

EXAMINATIONS COUNCIL OF SWAZILAND  
 in collaboration with  
 UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE  
 Swaziland General Certificate of Secondary Education

CANDIDATE  
 NAME

CENTRE  
 NUMBER

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CANDIDATE  
 NUMBER

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**ACCOUNTING**

**6896/02**

Paper 2

**October/November 2012**

**2 hours**

Candidates answer on the Question Paper.

No Additional Materials are 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.

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	
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4	
5	
<b>Total</b>	

This document consists of **13** printed pages and **3** blank pages.

1 (a) (i) Name the type of error that occurs when a transaction is entered in the wrong class of account.

.....[1]

(ii) State **three** contents of a statement of account.

1 .....

2 .....

3 ..... [3]

(iii) Give **two** examples of current liabilities.

1 .....

2 ..... [2]

(iv) Explain the difference between capital receipts and capital expenditure.

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(b) (i) Explain what is meant by cash flow.

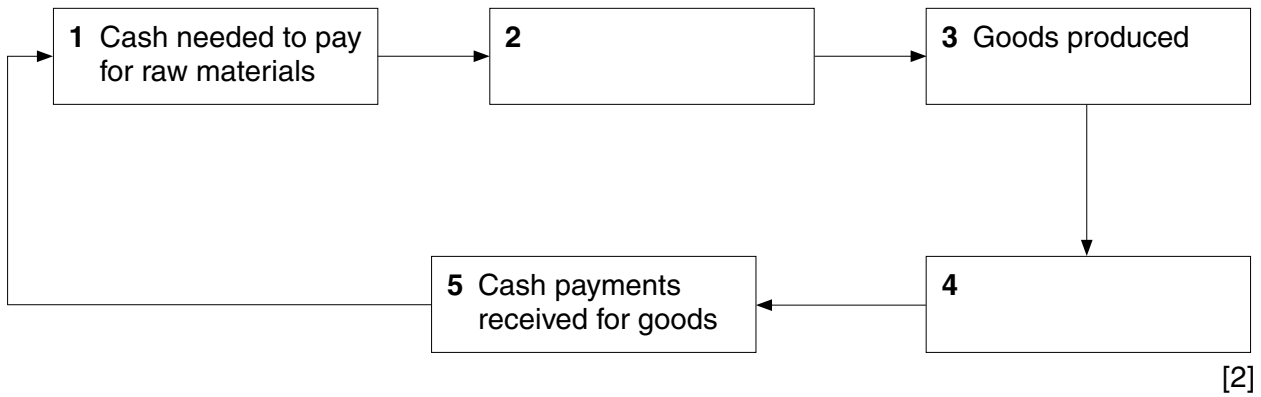
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.....[2]

(ii) Fill in the missing words in boxes 2 and 4 to complete the following cash flow cycle of a manufacturing business.



(iii) Give **two** examples of cash inflows.

1 .....

2 ..... [2]

[Total: 16]

- 2 Sipho Ltd operates a business with two departments, A and B. Department A occupies 70% of the total floor space of the buildings. It also consumes twice as much electricity as department B.

Sipho Ltd provided the following information for the year ended 30 September 2012.

	Department A E	Department B E
Sales	200 000	325 000
Purchases	47 200	100 200
Staff wages	9 600	21 600
Depreciation of equipment	1 500	3 000
Bad debts	2 500	6 000
Stock 1 October 2011	24 000	20 000
Stock 30 September 2012	28 000	25 000
Returns inwards	—	2 000

Other expenses:

Electricity E9300  
General expenses E7000

Additional information

Sipho Ltd apportioned electricity in proportion to the amount consumed by each department. The general expenses were allocated in proportion to the floor space occupied by each department.



Sibongile is a trader. Her financial year ends on 31 August.

She provided the following gross profit percentages:

<b>2010</b>	12.5%
<b>2011</b>	11.0%
<b>2012</b>	9.0%

(b) (i) Comment on the trend shown by the above percentages.

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(ii) Suggest **two** possible reasons for the change in the gross profit percentage.

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(iii) Suggest **two** ways in which Sibongile could improve her gross profit percentage.

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2 .....  
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(c) State **three** problems that Sibongile may have when comparing the performance of her business with that of Sipho Ltd.

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2 .....

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3 .....

..... [3]

**[Total: 29]**

3 Siphepho has a business selling vegetables. After preparing his trading and profit and loss account for the year ended 31 July 2012, the following balances remained in his books.

	E
Fixed assets at cost	62 900
Provision for depreciation of fixed assets	13 400
Stock	12 000
Debtors	9 800
Cash	380
Cash at bank	22 300
Creditors	17 000
Accrued expenses	2 000
Capital at 1 August 2011	71 380
Drawings	17 400
Profit for the year	21 000

**REQUIRED**

(a) Prepare Siphepho's balance sheet as at 31 July 2012 using the vertical format.

Siphepho  
Balance Sheet at 31 July 2012

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[9]

(b) Calculate Siphepho’s return on capital employed. Show your workings.

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[3]

(c) (i) Calculate Siphepho’s current ratio, correct to **two** decimal places. Show your workings.

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[3]

(ii) Comment on Siphepho’s current ratio calculated in (c)(i).

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[3]

[Total: 18]

4 Siphwe Makhubu is a sole trader. Her financial year ends on 30 September. She purchased the following machines on 1 October 2009 by cheque.

Machine MM122	costing	E30 000
Machine MM131	costing	E15 000

On 1 March 2010, she bought Machine MM140 on credit from Sonny Gule for E12 000.

The machines were depreciated using the straight line method at 20% per annum on a month-by-month basis.

On 31 March 2012, machine MM131 was sold for E8200 cash.

**REQUIRED**

(a) Name **two** accounting principles which are applied when charging depreciation on fixed assets.

1 .....

2 ..... [2]

(b) Calculate the following, showing all workings:

(i) The accumulated provision for depreciation of machine MM131 up to the date of disposal.

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(ii) The accumulated provision for depreciation on machine MM122 and machine MM140 on 30 September 2012.

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- (c) (i) Prepare a machinery disposal account for machine MM131 on 30 September 2012.

Machinery disposal account

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..... [4]

- (ii) Prepare the machinery account for the three years ended 30 September 2010, 2011 and 2012.

Machinery account

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[Total: 21]

[Turn over

5 ZMG Ltd provided the following information at 31 August 2012.

	E
Premises at cost	25 500
Machinery at cost	12 000
Fixtures at cost	6 000
Debtors	7 500
Stock	9 000
Bank	3 000
Depreciation to date:	
Machinery	9 000
Fixtures	3 600
Ordinary shares of E1 each	18 000
10% Debentures	9 000
Proposed dividend	1 500
Creditors	4 500
General reserve	7 500
Retained profit	1 500

**REQUIRED**

(a) Explain the meaning of **each** of the following terms.

(i) Debenture

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.....[2]

(ii) Limited liability

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.....[2]

(b) Explain **two** differences between public and private companies.

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(c) (i) Prepare the capital and reserves section of ZMG Ltd's balance sheet at 31 August 2012, showing the total shareholders' funds.

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(ii) Prepare the long-term liabilities section of ZMG Ltd's balance sheet at 31 August 2012.

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(iii) Prepare the current liabilities section of ZMG Ltd's balance sheet at 31 August 2012.

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.....[3]

**[Total: 16]**





