



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 2023

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 **16** printed pages.

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) Financial statements should be provided in time so that they can be used as a basis for decision-making.

Which accounting policy does this statement refer to?

- A comparability
- B relevance
- C reliability
- D understandability

[1]

- (b) When preparing a statement of financial position, an accountant showed non-current assets at their book value.

Which accounting principle did he apply?

- A assumed continuity
- B consistency
- C historical cost
- D matching

[1]

- (c) Which transaction should Phiwo, a trader, record in his cash book?

- A depreciation of fixtures and fittings
- B interest charged on overdue account
- C rent refund to Wakhile, a tenant
- D sale of goods on credit to Yakhe

[1]

- (d) Which accounts would appear in the general ledger?

- 1 loan account
- 2 sales account
- 3 supplier's account

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

[1]

(e) Nokwabo rents out some of his property to a tenant. During the year ended 31 July 2023, he received the following amounts from his tenant:

- 1 E2 000 for the year ended 31 July 2022
- 2 E24 000 for the year ended 31 July 2023
- 3 E4 000 for the year ending 31 July 2024

Which items would be recorded in Nokwabo's cash book for the year ended 31 July 2023?

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

[1]

(f) Masayina's liabilities on 30 June 2023 included the following:

- bank overdraft E15 790
- commission receivable prepaid E2 840
- bank loan repayable on 31 January 2026, E10 000
- mortgage on property E40 000
- loan from Sindiswa repayable on 31 December 2024, E3 000

What was the total non-current liabilities of Masayina on 30 June 2023?

- A E13 000
- B E28 630
- C E43 000
- D E53 000

[1]

(g) Which item would appear in the accounting records of a business when applying the money measurement principle?

- A cost of a staff training course
- B improved staff morale
- C improved choice in staff canteen
- D increased efficiency

[1]

- (h) A trader provided the following information at the end of his first financial year on 30 April 2023.

	E
Purchases	74 200
Carriage inwards	800
Carriage outwards	470
Returns outwards	1 200
Import duties	11 130

What was the total cost of goods purchased?

- A E 62 340
 B E 73 000
 C E 73 800
 D E 84 930

[1]

- (i) Lulu provided the following information about her gross margin.

Year 1	35%
Year 2	28%

What could have caused the change in the gross margin?

- A decrease in expenses
 B decrease in other income
 C increased trade discount to customers
 D increased selling prices to customers

[1]

- (j) A trader provided the following information.

	Gross margin	Profit margin
Year 1	42%	18%
Year 2	45%	17%

What can be concluded from these changes?

- A expenses were controlled better in year 1
 B gross profit was higher in year 2
 C less goods were sold in year 1
 D profit for the year was higher in year 2

[1]

[Total: 10 marks]

2 Nana, a trader, is registered for value added tax (VAT). The standard rate of VAT in Eswatini is 15%.

She buys all her goods on credit terms. All the suppliers' prices are VAT exclusive.

The following balances appeared in her books on 1 September 2023.

		E
Trade payables:	Mabila	3 200
	Msobho	620 Dr
Purchases		24 000
Returns outwards		1 340
VAT		3 600 Dr

Nana's transactions for September 2023 included the following.

2023		
Sept	6	Bought goods from Mabila, E6000 list price, and was allowed a 20% trade discount
	10	Returned goods to Mabila, E115, after trade discount and VAT
	24	Bought goods from Msobho, E4800 list price, and received a 15% trade discount
	29	Returned goods to Msobho, E575, after trade discount and VAT
	30	Goods sold for E15 000 VAT exclusive

REQUIRED

(a) (i) Explain the meaning of the trade payables' balances on 1 September 2023.

Mabila E3200

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Msobho E620 Dr

.....
 [2]

(ii) Identify **three** reasons that could have caused the debit balance on Msobho's account on 1 September 2023.

1

2

3 [3]

(b) (i) Name the document Nana issued to Mabila when returning the goods on 10 September 2023.

..... [1]

(ii) Name the document Mabila issued to Nana after the return of the goods.

..... [1]

(iii) List **four** contents of the document sent by Nana to Mabila for the transaction on 10 September 2023.

1

2

3

4 [4]

(c) Prepare Nana's purchases journal and returns outwards journal for the month ended 30 September 2023. Total **each** journal.

Nana
Purchases Journal

Net amount	VAT	Gross amount
E	E	E

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Nana
Returns Outwards Journal

Net amount	VAT	Gross amount
E	E	E

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..... [6]

(d) Write up the following accounts as they would appear in Nana's ledger. Balance Msobho's account and VAT account and bring down the balances on 1 October 2023.

Msobho account

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Purchases account

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Returns Outwards account

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8

VAT account

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..... [9]

[Total: 26 marks]

3 Sizwe, a trader, prepared a trial balance at the end of his financial year on 31 August 2023.

REQUIRED

(a) (i) Define a trial balance.

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

(ii) State **two** uses of a trial balance to Sizwe.

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

After preparing the trial balance, Sizwe discovered that the following errors had been made.

- 1 General expenses paid in cash, E340, had not been recorded in the books
- 2 Goods sold on credit to Nipho, E2400, had been debited to Zipho's account
- 3 Total of the returns outwards account had been overcast by E100
- 4 Rent received from a tenant in cash, E750, was entered in the books as E450
- 5 Office equipment bought on credit from BQ Office Supplies, E2000, had been debited to BQ Office Supplies' account and credited to the office equipment account

REQUIRED

(b) (i) State the type of error made in **each** of the errors 1 – 5.

Error 1
Error 2
Error 3
Error 4
Error 5 [5]

(c) Complete the table to state the effect of **each** of the errors **1–5** on Sizwe’s profit for the year and statement of financial position at 31 August 2023.

Write overstated or understated and state the amount.

Where an error does not have any effect, state ‘no effect.’

The first one has been completed as an example.

	Effect of error on profit for the year	Effect of error on statement of financial position
<i>Error 1</i>	<i>Overstated by E340</i>	<i>Current assets overstated by E340</i> <i>Capital overstated by E340</i>
Error 2
Error 3
Error 4
Error 5

[10]

[Total: 28 marks]

5 TPZ (Pty) Ltd was formed on 1 August 2022.

REQUIRED

(a) (i) Define the term limited liability company.

.....

 [2]

(ii) Complete the table to state **three** differences between a private limited company and a public limited company.

	Private limited company	Public limited company
1
2
3

[6]

PTZ (Pty) Ltd provided the following information about shares issued when the company was formed on 1 August 2022.

Ordinary shares

25 000 ordinary shares of E5 each were issued.

Shareholders were requested to pay 40% of the amount due and holders of 23 000 shares paid the amount due.

5% preference share

15 000 shares of E5 were issued.

Shareholders were requested to pay the full amount and all shareholders paid immediately.

REQUIRED

(b) Calculate the following for TPZ (Pty) Ltd. Show your workings.

Total issued share capital

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Called up share capital

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Paid up share capital

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[9]

The directors of TPZ (Pty) Ltd are a little concerned about the working capital of the company. The balances in the books of TPZ (Pty) Ltd on 31 July 2023 included the following.

	E
Fixtures and fittings	75 000
Motor vehicle	138 000
Trade receivables	38 000
Other receivables	14 000
Trade payables	42 000
Bank overdraft	18 000
Debentures	70 000
Inventory	20 000
Profit for the year	30 000

REQUIRED

(c) (i) Define the term working capital.

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[1]

(ii) Calculate TPZ (Pty) Ltd.'s working capital at 31 July 2023.

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..... [3]

[Total: 21 marks]