EXAMINATIONS COUNCIL OF LESOTHO
Lesotho General Certificate of Secondary Education

CANDIDATE NAME			
CENTRE NUMBER		CANDIDATE NUMBER	

ACCOUNTING **0187/01**

Paper 1 **October/November 2025**

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 in the relevant spaces provided at the top of this paper.
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** 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.
The number of marks is given in brackets [ ] at the end of each question or part question.
DO **NOT** WRITE IN ANY BARCODES.

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This document consists of **11** printed pages and **1** blank page.

Examinations Council of Lesotho

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

1 (a) A business bought goods for cash from a supplier.

How would the transaction be recorded in the books of the supplier?

	Account debited	Account credited
A	Cash	Trade receivable
B	Cash	Sales
C	Trade receivable	Cash
D	Sales	Cash

[1]

(b) Lineo's basic salary was M2000. She worked for M900 overtime and paid 10% pay as you earn (PAYE).

What was the amount of tax payable to tax authorities?

A M90

B M110

C M200

D M290

[1]

(c) Thabo provided the following for his equity; Opening capital M10 000, Drawings M2 000 and Closing capital M18 000.

How much would be profit for the year?

A M6 000

B M10 000

C M12 000

D M20 000

[1]

(d) Which document is used when goods are sold on credit?

A Credit note

B Debit note

C Invoice

D Order

[1]

(e) Which would be a capital receipt?

A Discount paid in cash ☐
B Discount received in cash ☐
C Sale of old equipment ☐
D Sale of goods on credit ☐

[1]

(f) Which statement is correct about companies?

A they have limited liabilities ☐
B they have unlimited liabilities ☐
C they lack continuity ☐
D they do not share profits and losses ☐

[1]

(g) Payment of motor van repairs had been recorded into the motor vehicle account.

What error had been committed?

A Error of commission ☐
B Error of omission ☐
C Error of original entry ☐
D Error of principle ☐

[1]

(h) 'BMS Traders' is a Value added tax (VAT) registered entity.
Goods were bought for cash M2300 with 14% VAT included.

How much would be output tax?

A M282 ☐
B M322 ☐
C M2582 ☐
D M2622 ☐

[1]

(I) Which item is recorded in the purchases ledger control account?

A cash purchases ☐
B cash sales ☐
C discount allowed ☐
D discount received ☐

[1]

(j) Which is correct about profit from sale of goods?

A capital expenditure ☐
B capital receipt ☐
C revenue expenditure ☐
D revenue receipt ☐

[1]

(k) What is true about cash discounts received?

	They are recorded in the cash book	They increase the profit for the year
A	✓	✓
B	✓	x
C	x	✓
D	x	x

[1]

(l) Pepe bought a machine for M16 000 by cheque three years ago. On the 31 October 2025 it was sold for M8 500, on the same date it has accumulated depreciation of M9 500.

What was the profit or loss on disposal?

A M2000 Profit ☐
B M2000 Loss ☐
C M6500 Profit ☐
D M6500 Loss ☐

[1]

(m) Which business is **not** a trading business?

A Garage selling fuel ☐
B Power tools suppliers ☐
C Motor insurance broker ☐
D Supplier of vehicle parts ☐

[1]

(n) Lesiba is in a partnership business. The following information relates to his business on 31 October 2025:

Current account balance on 1 November 2024, M3500 (debit).

Interest received from his loan to the partnership, M780.

Salary received, M4500.

Loss suffered, M3600.

Interest on capital, M1400

What will be the closing balance of Lesiba's current account?

A M420 debit ☐

B M200 credit ☐

C M6000 debit ☐

D M6780 credit ☐

[1]

(o) The business should not change the methods and policies applied when preparing financial records from year to year.

Which International Accounting Standards' characteristic has the business applied?

A Reliability ☐

B Comparability ☐

C Relevance ☐

D Understandability ☐

[1]

[Total: 15]

2 Serutha maintains control accounts in her business records.

(a) State **two** benefits of keeping control accounts to Serutha.

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2 ....

.... [2]

(b) List any **three** books of prime entry which Serutha would use as source information for purchases ledger control account entries.

1 ....

2 ....

3 .... [3]

The information below relates to Serutha's control account for October 2025.

	M
Sales ledger balances, 1 October 2025 – Debit	25 500
- Credit	150
During the month of October 2025:	
Receipts from all customers	124 600
Returns inwards	2 800
Discount allowed to credit customers	6 300
Cash sales	45 800
Bad debt written off	1 700
Interest charged on customers outstanding balances	160
Sales on credit	105 400
Dishonoured cheques	2 500
Sales ledger credit balances, 1 November 2025	90
Sales ledger debit balances, 1 November 2025	?

(c) Prepare Serutha's sales ledger control account for October 2025, balance the account, and bring down the balances for the following month.

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....[10]

[Total: 15]

3 Mabalane Dealers is a sole trader who does not keep a full set of accounting records. The business intends to prepare ledger accounts using the running balance format.

(a) State **three** benefits of the running balance format to Mabalane Dealers.

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3. ....

....[3]

The following is a summary of Mabalane Dealers bank account for the year ending 30 September 2025.

	M		M
Balance 1 October 2024	4 500	Rent	2 800
Receipts from credit customers	18 300	Payments to credit suppliers	14 200
Commission	3 400	Drawings	2 450
		Stationery	3 750
		General expenses	800

The information below was also available:

	30 September 2024	30 September 2025
	M	M
Inventory	11 500	13 200
Trade receivables	8 400	9 300
Trade payables	4 600	5 700
Rent owing	240	360
Inventory of stationery	500	370
Land at cost	50 000	50 000
Machinery at valuation	24 000	21 500
Commission received prepaid	300	450

(b) Prepare the stationery account, show the transfer to the income statement and bring down the balance on 1 October 2025.

Mabalane Dealers

Stationery account

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(c) (i) Calculate Mabalane Dealers capital on 1 October 2024 clearly showing the workings.

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(ii) Prepare statement of affairs at 30 September 2025.

Mabalane Dealers

Statement of affairs at 30 September 2025

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....[6]

[Total: 15]

4 The information was extracted from the books of Setsoto Wholesalers on 30 November 2025.

	M
Revenue	170 000
Cost of sales	130 000
Expenses	25 000

(a) Calculate the following ratios for the year ending 30 November 2025. (to two decimal places)

Ratio	Workings	Answer
Gross profit margin		
Percentage of profit for the year to revenue		

[4]

(b) The gross profit margin has decreased in 2025 compared to 2024. Suggest **one** possible reason for the change on Setsoto Wholesalers gross profit margin.

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.... [1]

[Total: 5]

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Lesotho General Certificate of Secondary Education

CANDIDATE NAME		
CENTRE NUMBER		
CANDIDATE NUMBER		

ACCOUNTING **0187/02**

Paper 2 **October/November 2025**

2 hours

Marks: 100

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