



BOTSWANA EXAMINATIONS COUNCIL
Botswana General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

1442/04

Paper 4

October/November 2025

SPECIMEN PAPER

1 hour

Additional Materials: None

INSTRUCTIONS

- Answer **all** questions.
- Use black or dark blue pen.
- Write your candidate name, Centre number and candidate number in the spaces provided at the top of this page.
- Write your answer to each question in the space provided.
- Do not use an erasable pen or correction fluid.
- **DO NOT WRITE IN ANY BARCODES.**
- You may use an HB pencil for any diagrams, graphs or rough working.
- You may use a calculator.

INFORMATION

- The total mark for this paper is **40**.
- The number of marks for each question or part question is shown in brackets [].
- 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.

For Examiner's Use	
1	
2	
Total	

This document consists of **7** printed pages and 1 blank page

1. Benjamin is a manufacturer. His financial year ends on 31 December. He provided the following information.

	At 1 January 2024	At 31 December 2024
	P	P
Inventory raw materials	17 200	18 120
Direct factory wages accrued		650
Factory rent and rates accrued		900
Factory insurance prepaid		400
Factory machinery at cost	60 000	60 000
Provision for depreciation of factory machinery	21 600	?

For the year ended 31 December 2024

	P
Direct factory wages	207 000
Factory rent and rates	15 200
Factory supervisor wages	42 600
General factory expenses	5 850
Factory insurance	5 200
Royalties	25 000
Purchases of raw materials	221 000

The factory machinery is depreciated at the rate of 20% per annum using the reducing balance method.

There was no work in progress.

(a) Prepare the manufacturing account for Benjamin for the year ended 31 December 2024.

Benjamin
Manufacturing account for the year ended 31 December 2024

[9]

Benjamin is considering replacing all his machinery with more efficient new machines costing a total of P80 000. He would produce the same number of units but he estimates the following changes to costs.

1. Cost of raw materials used would decrease by 10% as he will use cheaper material
2. Cost of direct labour would reduce by 8% as less machine operators would be required
3. Excluding depreciation of factory machinery, the overheads would remain the same
4. The new machinery would be depreciated at the rate of 20% per annum using the reducing balance method.

(b) (i) Calculate the cost of production (ignoring work in progress) if Benjamin purchases the new machines. Show your workings.

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.....[5]

(ii) Advise Benjamin whether he should proceed with the purchase of the new machines. Justify your advice by reference to your answer to **(b)(i)**.

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.....[4]

(iii) Explain **one** non-financial factor which Benjamin should consider before he proceeds with the purchase of the new machines.

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.....[2]

[Total: 20]

2. Nancy is a trader. Her financial year ends on 31 March. She maintains a full set of accounting records and prepares annual financial statements.

(a) Suggest **two** reasons why it is useful for her to calculate accounting ratios at the end of each financial year.

- 1
-
- 2
- **[2]**

(b) Classify the following ratios by inserting a tick (✓) in the appropriate column.

Name of ratio	Classification		
	Efficiency	Liquidity	Profitability
Current ratio			
Rate of inventory turnover			
Gross margin			
Collection period of trade receivables			

[4]

Nancy provided the following information for the year ended 31 March 2024.

	P
Cost of sales	130 000
Gross profit	36 000
Expenses	21 300

(c) Calculate the following ratios correct to **two** decimal places. Show your workings.

(i) Gross margin

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

(ii) Profit margin

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..... [2]

(d) Suggest **two** reasons why the gross margin is lower than it was the previous financial year.

1
.....
2
..... [2]

(e) Suggest **two** ways in which the profit margin could be increased.

1
.....
2
..... [2]

On 1 April 2024, Nancy's capital was P210 000. She decided to invest a further P20 000 as capital which would be used to pay off a 5% short term loan of P20 000.

- (f) Complete the table to indicate how this decision would affect the profit margin, the current ratio and the return on capital employed in the following year (assuming nothing else changed).

Place a tick (✓) to indicate increase or decrease and give a reason for your answer.

Ratio	Increase	Decrease	Reason
Profit margin			
Current ratio			
Return on capital employed			

[6]

[Total: 20]

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