



**B**

Index Number: .....

# NATIONAL CERTIFICATE OF EDUCATION

2021-2022

## BUSINESS AND ENTREPRENEURSHIP EDUCATION (N560)

### SECTION B: ACCOUNTING

**TOTAL TIME FOR  
SECTION A AND SECTION B: 2 HOURS**

Candidates answer on the Question Paper.  
Additional Materials: Calculator and Ruler

### INSTRUCTIONS TO CANDIDATES

This paper consists of two sections:

**Section A: Business / Enterprise / Economics and Section B: Accounting.**

**Ensure that you have received the booklets for Section A and Section B.**

You are advised to spend **45 minutes** on Section B.

1. Write your index number in the space provided above.
2. Answer **ALL** questions.
3. Write in dark blue or black ink. Do not use correction fluid.
4. This section consists of **3** questions printed on **8** pages, numbered **2** to **9**.
5. The number of marks for each question is given in brackets ( ).
6. The total marks for Section B is **35**.

For Examiners' use					
Question No.	6	7	8	Total	Signature
Examiner					
Team Leader					
Quality Controller					
CE/ACE					

**Section B: Accounting****Answer ALL questions (35 Marks)****Question 6A (5 marks)****Circle the correct answer. Each item carries one mark.**

1. How **many accounts** does each business transaction affect?  
  
**A** One  
**B** Two  
**C** Three  
**D** Four
  
2. All accounts are kept in a **book** called the .....?  
  
**A** Statement of financial position  
**B** Income statement  
**C** Ledger  
**D** Trial balance
  
3. Which one of the following appears in the **credit column** of a **trial balance**?  
  
**A** Furniture  
**B** Rent  
**C** Sales  
**D** Electricity

4. Which one of the following is an example of **income**?

- A** Trade payable
- B** Motor vehicle
- C** Trade receivable
- D** Commission received

5. What does **Y** represent in the following formula?

$$\text{Y} = \text{Liabilities} + \text{Capital}$$

- A** Expenses
- B** Assets
- C** Incomes
- D** Drawings

**Question 6B (5 marks)**

Match each **term** to its correct **description / definition**. Write your answers in the **answer grid** below. **An example is given.**

	Term		Description / Definition
1	Liabilities	A	Amount of goods held by the business at the end of the accounting year.
2	Trade receivables	B	Checks the mathematical accuracy of the double entry recording of business transactions.
3	Closing inventory	C	Records items which deal with the trading activities of an enterprise.
4	Double entry system	D	Items held by the business for the day-to-day activities.
5	Trial balance	E	Amounts due from credit customers.
6	Current assets	F	<b>What the business owes.</b>
		G	Also known as the dual aspect principle.

**Answer grid**

Term	1	2	3	4	5	6
Description / Definition	F					

**Question 6C (4 marks)**

In the sentences below, fill in the blanks with the correct term.

An example is given.

**Example:** A bank transaction occurs when money is received or paid by cheque.  
(bank, cash)

1. Capital is also known as owner's ..... . (profit, equity)
2. An income statement is a classification of income and ..... .  
(revenues, expenses)
3. An asset always has a ..... balance. (debit, credit)
4. In a statement of financial position, profit is added to ..... .  
(capital, drawings)

**Question 6D (4 marks)**

For each transaction in the table below, state which account should be **debited** and which account should be **credited**.

The first transaction has been done for you.

Date 2022	Transaction	Account to be debited	Account to be credited
September 12	Bought goods on credit from Reza Rs 450.	Purchases	Reza
September 17	Sold goods for cash Rs 5 100		
September 24	Paid insurance Rs 4 500 by cheque		

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**Question 7 (7 marks)**

Paul is a sole trader dealing in ready made garments.

**Table 1** shows the transactions which occurred during the month of June 2022.

**Table 1: Transactions for the month of June 2022**

<b>Date June 2022</b>	<b>Transactions</b>	<b>Amount Rs</b>
1	Started business with cash	20 000
4	Bought goods for cash	4 500
17	Sold goods on credit to Ali	800
21	Paid wages by cheque	1 700
24	Sold goods for cash	2 600
26	Bought a delivery van in cash	3 900
28	Paid electricity bill in cash	1 400

- (a) (i) Select the appropriate transactions from **Table 1** and prepare a **Cash Account**.
- (ii) **Balance off** the **Cash Account** and **bring down** the balance on 1 July 2022.

Dr			CASH ACCOUNT			Cr		
Date 2022	Details	Amount Rs	Date 2022	Details	Amount Rs			
June 1	Capital	20 000						

[6]

- (b) What does the **balance** in the **Cash Account** on 1 July 2022 represent?

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[1]

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**Question 8 (10 marks)**

**Table 2** provides information taken from the books of Richard, a dealer in electronics, on 30 June 2022.

**Table 2: Information for the year ended 30 June 2022**

	<b>Rs</b>
Revenue (sales)	42 700
Rent and Rates	1 645
Interest received	220
Salaries	1 900
Advertising	2 300
Purchases	24 300
Inventory at 1 July 2021	2 340
Inventory at 30 June 2022	4 100

- (a) Using the information from **Table 2**, fill in the blanks to complete the **Income Statement** for the year ended 30 June 2022.

**Richard**

**Income Statement for the year ended 30 June 2022**

	<b>Rs</b>	<b>Rs</b>
Revenue		42 700
<b>Cost of sales</b>		
Opening inventory	2 340	
Add: .....	.....	
Less: Closing inventory	.....	
Less: Cost of sales		.....
<b>Gross Profit</b>		.....
<b>Add: Other incomes</b>		
Interest received		220
<b>Less: Expenses</b>		
Rent and rates	1 645	
.....	.....	
.....	.....	
<b>Total expenses</b>		.....
.....		.....

[8]

- (b) What is the difference between a **current liability** and a **non-current liability**?

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