



EXAMINATIONS COUNCIL OF SWAZILAND  
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 2013**

**1 hour 30 minutes**

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	
3	
4	
<b>Total</b>	

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

- 1 Susan White is a trader whose financial year ends on 31 July 2013. She does not maintain a full set of accounting records but was able to provide the following information.

Assets and liabilities at 31 July 2013

	E
Machinery at cost	14 800
Furniture at cost	6 600
Trade receivables (debtors)	5 700
Trade payables (creditors)	4 600
Inventory (stock)	7 140
Bank	350 Cr
Accrued income	180
Prepaid expense	130

Additional information at 31 July 2013

- 1 Furniture is to be depreciated by 20% on cost
- 2 The machinery is to be revalued at E13 200
- 3 A provision for doubtful debts of 2% of the trade receivables (debtors) is to be created



On 1 August 2012 Susan White’s capital was E30 000. On 2 August she introduced a further E4000 as capital. During the year ended 31 July 2013 Susan made the following drawings:

	E
Cash	2970
Goods	2030

**REQUIRED**

- (b) (i) Using the capital calculated in (a) and the information provided above, calculate Susan’s profit or loss for the year ended 31 July 2013.

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[7]

- (ii) State **two** reasons that could have led to the difference between the opening capital and closing capital balance.

1 .....

2 ..... [2]

- (c) Distinguish between margin and mark up.

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[2]

**[Total: 24]**



The bookkeeper later discovered the following errors:

- 1 Repairs to motor vehicles E400, were debited in error in the motor vehicles account
- 2 A cheque received for sales E600, was credited in the bank account and debited in the sales account
- 3 Goods purchased from Lwazi worth E270 were recorded correctly in the purchases journal and credited in Lwandile's account

(b) (i) Name the errors which have been made by the bookkeeper.

Error 1 .....

Error 2 .....

Error 3 ..... [3]

(ii) Complete the following table to indicate the double entry required to correct **each** of the above errors.

Error	Account to be debited	E	Account to be credited	E
1				
2				
3				

[6]

(iii) Calculate the balance on **each** of the following accounts **after** the correction of Errors 1–3. State whether the balance would be a debit balance or a credit balance.

Account	New balance	
	Amount (E)	Debit or Credit
Revenue (Sales)		
Bank		
Motor vehicle		
Repairs to motor vehicle		
Lwazi		
Lwandile		

[6]

(c) State why the totals of Vusi's trial balance still agreed despite the presence of these three errors.

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

(d) Advise Vusi on the importance of correcting errors.

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

**[Total: 24]**

- 3 M. Motsa keeps machinery for five years after which it is disposed of and replaced with new machinery. The following ledger account appeared in M. Motsa's ledger.

		Machinery Disposal Account				
2013		2013			2013	
		E			E	
Aug 31	Machinery	16 400		Aug 31	Cash	3 600
				31	Prov for depreciation	8 400
				31	?	?
		16 400				16 400

**REQUIRED**

- (a) (i) State the entry that has been omitted from the disposal account on 31 August 2013.

Narrative.....[1]

Amount.....[1]

- (ii) Explain the reason for **each** of the following entries in the disposal account as it appeared in M. Motsa's ledger. State where the double entry for each transaction would be found.

August 31 Cash E3600

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

Double entry  
.....[1]

August 31 Provision for depreciation E8400

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

Double entry  
.....[1]

August 31 Machinery E16 400

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

Double entry  
.....[1]



(b) Suggest **two** reasons that could have led M. Motsa to dispose of his machinery.

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

(c) Name and explain **three** methods of depreciation.

- 1.....  
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- 2.....  
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- 3.....  
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..... [6]

(d) When M. Motsa purchased the machine he estimated that its scrap value after five years would be E8400. Name the method of depreciation which M. Motsa used for this machine. Provide calculations to support your answer.

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- .....
- .....
- .....
- .....
- .....
- .....
- .....
- ..... [3]

- (e) M. Motsa omitted to include the depreciation of machinery in his final accounts for the year ended 31 August 2013.

Complete the following table to indicate the effect of this error and the amount on the gross profit, profit for year (net profit) and non-current assets (fixed assets).

	Overstated	Understated	No effect
Gross profit for the year ended 31 August 2013			
Profit for the year (net profit) ended 31 August 2013			
Non-current assets (fixed assets) at 31 August 2013			

[6]

**[Total: 25]**

4 The financial year of Table Limited ends on 31 August. The balances in the books on 31 August 2013 included the following.

	E
Profit for the year ended 31 August 2013	45 000
Profit and loss balance for the year ended 31 August 2012	8 000
Ordinary shares @ E1 each	80 000
6% Preference shares	20 000
General reserve	5 000
2% Debentures repayable 2017	12 000
Interim dividend for ordinary shares	4 000

On 31 August 2013, the directors agreed to

1. transfer E15 000 to the general reserve
2. pay the full dividend on the preference shares
3. pay a final dividend of 10% on the ordinary shares

**REQUIRED**

(a) Prepare a profit and loss appropriation account for Table Limited for the year ended 31 August 2013.

Table Limited

Profit and Loss Appropriation Account for the year ended 31 August 2013

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(b) Explain the term Debentures

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..... [2]

(c) Explain to a shareholder of Table Limited what is meant by the accounting policy of comparability.

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..... [2]

The accountant of Table Limited provided the following information:

	Trade Receivables
	E
31 August 2011	7 000
2012	10 000
2013	8 000

On 31 August 2011 Table Limited created a provision for doubtful debts at 5% of the debtors. Table Limited decided to maintain the provision at 5% of the debtors on 31 December each year.

**REQUIRED**

(d) (i) Define the term provision for doubtful debts.

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..... [1]

(ii) Prepare the provision for doubtful debts account for **each** of the years ended 31 August 2011, 2012 and 2013.







