in the business's cash book for May 2021 included the following

E12 500 paid for extension to the business premises
E 5 000 paid for furniture for the trader's house
E 9 000 additional capital received

How much was the trader's capital at 31 May 2021?

- A** E 91 500
B E104 000
C E109 000
D E116 500

[1]

[Total: 10]

- 2 Nkosezwayo is a sole trader. She maintains a petty cash book with an imprest amount of E600, which is restored at the beginning of each month.

Nkosezwayo provided the following information relating to her petty cash book for September 2021.

2021	E
September 1 Balance	56
1 Cash received to restore the imprest	?
2 Milk, tea and sugar	90
5 Parcel postage	20
15 Drawings	130
19 Postage stamps	17
28 Motor repairs	132
30 Siyandza, a credit supplier	183

REQUIRED

- (a) (i) Outline **two** advantages to Nkosezwayo of maintaining the petty cash book.

1

.....

2

..... [2]

- (ii) State the meaning of the term 'imprest' in connection with a petty cash book.

.....

..... [1]

- (b) (i) Write up Nkosezwayo's petty cash book for the month of September 2021 on the opposite page.

Balance the petty cash book and bring down the balance on 1 October 2021.

Nkosezwayo
Petty Cash Book for the month of September 2021

Amount Received E	Folio	Date	Details	Total Paid E	Refresh-ments E	Postages E	Motor Expenses E	Ledger Accounts E
56	b/d	2021 Sept	<i>Balance</i>					

[11]

- (ii) Make the necessary entries in Nkosezwayo's ledger for the items recorded in the refreshments column and the ledger accounts column of the petty cash book.

.....

 [3]

- (c) (i) State the amount required to restore the imprest on 1 October 2021.

.....

- (ii) Name the account which would be credited with this amount

.....

- (iii) Name the account which would be debited with this amount

..... [3]

Nkosezwayo discovered that the petty cash payment on 28 September related to printing the business name on a new motor vehicle and not motor repairs.

REQUIRED

- (d) Complete the table by writing 'increase', 'decrease' or 'no effect' to indicate the effect of **correcting** the error on the non-current assets, current assets and profit for the year.

Effect on non-current assets	Effect on current assets	Effect on profit for the year
.....

[3]

[Total: 23]

- 3 Thandiwe is a manufacturer of school uniforms. She provided the following information at the end of her financial year on 31 August 2021.

	E
Inventory on 1 September 2020:	
Raw materials	18 276
Work in progress	10 812
Finished goods	32 200
For the year ended 31 August 2021	
Purchases of raw materials	218 706
Purchases of finished goods	23 232
Carriage on raw materials	5 658
Rent	30 000
Wages: Direct factory	170 000
Office staff	8 062
Factory supervisors	52 440
Insurance	27 200
Revenue	621 900
Electricity	26 000
Factory machinery at cost	111 600
Provision for depreciation of factory machinery	44 640
Office equipment	64 000
Provision for depreciation of office equipment	23 040
General expenses	3 200

Additional information

- 1 Inventory on 31 August 2021:

Raw materials	19 110
Work in progress	10 482
Finished goods	42 442

- 2 Depreciation on factory machinery is charged at 20% per annum using the straight-line method.

- 3 Depreciation on office equipment is charged at 20% per annum using the reducing balance method.

- 4 The electricity and the rent are to be apportioned $\frac{1}{4}$ to the office and $\frac{3}{4}$ to the factory.

- 5 The Insurance premium is E1700 per month. The insurance is to be apportioned $\frac{1}{3}$ to the office and $\frac{2}{3}$ to the factory.

REQUIRED

- (a) Prepare Thandiwe's manufacturing account for the year ended 31 August 2021.

Thandiwe
Manufacturing Account for the year ended 31 August 2021

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

[12]

(c) Calculate Thandiwe's gross margin and profit margin for the year ended 31 August 2021.

Your answer should be correct to two decimal places.

Show your workings.

Gross margin

.....
.....
.....
.....

Profit margin

.....
.....
.....
..... [4]

(d) Suggest **three** ways in which Thandiwe could improve her profit margin.

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

[Total: 27]

4 Khuzwayo owns a stationery shop. The following account of a credit customer, Sibalo, appeared in his ledger.

Sibalo account							
			E				E
2021				2021			
Apr 1	Balance	b/d	9600	Apr 12	Returns		250
7	Goods		1850	13	Bank		10976
26	Goods		2500	13	Discount		224
			13950	30	Balance	c/d	2500
			13950				13950
May 1	Balance	b/d	2500				

REQUIRED

(a) (i) Name the subsidiary book Khuzwayo would use to record **each** of the following entries in Sibalo's account.

- 2021
- April 12 Returns
 - 13 Discount
 - 26 Goods [3]

(ii) Name the source document Khuzwayo used to write up the subsidiary book for the transaction on 26 April 2021.

..... [1]

(iii) Explain **each** of the following entries which appeared in Sibalo's account.

State where the double entry for **each** entry would be found.

The first one has been completed as an example.

2021
 April 7 Goods Goods were sold by Khuzwayo on credit to Sibalo
 Double entry Credit sales account

April 12 Returns
 Explanation

.....
 Double entry

April 13 Bank
 Explanation

.....
 Double entry [4]

(iv) State the significance of the balance brought down on 1 May in Sibalo's account.

May 1 Balance b/d

Explanation

..... [1]

(b) (i) Prepare Khuzwayo's account for the month of April 2021 in Sibalo's books. Balance the account and bring down the balance on 1 May 2021.

Khuzwayo account

.....

 [4]

(ii) Name the division of Sibalo's ledger in which Khuzwayo's account appeared.

..... [1]

(c) Calculate the percentage of the discount allowed to Sibalo on 13 April 2021.

Show your workings.

.....

 [2]

On 30 September 2021, Khuzwayo learnt that Sibalo has fled the country and the amount he owed would not be paid.

REQUIRED

- (d) Prepare a journal entry to write off the amount owed by Sibalo as an irrecoverable debt. A narrative is required.

Khuzwayo
General Journal

Debit
E

Credit
E

.....

.....

.....

..... [3]

[Total: 19]

5 On 1 July 2021 Masiza cash book showed an overdrawn balance of E3263. The bank statement for June 2021 showed a closing debit balance of E6123.

When comparing the bank columns of his cash book with the bank statement, Masiza found the following:

- 1 Items appearing only in the cash book
 - A cheque paid to Phalaza for E489 on 28 June 2021.
 - Cash sales amounting to E3030 paid to the bank on 30 June 2021.
- 2 Items appearing only on the bank statement
 - Bank charges E619
 - Interest received E570
 - A dividend of E740 was credited to the business bank account in error instead of Masiza's personal bank account.
 - A cheque of E910 received from Ndolo was dishonoured by the bank.
- 3 The debit side of the bank column in the cash book had been overstated by E100.

REQUIRED

(a) State **four** reasons why it is useful for Masiza to reconcile the bank columns of his cash book with the bank statement every month.

1

.....

2

.....

3

.....

4

..... [4]

(b) State **four** reasons why a cheque may be dishonoured.

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

(c) Make any additional entries to update the bank columns in Masiza's cash book.

Balance the cash book and bring down the balance on 1 July 2021.

Masiza
Cash Book (bank columns only)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [6]

(d) Prepare Masiza's bank reconciliation statement at 30 June 2021.

Masiza
Bank Reconciliation Statement at 30 June 2021

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [5]

(e) State the difference between an unpresented cheque and an uncredited cheque.

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

[Total: 21]

