



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini Prevocational Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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BUSINESS ACCOUNTING

5921/02

Paper 2

October/November 2022

2 hours

Candidates answer on the question paper.
No additional materials required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do **not** use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.

You may use a **calculator**.

The businesses described in this question paper are entirely 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 **14** printed pages and **2** blank pages.

SECTION A

- 1 Ayentiwe, a sole trader, prepares financial statements at the end of each year observing accounting principles and concepts.

REQUIRED

- (a) State **three** advantages of operating as a sole trader.

- 1
- 2
- 3 [3]

- (b) State **two** reasons why it is useful to Ayentiwe to prepare financial statements.

- 1
- 2 [2]

- (c) Name the accounting principle which requires a distinction to be made between the financial transactions of a business and those of the business owner.

..... [1]

- (d) State **three** conditions for financial information to be regarded as reliable.

- 1
- 2
- 3 [3]

Ayentiwe had the following balances on 1 July 2022.

	E
Equipment	14 000
Cash in hand	2 500
Capital	31 500
Inventory	7 000
Trade payables	11 000
Trade receivables	17 000
Cash at bank	8 000
Loan from Big Finance	6 000

The following transactions took place during the month of July 2022.

- Bought additional equipment in cash E500
 Repaid E1000 of the loan from Big Finance by cheque
 Ayentiwe took inventory costing E700 for personal use
 Received a cheque for E4400 from Motsa, a trade receivable

REQUIRED

(e) Complete the following table to state the value of **each** item included in the table **after** transactions 1 to 4 have taken place.

The first **two** have been completed as examples.

Item	Calculation	Amount E
<i>Equipment</i>	<i>E14 000 + E500</i>	<i>14 500</i>
<i>Cash</i>	<i>E2 500 – E500</i>	<i>2 000</i>
Capital		
Inventory		
Trade payables		
Trade receivables		
Cash at bank		
Loan from Big Finance		

[7]

(f) Suggest **two** reasons why it is important for Ayentiwe to apply the consistency principle when preparing financial statements.

1

.....

2

..... [2]

[Total: 18]

2 Takhona is a trader who buys and sells on credit terms.

REQUIRED

(a) Complete the following table by placing a tick (✓) to indicate whether **each** item would be debited or credited in Takhona's purchases ledger control account.

For **each** item name the source from which the information would be obtained.

	Entry in the purchases ledger control account		Source of information
	Debit	Credit	
Cheques paid to suppliers			
Contra entry to sales ledger account			
Interest charged by supplier on overdue account			

[6]

On 1 August 2022 Takhona's cash book showed a credit bank balance of E42 568.

During August 2022 Takhona had the following transactions:

August	6	Paid rent by cheque	E 5500
	17	Cheque received from Mancoba	4000
	25	Received interest on bank deposit account by bank transfer	6500
	30	Received a refund from Mavela, a credit supplier, by cheque	1500

REQUIRED

(b) (i) Calculate Takhona's bank balance on 1 September 2022. Show your workings.

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..... [3]

- (ii) State whether Takhona's bank balance on 1 September 2022 was a debit balance or a credit balance.

..... [1]

The following account appeared in Takhona's ledger.

Capital account					
2022 Sept 30	drawings	E 7 500	2021 Oct 1	balance b/d	E 17 000
Sept 30	balance c/d	74 500	2022 Jan 1	motor vehicle	50 000
			Sept 30	profit	15 000
		82 000			82 000
			2022 Oct 1	balance b/d	74 500

REQUIRED

- (c) (i) Explain **each** of the following entries shown in Takhona's capital account. State where the double entry for each transaction would be completed.

2021

Oct 1 balance b/d E17 000

Explanation

.....

Double entry [2]

2022

Jan 1 motor vehicle E50 000

Explanation

.....

Double entry [2]

Sept 30 drawings E7 500

Explanation

.....

Double entry [2]

(ii) Explain **one** reason why it is not satisfactory to measure profit by changes in capital.

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..... [2]

Takhona was very concerned about her cash flow.

REQUIRED

(d) (i) State what is meant by cash flow.

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..... [1]

(ii) Suggest **three** ways in which Takhona could improve her cash flow.

1

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2

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3

..... [3]

[Total: 22]

SECTION B

- 3 Mayenzi and Abongwe are in a partnership providing cleaning services to local businesses. Their financial year ends on 30 September. They share profits and losses in the ratio of 3:2 respectively.

REQUIRED

- (a) State **two** differences between a trading business and a service business.

1

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2

..... [2]

The balances on the partners' accounts on 1 October 2021 were:

	Mayenzi E	Abongwe E
Capital account	54 000	36 000
Current account	6 000 Cr	2 250 Dr
Drawings made during the year	4 500	6 000

The partially completed profit and loss appropriation account for the year ended 30 September 2022 showed the following.

Mayenzi and Abongwe
Profit and Loss Appropriation Account for the year ended 30 September 2022

	E	E
Profit for the year		8 190
Interest on drawings: Mayenzi	90	
Abongwe	<u>120</u>	<u>210</u>
		8 400
Interest on capital: Mayenzi	2 160	
Abongwe	<u>1 440</u>	
	3 600	
Salary: Abongwe	<u>7 500</u>	<u>11 100</u>
Residual loss available for distribution		<u><u>2 700</u></u>

On 30 September 2022 Mayenzi and Abongwe were concerned about the return on capital employed. On that date there were no long term liabilities.

REQUIRED

(c) Calculate, correct to two decimal places, the partnership business' return on capital employed on 30 September 2022. Show your workings.

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..... [3]

(d) Suggest **three** reasons why the return on capital employed is important to Mayenzi and Abongwe.

1

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2

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3

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..... [3]

(e) Suggest **two** ways in which Mayenzi and Abongwe could increase the return on capital employed

1

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2

..... [2]

[Total: 21]

Thembeke's profit for the year before the errors were corrected amounted to E15 810.

REQUIRED

(c) State how Errors 1–4 affected Thembeke's draft statement of financial position.

The first one has been completed as an example.

Error 1 Rent paid by cheque, E300, was debited to the bank account and credited to the rent account.
Effect on statement of financial position

Current assets overstated by E600

Capital overstated by E600.....

Error 2 A cheque paid to Mandla, E850, was recorded as E750 in Mandla's account.

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Error 3 Goods returned to Nqaba, E356, were recorded as E536 in the books.

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Error 4 Discount allowed, E70, was credited to the discount received account.

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..... [8]

5 Vusimuzi, a sole trader, had the following balances on 30 September 2022.

	E
Capital on 1 October 2021	63 000
Non-current assets	80 000
Current assets including cash at bank	55 000
Current liabilities	43 000
Non-current liabilities	20 000
Profit for the year	17 000
Drawings	8 000

REQUIRED

(a) State the meaning of the term “non-current liabilities”.

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..... [1]

(b) Calculate Vusimuzi’s capital owned on 30 September 2022.

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..... [2]

Vusimuzi’s current ratio on 30 September 2022 was 1.28:1. On 1 October 2022 the following transactions took place.

- 1 Purchased a non-current asset by cheque, E20 000.
- 2 A credit customer paid E800 by cheque.
- 3 Paid a credit supplier, E900, by cheque, in full settlement of a debt of E910.
- 4 Obtained a short-term loan of E15 000.

REQUIRED

- (c) Complete the table to indicate the effect of **each** transaction on Vusimuzi's current ratio. Give a reason in **each** case.

The first one has been completed as an example.

Transaction	Effect on current ratio			Reason
	Increase	Decrease	No effect	
<i>Purchased a non-current asset by cheque, E20 000</i>		✓		<i>Current assets decrease because of decrease in bank balance and there is no effect on current liabilities</i>
A credit customer paid E800 by cheque				
Paid a credit supplier, E900, by cheque, in full settlement of a debt of E910.				
Obtained a short-term loan of E15 000				

[9]

[Total: 12]

