



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

6896/02

Paper 2

October/November 2022

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 **12** printed pages.

1 Mavela is a trader. His financial year ends on 30 September.

Mavela rents business premises. The rent is E6000 per quarter. He sublets part of the premises to Sandiswa for E250 per month.

The following balances were taken from Mavela's books on 1 October 2021.

	E
Rent payable	1500 Dr
Rent receivable	250 Dr

During the year ended 30 September 2022, payments for rent were:

		E
5 October 2021	cash	4500
5 January 2022	cheque	7000
6 April 2022	cheque	8000

Amounts received from Sandiswa for rent were:

		E
1 January 2022	cash	600
1 April 2022	cash	750
1 July 2022	cash	900

REQUIRED

(a) Prepare the rent payable account and the rent receivable account in Mavela's ledger for the year ended 30 September 2022. Bring down the balances at 1 October 2022.

Rent Payable account

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Rent Receivable account

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..... [9]

(b) State what the balances on 1 October 2021 in the rent payable account and the rent receivable account represent.

Rent payable E1500 Dr

.....

Rent receivable E250 Dr

..... [2]

(c) (i) Name the subsidiary book used by Mavela to record the amounts received from Sandiswa.

..... [1]

(ii) Name the division of the ledger in which the rent receivable account would appear in Mavela's books.

..... [1]

(d) State the section of the income statement for the year ended 30 September 2022 in which **each** of the following would be recorded.

Rent payable

Rent receivable [2]

(e) State the amount of rent payable **and** rent receivable which would be recorded in the statement of financial position on 30 September 2022. In **each** case, name the section of the statement of financial position in which that amount would be recorded.

	Amount (E)	Section of the statement of financial position
Rent payable
Rent receivable [4]

[Total: 19 marks]

- 2 Bezile started a business on 1 August 2022. On that date he placed E20 000 in a business bank account.

The following transactions took place during his first two weeks of trading.

- August 2 Bought goods on credit from Wethu, E5000
- 5 Introduced a private car to the business, valued at E50 000
- 10 Paid rent by cheque, E1000
- 12 A loan received from Asakhe Bank, E10 000
- 14 Sold goods on credit to Abethu, E3600. The cost of the goods was E3000

REQUIRED

- (a) Complete the following table to show the assets, liabilities and capital after **each** transaction. Show your workings. The first one has been completed as an example.

Date	Assets	E	Liabilities	E	Capital	E
Aug 2	Bank Inventory	20 000 5 000	Trade payables	5 000	Capital	20 000
Aug 5						
Aug 10						
Aug 12						
Aug 14						

[9]

(b) Explain **two** types of assets and give **one** example of **each**.

1

Example

2

Example [6]

[Total: 15 marks]

- 3 Sizwe and Simvile own similar businesses both specialising in selling cleaning materials.

Their financial years end on 30 September.

They provided the following information for the year ended 30 September 2022.

	Sizwe	Simvile
	E	E
Trade receivables	4300	5600
Inventory	1000	1500
Trade payables	1900	6550
Bank	600 Cr	500 Dr
Cash	250	450

REQUIRED

- (a) Calculate Sizwe and Simvile's quick ratios, correct to two decimal places.

Sizwe

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Simvile

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..... [6]

- (b) Comment on Sizwe and Simvile's quick ratios.

Sizwe

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Simvile

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..... [4]

Sizwe decided that, in addition to comparing his results with those of Simvile, he would compare the results for the current year with those of past years.

REQUIRED

(c) Suggest **three** ways in which a comparison with the previous year's results could be useful to Sizwe.

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

Sizwe understands that the reliability of information in financial statements is important.

REQUIRED

(d) State **four** conditions that must be met for the information in financial statements to be regarded as reliable.

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

[Total: 17 marks]

- 4 Sizo is a trader dealing in one type of product. He values inventory at the lower of cost price and net realisable value. His financial year ends on 31 August.

REQUIRED

- (a) (i) Explain the meaning of **each** of the following terms in connection with inventory valuation.

Cost

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Net realisable value

.....
 [4]

- (ii) Explain **one** advantage to Sizo of valuing inventory at the lower of cost and net realisable value.

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 [2]

At 31 August 2022 Sizo had an inventory of 120 units. The total value was recorded at E6600 but Sizo decided that they had been overvalued by E600.

REQUIRED

- (b) Complete the table by placing a tick (✓) in the correct column to show the effect of overvaluing Sizo's inventory on **each** of the following on 31 August 2022.

	Overstated	Understated	No effect
Cost of goods available for sale			
Cost of sales			
Profit for the year			
Capital			
Assets			

[5]

5 The following information was taken from the books of QJS (Pty) Ltd at the end of its financial year on 31 August 2022.

	E
Profit for the year	187 080
Bank	28 100 Dr
Trade receivables	301 219
Trade payables	139 461
8% Debentures, 2016/2025	100 000
Inventory at 31 August 2022	317 426
Premises at valuation	660 000
Plant and equipment at valuation	176 000
Retained earnings at 31 August 2021	136 204
General reserve	120 000
Authorised and issued share capital	
Ordinary shares	500 000
10% Non-redeemable preference shares	300 000

On 31 August 2022

- 1 E7000 was transferred to general reserve
- 2 The directors proposed to pay the preference dividend and 18% dividend on the ordinary shares

REQUIRED

(a) (i) Explain the meaning of **each** of the following in connection with the debentures.

8%

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2016/2025

..... [4]

(ii) Explain the meaning of **each** of the following in connection with the preference shares.

10%

.....

Non-redeemable

..... [4]

(b) Calculate the following at 31 August 2022. Show your workings.

(i) General reserve

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 [1]

(ii) Retained earnings

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 [3]

(c) Prepare QJS (Pty) Ltd's statement of financial position at 31 August 2022.

QJS (Pty) Ltd

Statement of Financial Position as at 31 August 2022

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 [8]

(d) (i) Calculate QJS Ltd's return on capital employed (ROCE) to two decimal places.

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..... [4]

(ii) State the meaning of the return on capital employed.

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..... [1]

(e) State the difference between capital owned and capital employed.

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..... [2]

[Total: 27 marks]