



EXAMINATIONS COUNCIL OF SWAZILAND

Junior Certificate Examination

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

BOOKKEEPING AND ACCOUNTS

520/01

Paper 1

October/November 2018

1 hour 30 minutes

READ THESE INSTRUCTIONS FIRST

1. Write your Centre number, candidate number and name on the spaces provided.
2. Answer **all** questions.
3. Write your answers using **blue** or **black** pen.
4. Marks are given in [] at the end of each question or part question.
5. Special attention must be paid to **legibility** and **neatness**.
6. Name(s) of businesses/persons used in this paper are fictitious.
7. You may use a calculator.

For Examiner's use	
1.	
2.	
3.	
4.	
5.	
TOTAL	

This document consists of **15** pages and **1** blank page.

QUESTION 1

For each of the questions (a) – (j) below, choose the response which you consider to be correct and write the letter in the box to indicate the correct answer.

(a) How many accounts are involved in a transaction?

- A. Five
- B. Four
- C. Three
- D. Two

 [1]

(b) Which of the following is the principal book of accounts?

- A. Cash book
- B. Journal
- C. Ledger
- D. Petty cash book

 [1]

(c) Which discount is mainly used to encourage prompt payment?

- A. Cash discount
- B. Credit discount
- C. Debit discount
- D. Trade discount

 [1]

(d) How would a transaction of E50 cash withdrawn from the bank for business use be recorded in the books of accounts?

- A. Credit cash and debit bank
- B. Credit cash and debit drawings
- C. Debit cash and credit bank
- D. Debit cash and credit drawings

 [1]

(e) Which item is a proprietary account?

- A. Bank
- B. Cash
- C. Drawings
- D. Premises

 [1]

(f) What is the formula for calculating working capital?

- A. Assets minus current liabilities
- B. Capital plus net profit minus drawings
- C. Current assets minus current liabilities
- D. Fixed assets minus current assets

[1]

(g) Which section of a club's balance sheet would subscriptions paid in advance be recorded?

- A. Current assets
- B. Current liabilities
- C. Fixed assets
- D. Long term liabilities

[1]

(h) Which item is **not** entered in a supplementary cash book?

- A. Direct debit transfer
- B. Dishonoured cheque
- C. Stop order
- D. Unpresented cheques

[1]

(i) Which term best describes interest charged by creditors to the business?

- A. Interest accrued
- B. Interest earned
- C. Interest payable
- D. Interest prepaid

[1]

(j) In which category would installation cost of a machine be classified?

- A. Capital expenditure
- B. Capital receipt
- C. Revenue expenditure
- D. Revenue receipt

[1]

[Total: 10 marks]

QUESTION 2

Zethu sells beverages. She records all transactions in appropriate subsidiary books and post to the different divisions of the ledger.

REQUIRED

- (a) State the division of the ledger Zethu would use to record each of the following transactions.

The first one has been done as an example.

Transaction	Type of ledger
Invoice received from JJ	Purchases ledger
Cash sales	
Sold goods on credit to T. Dladla	
Bought motor van	
Paid wages by cheque	
Goods bought by cash	
Bought goods on credit from V. Dladlu	

[6]

Zethu's cashbook (cash columns) for the month of April 2018 had the following entries.

Zethu
Cash Book for the month ended 30 April 2018 (cash columns only)

April 1	Capital	E 500	April 2	Purchases	E 300
4	Sales	400	15	Wages	200
10	Sales	700			

(ii) Explain the accounting concept Zethu observed when posting entries from the cash book to the ledger?

Accounting concept

Explanation.....

.....[3]

Zethu had the following credit transactions in May 2018.

May	2	Goods bought from Bee E100
	14	Bought goods from Cee E200
	26	Bought goods from Dee E300
	28	Received an invoice from Cee E400

REQUIRED

(c) (i) Identify the subsidiary book which Zethu would use to record the above transactions.

.....[1]

(ii) Record Zethu's transactions in the appropriate subsidiary book.

.....

[6]

[Total: 22 marks]

QUESTION 3

Linda is a sole trader who runs a grocery shop business. His business is audited annually and is registered for VAT.

(a) (i) Explain what is meant by “sole trader”.

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

(ii) List **three** disadvantages of a sole trader.

Disadvantage 1

.....
.....

Disadvantage 2

.....
.....

Disadvantage 3

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

(b) (i) State the meaning of the acronym “ VAT”.

.....[1]

(ii) Give the current VAT percentage rate in Swaziland.

.....[1]

Linda depreciates machines at 10% per annum using the reducing balance method. At 1 January 2016, the cost of machinery was E32 000.

REQUIRED

(c) (i) Calculate the machinery depreciation amounts charged to Linda’s profit and loss accounts for the years ended 31 December 2016 and 2017. Show your working.

31 December 2016

Depreciation – machinery

.....
.....

31 December 2017

Depreciation – machinery

.....
.....[5]

(ii) Explain the accounting concept observed by Gugulethu when depreciating fixed assets.

Accounting concept.....

Explanation.....

.....[3]

(d) Explain the following accounting terms:

(i) Drawings

.....
.....

.....[2]

(ii) Inventory(stock)

.....
.....

.....[2]

(iii) Auditor

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

(iv) Bookkeeper

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

[Total: 23 marks]

QUESTION 4

Gugulethu had the following balances at 31 December 2017.

	(E)
Motor vehicle	12 000
Carriage outwards	80
Wages	3 000
Rates	400
Provision for bad debts	80
Telephone	100
Furniture	4 000
Computer	3 000
Debtors	900
Bad debts	20
Commission received	600
Stationery	300
Insurance	250
Discount received	50
Gross Profit	6 900

Additional information:

- (i) Wages accrued amounted to E500.
- (ii) Rates prepaid E50.
- (iii) The provision for bad debts is to be decreased to 5% of debtors.
- (iv) Telephone account outstanding E10
- (v) Depreciation charged: Furniture at 10% per annum
Motor Van at 5% per annum.

During the year ended 31 December 2017, telephone payments made by Gugulethu were as follows:

- E100 paid from business bank account for business telephone bills
- E70 paid from personal bank account for her private telephone bills

REQUIRED

(b) Explain the accounting concept observed by Gugulethu’s bookkeeper when recording the telephone expense transactions in the books of accounts.

Accounting concept.....

Explanation

.....[3]

[Total: 23 marks]

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QUESTION 5

Sipho, a sole trader, conducts his business on cash and credit terms.

- (a) State the difference between cash and credit transactions.

.....

.....

.....[2]

- (c) Complete the table by naming the source document used to record transactions in each subsidiary book:

Subsidiary Book	Source Document
Cash book	
Petty Cash Book	
Purchases Journal	
Sales Journal	
Sales Returns Journal	

[5]

Sipho's business had the following assets and liabilities on 1 January 2018.

	E
Motor van	35 000
Equipment	14 800
Rent owing	2 000
Cash at bank	5 820
Cash in hand	450
Creditors	1 500
Debtors	1 240
Loan from TLC Bank	10 000

Sipho's bookkeeper made the following errors during the year ended 31 December 2017:

- (i) Goods sold to Bongani, E800, were recorded in Bongiwé's account.
- (ii) The sales and purchases accounts were overcast by E50.
- (iii) E615 paid for electricity was recorded as E651 in the books of accounts.
- (iv) Insurance paid, E2300, was recorded in rates account.
- (v) Rent paid, E1000 cash, was not recorded in the books of accounts.

(d) Identify the type of error made by Sipho's bookkeeper in (i)– (v).

- (i)
- (ii)
- (iii).....
- (iv).....
- (v)[5]

[Total: 22 marks]

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