



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

6896/01

Paper 1

October/November 2020

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, and 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 **15** printed pages and **1** blank page.

1 For **each** of the following questions choose the response which you consider correct and write the letter in the box to indicate the correct answer.

(a) Mcebo's liabilities on 31 August 2020 included the following.

1. Bank overdraft
2. Bank loan repayable 1 February 2021
3. Mortgage on premises
4. Loan from Wandile, repayable 1 November 2021

Which are non-current liabilities?

- A 1 only
- B 1 and 2
- C 2, 3, and 4
- D 3 and 4

[1]

(b) Muzi's account has a debit balance of E500 in Ngcebo's books on 1 September 2020.

What is the meaning of this balance?

- A Muzi owes Ngcebo E500
- B Muzi sold goods for E500 to Ngcebo
- C Ngcebo owes Muzi E500
- D Ngcebo sold goods for E500 to Muzi

[1]

(c) The treasurer of Magents Wrestling Club presented the following information for the financial year ended 30 September 2020.

	E
1 Subscriptions accrued	330
2 Received from the sale of old gym equipment	700
3 Gym equipment purchased	8500
4 Deprecation on gym equipment	850
5 Rent paid in advance	400

Which information would be used when preparing Magents Wrestling Club's income and expenditure account for the year ended 30 September 2020?

- A 1 and 5
- B 1, 4 and 5
- C 2 and 3
- D 2, 3 and 4

[1]

(d) Which source document would a seller send to a customer when goods are supplied on credit?

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

[1]

- (e) Musa, a trader, always depreciates her office equipment using the straight line method.

Which accounting principle does Musa apply?

- A** assumed continuity
B business entity
C consistency
D matching

[1]

- (f) The bank column of trader's cash book showed a credit balance of E1904. This did not agree with the balance on the bank statement on the same date.

The following differences were discovered.

	E
Cheques not yet presented	268
Bank charges	22
Interest charged on overdraft	200
Rent paid by credit transfer	420

What was the balance on the bank statement?

- A** E1530 Cr
B E1530 Dr
C E2278 Cr
D E2278 Dr

[1]

- (g) The proceeds of sale of an old machine were recorded as a revenue receipt.

How did this affect the financial statements?

	'Profit for the year'		'Non-current assets'	
	Overstated	Understated	Overstated	Understated
A	✓		✓	
B		✓		✓
C	✓			✓
D		✓	✓	

[1]

- (h) Sonto, a trader, provided the following information for the month ended 31 July 2020.

	E
revenue	9500
carriage on sales	450
returns inwards	600

How much was Sonto's turnover for the month ended 31 July 2020?

- A** E8450
B E8900
C E9350
D E9500

[1]

- (i) During the financial year ended 30 September 2020 Andile paid Wololo E2800 for repairs to his premises. At the end of this financial year he still owed E600.

What was the effect on Andile's statement of financial position on 30 September 2020?

	effect on capital E		effect on current liabilities E	
A	decrease	2800	increase	2800
B	decrease	3400	increase	600
C	no effect		increase	2800
D	no effect		increase	600

[1]

- (j) Muzi, a trader, took goods for private use.

How was this transaction adjusted in the income statement?

- A** drawings deducted from closing inventory
B drawings deducted from cost of sales
C drawings deducted from opening inventory
D drawings deducted from purchases

[1]

[Total: 10]

2 Cece, a cleaning materials trader, issued a statement of account to Sipho Cleaners on 31 August 2020.

REQUIRED

(a) Complete the statement of account by inserting the missing words and figures in (i)–(v).

<i>Statement of account</i>			
<i>SOA: 00156</i>			
			<i>Cece</i> <i>P. O. Box 112</i> <i>Mamaba</i>
Date: (i)			
To (ii)			
P. O. Box 314			
Sitofu			
	Dr	Cr	Balance
2020	E	E	E
Aug 1 Balance brought forward			1 500 Dr
5 Invoice – x231	(iii)		10 000 Dr
12 Credit note – 012		120	9 880 Dr
25 Cash receipt – 57	(iv)		8 410 Dr
25 Discount		30	(v)
2% discount allowed if amount due paid by 30 September 2020.			

[5]

(b) Explain the transaction that resulted in **each** of the following entries extracted from the statement of account issued by Cece to Sipho Cleaners on 31 August 2020.

The first one has been completed as an example.

August 1 Balance brought forward, E1500 Dr
Explanation – Amount owed by Sipho Cleaners to Cece.
August 12 Returns

Explanation

.....

August 25 Cash receipt

Explanation

.....

August 25 Discount

Explanation

.....

[6]

(c) State **one** reason why Cece sends a monthly statement of account to Siphon Cleaners.

.....
 [1]

(d) Complete the table to name the subsidiary book and the ledger accounts which Cece would use to record the following items which appear on the statement of account sent to Siphon Cleaners.

The first one has been completed as an example.

Date	Entry in statement of account	Subsidiary book	Account debited	Account credited
Aug 5	Invoice – X231	<i>sales journal</i>	<i>Siphon Cleaners</i>	<i>Sales</i>
12	Credit note – 012
25	Discount

[6]

[Total: 18]

- 3 Bobo buys goods both on cash and credit terms. His financial year ends 31 May.

The balances in Bobo's books on 1 July 2020 included the following.

		E
Trade payables	Buhle	2 800
	Zinhle	4 200
Purchases		16 600
Returns outwards		480

Bobo's transactions in July 2020 included the following.

2020

- Jul 2 Purchased goods from Buhle, list price E10 000
 6 Purchased goods from Zinhle, list price E16 000
 12 Purchased goods from Buhle, list price E8 000

Bobo receives a trade discount of 20% from all his suppliers.

Bobo provided the following extract from his cash book for July 2020

Bobo
Cash Book (Payments side)

Date	Payments	Discount E	Cash E	Bank E
2020				
Jul 4	Buhle			2500
14	Purchases			5500
19	Buhle	144		4656

Additional information

2020

- July 11 Returned goods to Zinhle, E600, list price.
 July 22 Returned goods to Buhle, E300, invoice price.

REQUIRED

- (a) Prepare Bobo's purchases journal and returns outwards journal for the month ended 31 July 2020. Total each journal and indicate the account to which the total would be transferred.

Bobo
Purchases Journal

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Bobo
Returns Outwards Journal

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..... [7]

- (b) Write up the following accounts in Bobo's ledger for the month of July 2020.

Balance the accounts and bring down the balances on 1 August 2020.

Buhle account

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Purchases account

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Returns outwards account

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..... [13]

Bobo always records his non-current assets at their original cost.

REQUIRED

(c) (i) Name the accounting principle observed by Bobo when recording non-current assets at their original cost in his books of account.

..... [1]

(ii) Explain the main limitation of applying this principle.

.....

.....

..... [2]

[Total: 23]

(ii) Calculate Zethu's rate of inventory turnover for the year ended 30 September 2020 correct to **two** decimal places. Show your workings.

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.....
..... [3]

(iii) Comment on your answer to (b) (ii).

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

Zethu compared her business rate of inventory turnover with that of her cousin, Mandla, who runs a furniture shop. She found that the rate of turnover for Mandla's business was lower than that of her business.

REQUIRED

(c) Explain **one** reason why Zethu's rate of inventory turnover is higher than that of Mandla's business.

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

[Total: 24]

- 5 Yenzi, a trader, prepared a trial balance on 31 May 2020 which did not balance, with a shortage on the credit side of E480 which was entered in a suspense account.

The following errors were later discovered.

- 1 Motor expenses paid for cash E120, was not posted from the cash book to the motor expenses account.
- 2 The purchases returns journal was undercast by E200.
- 3 A cheque, E300 received from Zikhetho, a customer, had been recorded in Zitha's account in the sales ledger.
- 4 Sales journal was overcast by E600.
- 5 E500, discount received was debited to the discount allowed account.

REQUIRED

- (a) State **four** uses of a general journal. Do not mention the correction of errors.

- 1
- 2
- 3
- 4 [4]

(c) Prepare the suspense account in Yenzi's ledger.

Suspense account

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..... [6]

Despite the trial balance not balancing Yenzi prepared draft financial statements.

REQUIRED

(d) Complete the following table to show the effect of correcting the errors on the profit for the year.

Write increase, decrease or 'no effect' if the correction of the error does not have an effect on the profit for the year.

The first one has been completed as an example.

Error	Effect of correcting the error on the Profit for the year
1	<i>Decrease by E120</i>
2	
3	
4	
5	

[4]

[Total: 25]

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