

EXAMINATIONS COUNCIL OF SWAZILAND Swaziland General Certificate of Secondary Education

CANDIDATE NAME	
CENTRE NUMBER	CANDIDATE NUMBER
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 r Write in dark blue or black pen.	ame on all the work you hand in.

You may use a calculator.

Do not use correction fluid.

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 Exam	iner's Use
1	
2	
3	
4	
5	
Total	

This document consists of 17 printed pages and 3 blank pages.

1 Aviwe is a trader who does not operate a full set of accounting records. However, he was able to provide the following information.

	At 1 July 2017	At 30 June 2018
	E	E
Machinery	15 400	13 000
Furniture	6 300	9 300
Inventory	5 120	7 000
Cash at bank	400 Cr	4 200 Dr
Trade receivables	4 800	5 600
Trade payables	2 900	3 700
Accrued expense	130	_
Prepaid income	_	150

Additional information at 30 June 2018

- 1 The value of the furniture on 30 June 2018 includes furniture valued at E 3000 contributed by Aviwe during the year.
- 2 A provision for doubtful debts of 2 ½ % of the trade receivables is to be created.

REQUIRED

(a)

Calculate Aviwe's capital at 1 July 2017. Show your workings.	
At 1 July 2017	
[8	3]

During the year ended 30 June 2018 Aviwe took inventory for his own use valued at E3200.

At the end of the year his capital was E35 110.

REQU	JIRED
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(b)	Using the capital calculated in (a) and the information provided, calculate Aviwe's profit or loss for the year ended 30 June 2018.
	[5]
(c)	Explain each of the following terms:
	Trade payables
	Bank overdraft
	[2]
Aviv	ve maintains the same profit mark up every financial year.
(d)	State the difference between margin and mark up.
	[2]
	[Total: 17]

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.

REQUIRED

(a) Prepare Lwazi Swimming Club's receipts and payments account for the year ended 31 March 2018. Balance the account and bring down the balance on 1 April 2018.

Lwazi Swimming Club	
Receipts and Payments Account for the year ended 31 March 2018	
[6]	

(b) Prepare Lwazi Swimming Club's income and expenditure account for the year ended 31 March 2018.

Lwazi Swimming Club Income and Expenditure Account for the year ended 31 March 2018
[8]

(c)	Calculate Lwazi Swimming Club's accumula	ted fund at 1 April 2017 and 31 March 2018.
	Show your workings.	
	1 April 2017	
		[3]
	31 March 2018	
		[2]
(d)	Complete the following table by stating organisations.	the corresponding terms used by trading
	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	e four factors which may affect the goodwill of a business.
1	
2	
3	
4	
	[4]

Vuyani, Lokuhle and Buhle

(b) Prepare journal entries to record the admission of Buhle into the partnership. Narratives are **not** required.

Journal	Debit E	Credit E
 		[7]

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

REQUIRED

(c)	Prepare the statement of financial position for the partnership on 1 January 2018 afte the admission of Buhle. Use the vertical format and show clearly the partners working capital.
	Vuyani, Lokuhle and Buhle Statement of Financial Position as at 1 January 2018

(d)	Suggest two reasons which may have led to the admission of Buhle into the partnership business of Vuyani and Lokuhle.		
	1		
	2	[2]	
		[2]	
		[Total: 23]	

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		17	
4	Dur	umakude is a sole trader who rents premises. His f	inancial year ends on 31 March.
	He	e provided the following information.	
		April rent prepaid for one month to 31 May	E 120 080
	RE	EQUIRED	
	(a)) Prepare the rent account as it would appear in 31 March 2018.	Dumakude's ledger for the year ended
		Where a traditional "T" account is used it shouldown on 1 April 2018.	d be balanced and the balance brought
		Where a three column running balance accoun updated after each entry.	t is used the balance column should be
		Rent accor	unt

(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)	Stat	ate 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)		gest three reasons for the decline in Dumakude's net profit percentage of nue ratio.
		1	
		2	
		3	
			[3]
			rchased a mini truck costing E28 580. He incorrectly debited purchases account motor vehicle account.
RE	QUIR	ED	
(e)	Ехр	lain h	now the incorrect recording affected Dumakude's income statement.
			[2]
Dur			pserves accounting principles and policies when preparing financial statements.
RE	QUIR	ED	
(f)	Ехр	lain t	he meaning of each of the following accounting objectives.
	(i)	Relia	ability
			[2]
	(ii)	Com	parability
			[2]
			[Total: 25]

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Lwethu is a sole trader who has been in business for many years while, Mangweni Partners 5 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'	Lwethu
	E	Е
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		
		[2]		
		Lwethu		
		[2]		
	(ii)	Comment on the quick ratios calculated in (a) (i).		
		Mangweni Partners'		

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		Lwethu
		[4]
(b)	Stat	e four problems of comparing Mangweni Partners' and Lwethu's businesses
	1	
	2	
	3	
	4	
		[4]
		[Total: 12]

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