

EXAMINATIONS COUNCIL OF ESWATINI

JC

EXAMINATION REPORT

FOR

BOOKKEEPING AND ACCOUNTS

YEAR

2023

PAPER 1

General Comments

This paper comprised of five questions, question one had ten multiple choice items and two up to five consisted of structured type questions. The overall performance of the candidates was fair. However, it was worth noting that some candidates scored very low marks. Teachers are encouraged to adequately prepare candidates for the examination.

The preparation of ledger accounts was poorly done by most candidates, as they used “**sales**” instead of “**purchases**” for details of a customer buying items for resale. Furthermore, candidates still continued to omit dates when recording transactions in the ledger.

Teachers are also encouraged not to overlook theory questions when assessing candidates, but must expose them in order to confidently attempt them during examination as most candidates had difficulty in answering these type of questions properly.

Comments on Specific Questions

Question 1

This question comprised of 10 multiple choice questions. The performance in this question was average but some did not answer some of the questions especially from question **(F)** to **(J)**, a few just left the question unanswered.

The expected answers were:

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

Question 2

- (a) In this part of the question most candidates were able to explain drawings, while the rest of the terms were poorly explained. They explained interest on capital as interest on loan and did not relate it to a partnership business. For inventory, they did not specify the period at which the inventory was related to, such that the answers were just explanations of inventory instead of opening inventory. Most of them used money when explaining inventory instead of goods, for turnover some of candidates explained sales returns instead of turnover.

The expected answer was:

Turn over is the difference between revenue and returns inwards

Drawings-Goods or money taken by the owner from the business for his or her personal use
Interest on capital-an amount paid by partnership business to partners as a form of return on their capital contributions.

Subscriptions-an amount paid by members to a non-profit making organisation to renew their membership

Opening inventory-Goods available to be sold at the beginning of new period brought forward from the previous financial period.

- (b) This part of the question required candidates to state and explain only internal users of accounting information but most candidates were giving stakeholders or external users. They also just explained the users instead of explaining their interest on the accounting information though some were able to note that the question required them to explain internal users of accounting information such as Owners, Managers, Employees, etc.
- (c) In this part of the question, most candidates knew the reasons why a bank would dishonor a cheque though some were not able to give the correct reasons. The incorrect reasons included answers like “uncredited cheques and unrepresented cheques, human error and order standing.

The expected answers was:

The cheque could be dirty/torn/mutilated

Insufficient funds

Wrong signature of drawer

Amount in words different from amount in figures

Cheque could be outdated

Cheque could be post-dated

Drawer can stop payment on the cheque

Death/Insanity of drawer

Question 3

(a) The question required candidates to prepare Blue's Account. A few candidates got all the marks and prepared the account fairly, although most of them lost marks due to the following reasons:

- Dates were either omitted or not accurate
- Balance b/d and c/d not written correctly on their correct sides
- Some ignored Blue's Account and opened Green's Account.
- The details on the account were also wrong as some candidates wrote sales instead of purchases.
- Some were also not writing the account names but repeated the transaction e.g goods returned instead of purchases returns.
- Some candidates just made a complete reversal of the entries, all debit entries appeared on the credit side and all credit entries on the debit side.
- Some could not identify the buyer and the seller between Blue and Green.

The expected answer was:

<u>Blue Account</u>					
May 2	Purchases returns	500 (1)	May 1	Purchases	5000 (1)
10	Bank	4500 (1)	15	Purchases	3500 (1)
May 31	Balance c/d	5500 (1)	26	Purchases	2000 (1)
		<u>10500</u>			<u>10500</u>
			June 1	Balance b/d	5500 (1)

- (b) Candidates had an average performance in this part of the question, but still could not do the workings/adjustments properly and got negative amounts due to the inverse workings.

The expected answer was:

Item	Expense or income	Working E	Amount to appear in income statement E
Salaries	expense	4000 - 1800	2200
Rent payable	expense	3000 + 1200	4200
Commission receivable	income	5000 + 1000	6000
Depreciation of motor vehicle	expense	10/100 x 34000	3400

- (c) Most candidates were able to get almost all the marks in the table and those who did not perform well were just guessing or made more than one tick per item hence losing the marks, some did not attempt this part of the question as columns were not ticked at all.

The expected answer was:

Item	Non-current assets	Current assets	Current liabilities
Salaries prepaid		✓	
Rent payable owing			✓
Commission receivable owing		✓	
Depreciation of motor vehicle	✓		

Question 4

- (a) In this part of the question candidates were given scenarios to identify and explain the concept used or observed in each. This part was fairly done as candidates were able to identify and explain the concepts yet some were repeating the stem of the question in their explanation instead of just explaining the concept. In the consistency concept most learners confused it with the historical cost concept. The duality concept was also not well explained, though some were able to identify it but explained double entry instead.

The expected answer was:

Sisekelo Enterprise always uses the straight-line method when calculating depreciation for his motor vehicles.

Concept: Consistency

Explanation: The same accounting method should be used to treat similar items.

Sisekelo Enterprise makes a debit entry and a credit entry for every transaction.

Concept: Duality

Explanation: Every transaction has two aspects; a receiving aspect and a giving aspect

Sisekelo does not record the experience of his employees in the books of accounts.

Concept: Money measurement

Explanation: In the books of accounts, we record only transactions that can be expressed in terms of money.

- (b) It was fairly done, but some lost a lot of marks as they were able to identify the accounts then could not correctly state which one to debit and which one to credit. Some just repeated the transaction and not the account names while some just ticked the whole table not writing the account names.

The expected answer was:

Transaction	Account debited	Account credited
Started business with cash in the bank	Bank	Capital
Cash sales directly deposited	Bank	Sales
Mavuso's debt is written off as irrecoverable	Irrecoverable debt/Bad debts	Mavuso
Reo, a credit supplier, supplied furniture	Furniture	Reo
Withdrew cash from the bank for office use	Cash	Bank
Mandla returned damaged goods	Sales returns	Mandla

- (c) Candidates ticked double for the same transaction; some left it blank. For the resale of motor van most identified it as capital expenditure, yet it was for resale and was revenue expenditure.

The expected answer was:

Item	Capital expenditure	Revenue expenditure	Capital receipt	Revenue receipt
Bought motor van for resale		✓		
Sold goods for cash				✓
Paid rent for cash		✓		
Purchased furniture by cheque	✓			
Sold old machinery and received a cheque			✓	

Question 5

- (a) Candidates were required to explain a non-trading organisation but, in their explanation, some only showed the part “not making profit” and omitted the purpose of the organisation. Others just referred to it as a person who helps other people yet it’s an organisation.

The expected answer was:

An organisation whose aim is not to make a profit but to satisfy the interest of the members.

- (b) This question required candidates to give two examples of international non-profit making organisation in Eswatini. This part of the question was well done though some gave local examples instead of international ones as required by the question.

The expected answer was:

World vision

Eswatini Red Cross Society

- (c) Candidates were to state three sources of funds for non-profit making organisations. Candidates knew the sources of funds, but some named the organisations instead of the sources.

The expected answer was:

Donations

Joining fees

Grants

Subscriptions

(d) Candidates were to prepare Phola Social Club's receipts and payments account. A few candidates got all marks in this question while most of them lost a lot of marks due to the following reasons.

- They prepared Income and Expenditure account instead of the Receipts and Payments.
- They prepared a statement of Financial Position with its sub-headings.
- Prepared the Receipts and Payments account but debited all payments and credited all receipts, losing all the marks.
- They also used all the columns to record the amounts instead of only using the bank columns and some items did not match the amounts and thus losing marks.
- Some candidates just left the question undone.
-

The expected answer was:

Phola Social Club Receipts and payments account for the year ended 31 October 2023							
			Bank E				Bank E
Balance b/d			700	Competition prizes			2200
Subscriptions			5200	Equipment			2000
Profit on dances			1480	Rent			1050
Gate collections			250	Printing			160
Competition fees			180	Stationery			220
				General expenses			330
				Wages			1200
				Repairs on equipment			270
				Balance c/d			380
			7810				7810
Balance b/d			380				

PAPER 2

General Comments

The paper comprised of five questions which consisted of structured and theory type questions. The overall performance of the candidates was generally unsatisfactory as most centres did not perform well. Centres are encouraged to thoroughly and adequately prepare candidates for the examination. Most candidates did not write dates which made them lose marks. This was the case on questions 1(b) and 3(c). The correction of errors in the general journal on question 3 (b) also resulted in candidates losing marks. Centres are encouraged to adequately teach this part, which is a new addition to the syllabus. A lack of the fundamental basic double entry system was evident in question 3 (c) as most candidates were unable to prepare ledger entries by failing to start with opening balance on the debit side for assets/expenses accounts.

Comments on Specific Questions

Question 1

- (a) This question required learners to identify the source document of a given cash transaction and to explain the importance of the source document. Most candidates were able to identify the source document as a receipt, but most candidates were unable to explain the importance of a receipt.

The expected response was that a receipt acts as proof that payment was made.

- (b) This question required learners to prepare a purchases journal and a purchases returns journal from a given list of transactions. The purchase journal was generally well done by most candidates, but some candidates lost marks because they did not write dates. The purchases returns journal was poorly done by most candidates as most of them were unable to identify it.

The expected answer was:

		Purchases Journal					
2023 March	3	L. mazibuko				1500	
	9	Ziko Wholesalers				800	
	19	Msimisi				2000	
	23	S. Sukati				1000	
	31	Debit purchases account				<u>5300</u>	

		Purchases Returns Journal					
2023 March	15	L. Mazibuko		250			
	31	Credit purchases returns account		<u>250</u>			

- (c) This question required candidates to complete the missing words and figures on a credit note. This question was well done by most candidates.

The expected responses were:

- | | |
|---------------------|--------------|
| (i) Nomhle | (ii) Lala |
| (iii) 17 April 2023 | (iv) 5 |
| (v) 600 | (vi) 50 |
| (vii) 10 | (viii) Trade |
| (ix) 740 | (x) 2960 |

Question 2

- (a) This question required candidates to state a source document and a subsidiary book from given transactions. Most candidates did well on this part even though some candidates seemed not to know the difference between a source document and a subsidiary book.

The expected responses were:

Transaction	Source document	Subsidiary book
1. Bought stationery by cheque	Receipt/cash slip/cheque	Cash book
2. Sold machinery on credit	Invoice issued	General journal
3. Motor van bought by cheque	Receipt/cheque	Cash book
4. Petty cashier bought cleaning Material by cash	Petty cash voucher	Petty cash book
5. Goods returned to suppliers	Debit note/credit note received	Purchases returns journal

- (b) In this question candidates were given transactions from which they were to show effects on capital, assets and liabilities using the accounting equation. The performance by candidates on this question was average.

The expected response was:

Transaction	Capital	=	Assets	-	Liabilities
1. Bought goods E200 by cheque	No effect		+E200 inventory -E200 bank		No effect
2. Paid a trade payable by cheque E300	No effect		-E300 bank		-E300 trade Payables
3. Owner withdrew E1500 from the bank for his own use	-E1500 drawings		-E1500 bank		No effect

Question 3

The overall performance on this question was poor. Candidates were given a list of balances and errors, and they were required to identify the errors, correct the errors and post transactions to selected accounts in the ledger. Most candidates were unable to correct the errors in the general journal resulting in a loss of marks. Most candidates also failed to post transactions to the ledger. Candidates were unable to use the balances given as opening balances in the ledger accounts which resulted in loss of marks. Also, candidates did not insert dates resulting in loss of marks.

- (a) This question required candidates to state the type of error as given in Tiphellele Traders books. This part was fairly done by most candidates.

The expected response was:

- Error 1** - complete reversal of entries
Error 3 - error of commission

- (b) This question required candidates to use the general journal to correct the errors as given in Tiphellele Traders books.

The expected response was:

General Journal							
1		Rent		3000			
		Cash				3000	
2		Furniture		10 000			
		Purchases				10 000	
3		Gumedze Distributors		6000			
		Gamedze Distributors				6000	

- (c) In this question candidates were required to post transactions to the rent, cash, furniture and purchases accounts and balance the accounts.

The expected responses were:

Rent account											
2022						2022					
Jan	1	Balance	b/d	1000		Dec	31	Balance	c/d	4000	
Dec	31	Cash		3000							
				<u>4000</u>						<u>4000</u>	
2023											
Jan	1	Balance	b/d	4000							

Cash account											
2022						2022					
Jan	1	Balance	b/d	6000		Dec	31	Rent		3000	
						Dec	31	Balance	c/d	3000	
				<u>6000</u>						<u>6000</u>	
2023											
Jan	1	Balance	b/d	3000							

Furniture account											
2022						2022					
Jan	1	Balance	b/d	50 000		Dec	31	Balance	c/d	60 000	
Dec	31	Purchases		10 000							
				<u>60 000</u>						<u>60 000</u>	
2023											
Jan	1	Balance	b/d	60 000							

Purchases account											
2022						2022					
Jan	1	Balance	b/d	15 000		Dec	31	Furniture		10 000	
							31	Balance	c/d	5 000	
				<u>15 000</u>						<u>15 000</u>	
2023											
Jan	1	Balance	b/d	5 000							

Question 4

This question was generally well done by most candidates. However, there were those candidates who seemed to have no clue what an income statement is and some confused it with a statement of financial position.

The expected response was:

Hoshoba Traders

Income statement for the year ended 31 July 2023

	E	E
Revenue		22 000
- returns inwards		<u>2 000</u>
Turnover		20 000
<u>Less cost of sales</u>		
Purchases	5 000	
+carriage inwards	<u>800</u>	
	5 800	
- returns outwards	<u>100</u>	
	5 700	
-closing inventory	<u>600</u>	<u>5 100</u>
Gross profit		14 900
<u>Add other income</u>		
Provision for bad debts (reduction)		<u>150</u>
		15 050
<u>Less expenses</u>		
Insurance (1400 – 200)	1 200	
Electricity (500 + 100)	600	
Depreciation: Machinery	1 030	
Furniture (2000 + 150)	2 150	
Rent	1 000	
Bad debts	700	
Wages	400	
Motor expenses	<u>300</u>	<u>7 380</u>
Profit for the year		<u>7 670</u>

Question 5

The overall performance on this question was poor. Many candidates were unable to calculate the bank statement balances in question 5 (a). In question 5 (b) the candidates were asked to explain the meaning of a credit balance in the bank statement, and this was also a poorly attempted question. Candidates were also unable to explain the transactions in the bank statement in question 5 (c). However, some candidates were able to explain the terms in question 5 (d).

The expected responses were:

- (a) (i) 8000
- (ii) 7500
- (iii) 9000
- (iv) 8020
- (v) 9620

(b) favourable balance

- (c) 05/10/23 An amount of E500 was withdrawn by cheque
- 10/10/23 A cheque deposit was made into the bank for E1500
- 30/10/23 Bank charges E80 was paid by Vusi Gama

(d) **Direct debit** – this is when a bank customer instructs the bank to pay bills of varying amounts on his/her behalf at a particular day of the month e.g. electricity.

Credit transfer – This is when money from another account bank is paid directly into a bank customer's account.

Bank reconciliation statement – this is a statement showing an agreement between the cash book balance and the bank statement balance.

Uncredited deposits – these are cheques which the business has deposited into the bank account, but the bank is yet to make the appropriate credit entries.