EXAMINATIONS COUNCIL OF LESOTHO
Lesotho General Certificate of Secondary Education

CANDIDATE NAME		
CENTRE NUMBER	CANDIDATE NUMBER	

ACCOUNTING **0187/01**

Paper 1

October/November 2021

1 hour 15 minutes

Marks: 50

No Additional Materials are required.

Candidates answer on the Question Paper

READ THESE INSTRUCTIONS FIRST

Write your name, centre number and candidate number on all the work you hand in.
Write in dark blue or black pen.
You may use a soft HB pencil for any diagrams or graphs
Do not use staples, paper clips, glue or correction fluid.
Answer **all** the 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 this 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.
DO **NOT** WRITE IN ANY BARCODES

For Examiner's Use	
1	
2	
3	
4	
TOTAL	

This document consists of **12** printed pages.

There are **15** parts to question **1**.

1 For **each** of the parts **(a)** to **(o)** below there are four possible answers **A, B, C and D**. Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

(a) Which will be the most suitable for a computer application in bookkeeping and accounting?

A maintaining highly confidential records

B maintaining the payroll for a large company

C recording credit sales for a wholesaler

D recording inventory withdrawn by partners

[1]

(b) Which is a current liability?

A expense prepaid

B income owing

C trade payables

D trade receivables

[1]

(c) What is the double entry for goods taken for own use?

	account debited	account credited
A	drawings	inventory
B	drawings	purchases
C	inventory	drawings
D	sales	drawings

[1]

(d) Sali returned goods to Thapelo. Which document would Thapelo send to Sali?

A credit note

B debit note

C invoice

D receipt

[1]

(e) How may a sole trader make use of the information provided in his financial statements?

1 to assess the amount of tax to be paid
2 to ensure a regular supply of goods
3 to make comparisons with other businesses
4 to monitor the progress of the business

A 1 and 2 only

B 1, 2 and 3 only

C 1, 3 and 4 only

D 2 and 4 only

[1]

(f) Puleng rents premises. The monthly rent is M600. On 1 August 2020 Puleng owed one month's rent. During the year ended 31 July 2021 she paid rent totalling M6000.
Which entry would Puleng make at the end of her financial year on 31 July 2021?

	Debit	Credit
A	Income statement M5400	Rent account M5400
B	Income statement M6000	Rent account M6000
C	Income statement M6600	Rent account M6600
D	Income statement M7200	Rent account M7200

[1]

(g) Which accounting principle states that only information which is expressed in monetary terms can be recorded in the accounting records?

A going concern

B historical cost

C materiality

D money measurement

[1]

(h) On 1 July 2020, Karabo borrowed M10000. He agreed to repay the loan by fixed annual instalments of M1000 starting on 1 July 2021.
How will the loan be shown in Karabo's statement of financial position at 30 June 2021?

A M1000 as current asset and M9000 as current liability

B M1000 as a current liability and M9000 as a non-current liability

C M9000 as a current asset and M1000 as a current liability

D M10000 as a non-current liability

[1]

(i) Which asset is the most liquid?

A goodwill

B inventory

C loose tools

D trade receivables

[1]

(j) Which is a service business?

A garage selling petrol

B motor car dealer

C motor insurance agency

D shop selling car parts

[1]

(k) Tlali and Teboho are in partnership. Tlali is entitled to an annual salary. How would this be recorded in the ledger of the partnership?

A credit Tlali's capital account

B credit Tlali's current account

C debit Tlali's capital account

D debit Tlali's current account

[1]

(l) Financial information should represent actual events and must be free from errors and bias.
Which accounting objective is the statement describing?

A Comparability

B Materiality

C Reliability

D Understandability

[1]

(m) Bokang maintains a provision for doubtful debts. On 10 September Bokang received cash from Letsha whose account had been written off in the previous financial year.
Where would Bokang credit this transaction on 10 September?

A bad debts account

B bad debts recovered account

C income statement

D provision for doubtful debts account

[1]

(n) Lebese bought a computer for M7 500 and sold it 4 years later for M1 800. On that date, the provision for depreciation was M4 500.
What was the profit or loss on disposal?

A M1 200 loss

B M1 200 profit

C M3 000 loss

D M3 000 profit

[1]

(o) Which items affect both gross profit and profit for the year?

A carriage outward and revenue

B discount allowed and discount received

C discount received and goods taken for own use

D goods taken for own use and revenue

[1]

[TOTAL: 15]

2 The following information relates to CRF Football Club for the year ended 30 September 2021.

	M
On 1 October 2020	
Cash at bank	30000
Buildings	90000
Subscriptions fees owing for the year ended 30 September 2020	2000
Amount owing to suppliers of jerseys	8000
Loans from AB Loans	10000
Equipment	40000
During the year ended 30 September 2021:	
Subscriptions received for the year ended 30 September 2020	2000
for the year ended 30 September 2021	15000
for the year ending 30 September 2022	3000
Gate takings	120000
Sponsorship from insurance company	200000
Payment to suppliers of jerseys	8000
Purchase of club vehicle	150000
Salaries and wages	180000
Travelling expenses	40000
Insurance for the year ending 31 December 2021	2460
Proceeds of sale of old equipment (book value M850)	690
Repayment of half loan and M250 interest	

(a) Calculate the accumulated fund of CRF Football Club at 1 October 2020.

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(b) Prepare the receipts and payments account of the club for the year ended 30 September 2021.

CRF Football Club
Receipts and Payments Account for the year ended 30 September 2021

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(c) State **two** differences between receipts and payments account and an income and expenditure account.

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(d) Suggest **two** ways in which CRF Football Club may increase its cash at bank.

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[TOTAL: 14]

3 Kholokholo is a sole trader. His financial year ends on 30 September. He was able to provide the following information for the year ended 30 September 2021.

	M
Trade receivables on 1 October 2020	15 000
Credit sales for the year	55 000
Cheques received from trade receivables	36 500
Discount allowed to credit customers	500
Amount set against balance due to credit supplier	600
Amount due to credit customer on 30 September 2021 because of overpayment	200

(a) Calculate the trade receivables on 30 September 2021.

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Kholokholo is concerned about the time his trade receivables are taking to pay their accounts.

(b) Suggest **two** ways in which Kholokholo could reduce the time trade receivables take to pay their accounts.

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.... [2]

On 1 October 2021 Kholokholo decided to start maintaining a full set of accounting records.

(c) Complete the table to name the book of prime (original) entry and ledger entries for **each** of the following transactions which took place in the first week of October 2021.

The first transaction has been completed as an example.

Transaction	Book of prime entry	Account to be debited	Account to be credited
Kholokholo brought more cash into the business, M10000	*Cash book*	*Cash M10000*	*Capital M10000*
Goods, M150, were returned to Khotso			
Cheque, M5400, paid to Thapelo in full settlement of M5500 debt			

[7]

[TOTAL: 14]

4 Thandi is a trader. Her financial year ends on 30 June. She has only a limited knowledge of book-keeping but prepared the following trial balance which contains some errors.

Thandi
Trial balance at 30 June 2021

	Debit M	Credit M
Capital	113 000	
Drawings		3 760
Revenue		37 600
Purchases	24 400	
Inventory 1 July 2020	1 050	
Inventory 30 June 2021	980	
Premises at cost	90 000	
Motor vehicle at book value	15 000	
Fixtures and equipment at book value	10 000	
Trade receivables		3 120
Trade payables	2 510	
Bank overdraft	1 590	
General motor expenses	910	
Wages	5 100	
Rates and insurance	1 360	
Balancing figure		221 420
	265 900	265 900

In addition to the errors in the trial balance the following errors were discovered.

1 Motor expenses, M 200, had been entered in the motor vehicles account.

2 No record had been made of goods, M 1600, taken by Thandi for personal use.

Prepare the corrected trial balance of Thandi at 30 June 2021.

Thandi
Corrected Trial Balance at 30 June 2021

	Debit M	Credit M

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[TOTAL: 7]