



EXAMINATIONS COUNCIL OF ESWATINI  
Eswatini General Certificate of Secondary Education

CANDIDATE  
NAME

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CENTRE  
NUMBER

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**ACCOUNTING**

**6896/02**

Paper 2

**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	
<b>Total</b>	

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

1 Zipho, a trader, prepares control accounts at the end of each month. The following information was available from his books at 31 August 2021.

2021		
August 1	Total owing to trade payables	5 450
	Total owing by trade receivables	6 500
August 31	Credit sales	9 850
	Cash sales	1 150
	Credit purchases	7 800
	Cheques received from credit customers	7 230
	Cheques paid to credit suppliers	6 200
	Discount allowed to credit customers	200
	Discount received from credit suppliers	380
	Goods returned by credit customers	490
	Goods returned to credit suppliers	280
	Interest charged to credit customers on overdue accounts	120
	Interest charged by credit suppliers on overdue accounts	110
September 1	Sales ledger credit balances	500

**REQUIRED**

(a) (i) Prepare Zipho’s sales ledger control account for the month ended 31 August 2021. Balance the account and bring down the balances on 1 September 2021.

Zipho  
Sales Ledger Control account

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(ii) State **three** reasons that could have caused Zipho's sales ledger credit balances of E500 on 1 September 2021.

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

(b) Complete the table to name **four** items which would appear in Zipho's purchases ledger control account for August 2021. Identify the source of information for **each** item.

Purchases ledger control item	Source of information

[4]

(c) Explain **three** advantages to Zipho of preparing monthly control accounts.

- 1 .....
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  - 2 .....
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  - .....
  - 3 .....
  - .....
  - .....
- [6]

**[Total: 20]**

- 2 Sive and Lunga are in partnership, sharing profits and losses equally. Their financial year ends on 30 September.

When the partnership was formed the partners agreed on the following.

Interest on capital would be allowed at 10% per annum

Interest would be charged on drawings at 5%

Lunga would be paid an annual salary of E12 000

Partners would be entitled to interest of 6% per annum on any loans to the partnership

**REQUIRED**

- (a) Explain **one** advantage of drawing up an agreement when a partnership is formed.

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 ..... [2]

- (b) State **four** advantages of a partnership business.

1 .....  
 .....  
 2 .....  
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 3 .....  
 .....  
 4 .....  
 ..... [4]

The balances in the partnership books on 1 October 2020 included the following:

	E	
Current account : Sive	3 200 credit	
Lunga	1 700 debit	
 Capital account : Sive	 30 000	
Lunga	20 000	
 Loan from Sive	 25 000	

The following information was available at 30 September 2021.

	E	
Profit for the year	14 500	
Drawings : Sive	9 000	
Lunga	11 000	

**REQUIRED**

(c) Prepare Sive and Lunga’s appropriation account for the year ended 30 September 2021.

Sive and Lunga  
Appropriation Account for the year ended 30 September 2021

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The accountant emphasised that the calculation for the profit for the year should include revenue and expenses for the current year only.

**REQUIRED**

- (e) Name and explain the accounting principle which is applied by the partnership accountant.

Name of principle .....

Explanation of principle .....

..... [2]

**[Total: 22]**

- 3 Mpilenhle Health Club's financial year ends on 31 August. The club also provides a canteen for the use of members. The treasurer provided the following information.

Balances at 1 September 2020.

	E
Subscriptions in arrears	1 500
Subscriptions prepaid	1 100
Club equipment at cost	35 000
Bank	5 950 Dr
Canteen inventory	3 500
Canteen equipment at cost	28 000
Provision for depreciation of club equipment	6 650
Provision for depreciation of canteen equipment	5 320

Information relating to the year ended 31 August 2021.

	E
Rent paid for clubhouse	10 800
Subscriptions received	27 000
Sundry expenses paid	6 500
New club equipment	10 000
Purchases of canteen supplies	13 500
Canteen sales	27 700
Canteen wages paid	12 000

Balances at 31 August 2021.

	E
Subscriptions in arrears	2 300
Subscriptions prepaid	2 900
Canteen inventory	5 300

Additional Information at 31 August 2021

- 1 Depreciation of canteen and club equipment is charged at 10% per annum using the reducing balance method. Depreciation is charged on equipment owned at the end of each financial year.
- 2 Canteen wages accrued, E200.



**REQUIRED**

(a) (i) State the meaning of the term “subscriptions” in connection with a club.

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

(ii) Complete the table to name the equivalent terms used by a trading business.

Term used by a club	Term used by a trading business
Accumulated fund	
Income and expenditure account	
Deficit	

[3]

(iii) State what the accumulated fund of a club represents.

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..... [2]

(iv) State how the accumulated fund of a club would be affected if the club made a deficit.

..... [1]

(b) Calculate Minenhle Health Club’s accumulated fund at 1 September 2020.

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- (c)** Prepare Mpilenhle Health Club's receipts and payments account for the year ended 31 August 2021. Balance the account and bring down the balance on 1 September 2021.

Mpilenhle Health Club  
Receipts and Payments Account for the year ended 31 August 2021

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- (d)** Prepare the canteen income statement for the Mpilenhle Health Club for the year ended 31 August 2021. Show the profit or loss transferred to the income and expenditure account.

Mpilenhle Health Club  
Canteen Income Statement for the year ended 31 August 2021

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**[Total: 23]**

4 Andile started operating a wholesale business on 1 October 2019. She sells on both cash and credit terms.

She provided the following information on 30 September 2021.

	E
Motor vehicles	35 000
Bank	900 Cr
Other payables	1 200
Other receivables	720
Loan – Cee bank, repayable in 2023	8 500
Inventory	780
Trade payables	2 120
Trade receivables	2 800

**REQUIRED**

(a) (i) Calculate Andile’s current ratio correct to **two** decimal places.

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..... [3]

(ii) Comment on Andile’s current ratio calculated in (a)(i).

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..... [2]

(iii) Suggest **three** ways in which Andile could improve her working capital.

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3 .....

..... [3]

(b) Complete the table to indicate the **effect** on Andile’s working capital of **each** of the following.

The first one has been completed as an example.

Transaction	Effect on working capital
Motor vehicle repairs paid in cash, E750	<i>Decreased by E750</i>
Rent paid by cheque, E800	.....
Goods bought on credit from Fruity, E200	.....
Discount allowed to trade receivable, E20	.....
Paid Fruity, E180 cash	.....
Bought refrigerator, E4000, on credit payable in twelve months	.....

[5]

Andile decided to compare the financial statements of her business with those of a business operated by her cousins. Andile’s cousins formed a partnership six years ago and opened a hardware shop. They sell goods on cash terms only.

**REQUIRED**

(c) Explain **three** reasons why Andile should **not** compare her financial statements with those of her cousins’ business.

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- 2 .....  
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- 3 .....  
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[6]

**[Total: 19]**

- 5 Thobile is a trader. Her financial year ends on 30 September. She does not maintain a full set of accounting records but was able to provide the following information on 30 September 2021.

	E
Machinery at cost	14 500
Motor vehicle at cost	85 000
Trade receivables	15 200
Trade payables	12 800
Inventory	9 750
Bank	1 250 Cr
Other receivables	1 200
Other payables	1 400
Loan from LP Loans (repayable 1 November 2022)	20 000

The following adjustments should be made on 30 September 2021.

- 1 Machinery should be valued at E12 700.
- 2 The motor vehicle should be depreciated by 15% on cost.
- 3 A provision for doubtful debts of 2½% of the trade receivables should be created.



On 1 October 2020 Thobile's capital was E62 000.  
On 1 October 2020 Thobile introduced additional capital, E6000, in cash.  
During the year ended 30 September 2021 Thobile made drawings of goods E3500.  
During the year ended 30 September 2021 Thobile took an old motor vehicle from the business at book value for personal use. The motor vehicle had cost the business E60 000 and had been depreciated by E45 000.

**REQUIRED**

(b) Prepare Thobile's capital account showing the profit or loss for the year ended 30 September 2021. Balance the account and bring down the balance on 1 October 2021.

Thobile  
Capital account

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**[Total: 16]**

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