



EXAMINATIONS COUNCIL OF SWAZILAND
Swaziland 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 2018

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 correction fluid.

You may use a calculator.

Answer **all** questions.

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 **17** printed pages and **3** blank pages.

2 The assets and liabilities of Lwazi Swimming Club on 1 April 2017 were as follows.

	E
Equipment	2700
Subscriptions owing	140
Cash at bank	2900
Rent payable accrued	280

The treasurer of Lwazi Swimming Club provided the following information for the year ended 31 March 2018.

	E
Purchase of stationery	118
Purchase of equipment	1400
Rent paid	3640
Swimming gala expenses	742
Swimming gala collections	1280
Donations received	800
Subscriptions received from members:	
for the year ended 31 March 2017	140
for the year ended 31 March 2018	4910
for the year ending 31 March 2019	82

Additional information on 31 March 2018

- 1 E32 was owed for stationery.
- 2 Equipment was valued at E3800.
- 3 Subscriptions outstanding for the current year amounted to E40.

(c) Calculate Lwazi Swimming Club's accumulated fund at 1 April 2017 and 31 March 2018.

Show your workings.

1 April 2017

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..... [3]

31 March 2018

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.....

..... [2]

(d) Complete the following table by stating the corresponding terms used by trading organisations.

Non trading organisation	Trading organisations
Receipts and payments account	
Deficit	
Surplus	
Accumulated fund	

[4]

[Total: 23]

3 Vuyani and Lokuhle are partners sharing profits and losses in the ratio 2:3 respectively.

On 1 January 2018, they decided to admit Buhle into the partnership. It was agreed that goodwill was worth E30 000 and was to be retained in the books of the business.

Buhle was to bring a motor vehicle valued at E40 000, and a cheque to make his capital equal to that of Lokuhle after Lokuhle has been credited with his share of goodwill. The new profit and loss sharing ratio for Vuyani, Lokuhle and Buhle was to be 2:4:3 respectively.

REQUIRED

(a) State **four** factors which may affect the goodwill of a business.

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

The assets and liabilities of Vuyani and Lokuhle on 31 December 2017 were as follows.

	E
Motor vehicles	18 000
Property	40 000
Shop fittings	12 000
Inventory	10 000
Trade receivables	17 000
Bank	3 000
Capital : Vuyani	36 800
Lokuhle	55 200
Trade payables	8 000

(d) Suggest **two** reasons which may have led to the admission of Buhle into the partnership business of Vuyani and Lokuhle.

1

.....

2

..... [2]

[Total: 23]

4 Dumakude is a sole trader who rents premises. His financial year ends on 31 March.

He provided the following information.

2017	E
1 April rent prepaid for one month to 31 May	120
1 July rent paid for 9 months by cheque	1080

REQUIRED

(a) Prepare the rent account as it would appear in Dumakude’s ledger for the year ended 31 March 2018.

Where a traditional “T” account is used it should be balanced and the balance brought down on 1 April 2018.

Where a three column running balance account is used the balance column should be updated after each entry.

Rent account

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..... [5]

(b) Indicate whether the following balances would be entered on the debit or credit of the trial balance and state the financial statements where these accounts would be recorded.

The first one has been given as an example.

Name of account	Side of the trial balance	Financial statement
1 Rent	Debit	Income statement
2 Drawings		
3 Provision for depreciation		
4 Carriage on purchases		

[6]

Dumakude's profit percentage of revenue had been decreasing over three years.

REQUIRED

(c) State the **two** main types of accounting ratios.

- 1
- 2 [2]

(d) (i) State the formula for calculating net profit percentage of revenue ratio.

.....

 [1]

(ii) Explain why it is important for Dumakude to monitor the net profit percentage of revenue ratio.

.....

 [2]

(iii) Suggest **three** reasons for the decline in Dumakude's net profit percentage of revenue ratio.

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

Dumakude purchased a mini truck costing E28 580. He incorrectly debited purchases account instead of the motor vehicle account.

REQUIRED

(e) Explain how the incorrect recording affected Dumakude's income statement.

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-
- [2]

Dumakude observes accounting principles and policies when preparing financial statements.

REQUIRED

(f) Explain the meaning of **each** of the following accounting objectives.

(i) Reliability

-
-
- [2]

(ii) Comparability

-
-
- [2]

[Total: 25]

- 5 Lwethu is a sole trader who has been in business for many years while, Mangweni Partners has been doing business for only three years. Lwethu runs a supermarket while Mangweni Partners operate a hardware shop.

The following information was available at 30 September 2018.

	Mangweni Partners' E	Lwethu E
Premises	59 600	–
Inventory	7 800	5 900
Trade receivables	10 500	10 700
Bank	11 200	–
Bank overdraft	–	8 200
Trade payables	13 400	6 000
Rent accrued	–	900
Machinery	8 000	–
Equipment	12 500	3 750

REQUIRED

- (a) (i) Calculate Mangweni Partners' and Lwethu's quick ratios to **two** decimal places.

Mangweni Partners

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 [2]

Lwethu

.....

 [2]

- (ii) Comment on the quick ratios calculated in (a) (i).

Mangweni Partners'

.....

Lwethu

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.....
.....
..... [4]

(b) State **four** problems of comparing Mangweni Partners' and Lwethu's businesses..

1
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2
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3
.....
4
..... [4]

[Total: 12]

