PRINCIPAL EXAMINER'S REPORT

BOTSWANA
EXAMINATIONS
COUNCIL

BSSE ACCOUNTING

2025

Advancing learning, certifying your future

PAPER 1: WRITTEN PAPER

General Comments

Candidates' overall performance of this year (2025) was poor for this paper. While candidates demonstrated strong knowledge and understanding of accounting facts, terms, principles, and techniques but they struggled with application and evaluation questions.

Generally, candidates presented answers well particularly in the preparation of statement of financial position and trade receivables ledger control account. However, weaknesses were observed in the preparation of the statement of changes in equity, income statement particularly when calculating missing figures and calculation and interpretation of accounting ratios and the Centres should focus on assisting candidates in these areas.

Candidates should:

- Possess a thorough knowledge of all topics on the syllabus as questions can be set on any section of the syllabus,
- Use correct terminology within accounts. Pay close attention to details when preparing ledger accounts as some candidates used incorrect details such as wrong account names,
- and avoid abbreviations such as 'bal b/d' or 'bl b/d' instead of balance b/d,
- Always include dates when preparing ledger accounts,
- Provide clear workings as marks can be awarded even for incorrect final answer,
- Practice the correct formats for financials statements and other accounting records.

Comments on Individual Items

1 **(a)** This question was poorly attempted by many candidates as they incorrectly calculated profit share of each of the partners (Sedi and Botho). Majority of candidates did not deduct the salary before calculating the profit to be shared by partners. They used Profit figure P17000 before subtracting salary P5600 rather than P11 400.

(b) Candidates had to prepare a statement of financial position of a partnership business. Many candidates scored good marks on the question. Better prepared candidates scored maximum marks. Common errors included:

- Complete omission or incorrect figure of depreciation and net book value of Equipment,
- Omission of the headings for cost, accumulated depreciation and net book value,
- Incorrect classification of items of statement of financial position. For example, current assets classified as non-current assets or vice versa,
- Failure to include all three inventory types (raw materials, work in progress and finished goods),

- Incorrect figure for trade receivables as some candidates did not subtract the provision for doubtful debts,
- Omission of the accrued interest on loan expense P500,
- Incorrect treatment of items of statement of financial position. For example, some candidates subtracted the loan P10000 in the capital section instead of adding,
- Using an incorrect presentation on the capital section of the statement of financial position as of a sole trader business instead of partnership business. Candidates did not consider that the capital section should be detailed showing that partners keep fluctuating capital accounts.

(c) The question was well attempted by many candidates. Majority of candidates were able to correctly state the consequences to partners (Sedi and Botho) of not paying their suppliers within the credit period allowed and earned good marks. Many responses included an appropriate discussion about the impact of the damage to the relationship with suppliers, the loss of cash discount or the interest charged for late payment.

(d) Again, this question was well answered by a lot of candidates. they were able to correctly suggest ways in which the partners (Sedi and Botho) could improve their working capital. It was observed that some candidates mentioned “obtaining a loan” but it is important to clearly indicate “obtaining a long-term loan/ increase long term borrowing” as obtaining a loan maybe short-term loan (current liability).

2 **(a)** This task was well answered by a sizable number of candidates as they correctly stated advantages of preparing control accounts. However, some candidates lost marks because of giving weaker responses that were not specific to control accounts.

(b) Candidates were required to suggest two reasons why a trade receivables ledger account may show a credit balance. This task was well done as a significant number of candidates were able to bring the correct reasons. However, it was observed that some candidates brought incomplete statements such as “customers may have returned goods”, instead of completing it as “customer returned goods after payment was made”.

(c) The trade receivables ledger control account had to be prepared. Many candidates scored good marks. Common errors included:

- Incorrect details and dates- using wrong account names and abbreviations such as disc all, returns in as details,
- Wrong treatment of the items – Some candidates credited items that are debited and vice versa,
- Some candidates did not attempt the question.

(d) Candidates had to state why a provision for doubtful debts is never recorded in a trade receivables ledger control account. Most of the candidates did well in this part question.

(e) Candidates were required to prepare journal entries to correct four errors. Many candidates provided excellent answers and scored highly on this question indicating they had a thorough knowledge of double entry. Common errors included:

- The reversal of the entries- some candidates swapped the account to be debited and the account to be credited when preparing journal entries to correct errors,
- Incorrect details- wrong account names used,
- Error 4 – Many candidates used wrong account for the account to be debited sales commission.

(f) A table had to be completed to indicate the effect of errors on the financial statements. This was generally not answered well by majority of candidates as they could not clearly follow the given example.

3 **(a)** Candidates were required to calculate the return on capital employed for the year ended 30 September 2025 using the total capital employed on 1 October 2024. This question was poorly answered by a lot of candidates. Common errors included:

- Using incorrect formula for the return on capital employed (ROCE),
- Incorrect figure for profit for the year,
- Incorrect calculation of the capital employed,
- Inclusion of extraneous items,
- Incorrect display of final answer by omitting the percentage sign. For example, writing 8.76 instead of 8.76 %,
- failing to express the answer correct to two decimal places as instructed on the question paper.

(b) This was a popular question as a significant number of candidates correctly calculated profit for the year ended 30 September *2025* after debenture Interest. Other candidates lost marks because of incorrect formula to calculate the profit for the year.

(c) The task required candidates to calculate the percentage of final ordinary share dividend for the year ended 30 September 2024. The few well-prepared candidates were able to score the 1 mark for this question, but many other candidates incorrectly calculated the percentage of final ordinary share dividend.

(d) Candidates were required to calculate the percentage of interim ordinary share dividend for the year ended 30 September 2024. This was a very difficult question for most of the candidates as interim ordinary share dividends for the year ended 30 September was 2024 were not provided.

(e) The statement for changes in equity for the year ending 30 September 2025 had to be prepared. This task proved to be challenging for many candidates. Only few candidates used the correct format to prepare the statement of changes in equity. Common errors included:

- Incorrect opening balances
- Misclassifying or omission of ordinary shares issued P200 000
- Incorrect treatment, omission or using incorrect figure of the profit for the year
- Incorrect treatment of dividends- showing dividends as an increase instead of decrease in retained earnings.
- Including proposed Ordinary share dividends of P40500 for the year ended 30 September 2025 even though they have not yet been paid.
- Incorrect treatment or using incorrect figure for transfer to general reserve
- Incorrect calculation of the closing balances
- Using incorrect format or presentation
- Omission of the question by some candidates

(f) This question required candidates to explain two ways in which the profit margin could be improved. Many candidates managed to score at least 2 marks of the available 4 marks as they only state ways but could not clearly develop/expand them. The most popular answers being increase the selling price and reduce expenses.

4 **(a)** Candidates were required to state the formula for calculating the rate of inventory turnover. Most candidates lost the 1 mark for this question as they failed to give a complete formula for the rate of inventory turnover. It is important for candidates to fully express the ratio as:

- Rate of inventory turnover = Cost of sales/Average inventory
- Other common mistakes included using sales /revenue instead of cost of sales and closing inventory instead of average inventory.

(b) This question asked candidates to state two ways in which the rate of turnover can be improved. Many candidates answered this question very well by stating valid responses such as reducing the level of inventory, increasing sales/intensive advertising etc. However, some candidates provided answers that were vague which could not earn marks.

(c) This task was well attempted by a lot of candidates as they were able to suggest reasons why Tsaone's rate of turnover was quicker than that of her sister who is also a trader. Stronger candidates gaining full marks by suggesting valid reasons such as intensive advertising and sales promotion, better inventory control/management, holding lower levels of inventory. Weaker responses could not earn marks.

(d) Candidates had to calculate cost of sales. Only few well-prepared candidates were able to score full marks while many candidates incorrectly calculated the cost of sales. It was expected that candidates use the formula of rate of inventory turnover to calculate the cost of sales. Many candidates used an incorrect formula.

(e) Using the information provided and answer in **part (d)** candidates had to prepare the income statement (trading account section). The question proved to be challenging as many incorrectly calculated the cost of sales in **part (d)** and it was difficult for them to calculate the missing figures for sales, purchases and gross profit. The main challenge was the application of the 20% mark up. Other errors included:

- Sales returns added to revenue or completely omitted
- Incorrect order of components of cost of sales
- Incorrect calculation of purchases amount as P0 which is unrealistic.
- Inclusion of extraneous items
- Omission of the question

PAPER 2: WRITTEN PAPER

General Comments

The overall performance of the 2025 candidates was poor for this paper. Candidates failed to demonstrate knowledge and understanding of accounting facts, terms, principles, and techniques and struggled with application and evaluation questions.

While few candidates demonstrated proficiency in areas like preparation of payroll register the overall performance indicated a general lack of preparedness across several key examination topics. Notably areas like partnership accounts, depreciation of non-currents assets and accounting ratios proved to be challenging to candidates.

Candidates should:

- Possess a thorough knowledge of all topics on the syllabus as questions can be set on any section of the syllabus,
- Use correct terminology within accounts. Pay close attention to details when preparing ledger accounts as some candidates used incorrect details such as wrong account names and avoid abbreviations such as ‘bal b/d’ or ‘bl b/d’ instead of balance b/d,
- Always include dates when preparing ledger accounts,
- Provide clear workings as marks can be awarded even for incorrect final answer,
- Practice the correct formats for financials statements and other accounting records.

Comments on Individual Items

1 **(a)** Candidates had to explain why the cash book is both a book of prime entry and also part of the ledger. Many candidates attempted this question poorly as they failed to show that:

(i) Cash book as book of prime entry- It is where transactions involving cash and bank are first recorded.

(ii) Cash book as part of the ledger. Most of the candidates failed to mention that a cashbook is part of double entry as it acts as the ledger accounts for cash and bank.

(b) This task was poorly attempted by majority of candidates as they could not explain why items are recorded on the opposite side of the cash book to the side on which they appear on the bank statement. Most of the candidates provided answers which were unrelated to the question or not linking the bank account in the cash book with the bank statement.

(c) This question required candidates to state three reasons, other than finding errors, why a trader reconciled the cash book with the bank statement. There were few correct answers with majority of candidates providing answers that are vague which could not earn marks. Some candidates brought the answer that was already in the question “locating errors”.

(d) An updated cash book was required. This proved to be challenging to candidates as many could not earn marks. Common errors included:

- Omission or incorrect balance b/d,
- Using incorrect details- wrong account names,
- Reversal of entries- entries which should appear on the credit side of the cashbook appearing on the debit side vice versa. For example, bank charges and insurance appearing on the debit side of cashbook instead of credit side,
- Inclusion of extraneous items in the cashbook,
- Omission of the question by some candidates.

(e) Candidates had to complete a table by placing a tick () in the correct column to indicate how each of the 4 items stated would be recorded in the bank reconciliation statement. This question was also not done well by many candidates as ticks were wrongly placed showing lack of understanding of the preparation of the bank reconciliation statement.

(f) This question was poorly answered by candidates as they could not state the bank balance that should be shown in the statement of financial position.

(g) Again, this question was poorly done, as majority of candidates could not state the section of the statement of financial position where the bank balance in part **(f)** should be shown. Many candidates provided answers that were not related to the question.

2 **(a)** The question asked candidates to state four records apart from financial statements which a trader may maintain on farm. Only few candidates managed to earn marks from this question. Some candidates gave weaker responses, and some did not attempt the question.

(b) This question was poorly done, as few candidates correctly calculated the total value of livestock on 31 July 2025. Many candidates did had wrong calculations.

(c) Candidates had to calculate the cost of livestock feeds used during the year ended 31 July 2025. The performance of candidates on this question was very poor. Many candidates provided incorrect calculations and with some candidates not attempting the question at all.

(d) The income statement (trading account section) had to be prepared. There were some good answers to the question from few candidates. Common errors included:

- Omission or incorrect calculation of net sales/revenue,
- Returns inwards added to revenue or completely omitted,
- Incorrect order of components of cost of sales,
- Incorrect placement of returns outwards,
- Omission of Cost of livestock feed used,
- Inclusion of extraneous items,
- Omission of the question.

3 **(a)** Candidates had to name the method (way) that a trader (Lebotse) uses to calculate his employees' remuneration. Many candidates performed poorly as they gave answers unrelated to the question such as methods of calculating depreciation.

(b) Again, this question was poorly done by a lot of candidates as they were not able state one other method (way) that a trader could have used to calculate his employees' remuneration. Candidates gave weaker responses that were vague and could not earn marks.

(c) There were notable good responses from few candidates who were able to correctly state the meanings of the statutory and voluntary deductions and give appropriate examples. Most of the candidates could not explain the statutory and voluntary deductions but gave correct examples. Other candidates gave answers that could not earn marks.

(d) The payroll register had to be prepared. There were some excellent answers from well prepared candidates who showed understanding of the preparation of the payroll register but other candidates performed poorly. Common errors included:

- Incorrect calculation of the gross pay, trade union deduction and net pay,
- Omission of the question by some candidates.

4 **(a)** Most of the candidates performed poorly in this question, as they could not state the correct reason why a partner (Larona) is entitled to a partnership salary. Some Candidates left blank spaces without attempting the question.

(b) The profit and loss appropriation account of a partnership business had to be prepared. The performance was very poor on this question as only few candidates attempted this question, and many left the question unanswered. Common errors included:

- Incorrect format used for the profit and loss appropriation account,
- Incorrect calculation of interest of drawings and interest on capital,
- Incorrect treatment of items. For example, some candidates were adding interest on capital and partners salary to the profit for the year and deducting interest on drawings,
- Omission or incorrect details to label items in the profit and loss appropriation account,
- Incorrect profits and losses sharing ratio used,
- Omission of the question by some candidates.

(c) A lot of candidates failed to state factors which could have affected the value of the goodwill upon the admission of a new partner as many did not attempt the question.

(d) The goodwill account was required. This question was poorly answered by almost all the candidates showing lack of understanding on the preparation of the goodwill account. Only few candidates attempted to answer the question but could not earn any marks while many candidates did not attempt the question.

5 **(a)** Candidates were required to calculate the depreciation on delivery vehicles for each of the two years ended 30 September 2024 and 30 September 2025. The question was left unanswered by a lot of candidates but few who attempted the question could not earn full marks because of incorrect calculations.

(b) The question asked candidates to prepare the delivery vehicles account and the provision for depreciation of delivery vehicles account for the two years ended 30 September 2024 and 30 September 2025.

The preparation of Delivery vehicles account was poorly answered by a lot of candidates. Common errors included:

- Omission of the question by many candidates,
- Inclusion of extraneous items,
- Omission or Incorrect details used. For example, some candidates wrote Delivery vehicles instead of bank account,
- Reversing entries in the account,
- Wrong dates used,
- Use of abbreviations such Bal b/d.

Again, the preparation Provision for depreciation of delivery vehicles account was not well answered by many candidates. Common errors included:

- Omission of the question by a lot of candidates,
- Incorrect amount transferred to the income statement for the two years ended 30 September 2024 and 30 September 2025,
- Omission or Incorrect details used,
- Reversing entries in the account,
- Wrong dates used,
- Use of abbreviations such as P&L, Bal b/d,
- Inclusion of extraneous items.

(c) The task required the preparation of the disposal of delivery vehicle account. This question was also poorly done by many candidates. Common errors included:

- Omission of the question by many candidates,
- Incorrect details and amount used,
- Reversal of entries in the account,
- Inclusion of extraneous items.

(d) This was a challenging question as almost all candidates could not explain how a trader (Tlotlo) is applying the matching (accrual) concept when he depreciates his delivery vehicles. Many candidates did not attempt the question.

(e) Only few candidates were able to earn the one mark for this question as they correctly stated the one other accounting concept which a trader is applying when he depreciates his delivery vehicles. Many other candidates gave incorrect responses or left the question not attempted.

6 **(a)** Candidates had to calculate three accounting ratios which includes percentage of gross profit to revenue (sales), Collection period of trade receivables and Quick ratio. This question was poorly answered by almost all candidates. Many candidates did not attempt this part question. Most of those that attempted the part question committed errors such as:

- Incorrect calculation of the gross profit or using incorrect figure for the sales(revenue) when calculating percentage of gross profit to sales,
- Incorrect figure for credit sales when calculating collection period of trade receivables,
- Incorrect calculation of current assets and current liabilities when calculating the quick ratio,
- Incorrect formulas used or failing to show the whole formula sometimes they omitted “× 100”, “× 365 days” or not showing ‘:1’,
- Failing to show the answer correct to two decimal places or rounding up to next whole day as instructed in the question paper,
- Omitting the workings,
- Inclusion of extraneous items.

(b) This task required candidates to suggest four reasons for the change in Oageng’s percentage of gross profit to revenue (sales). Most of the candidates did not attempt this task and few who attempted provided incorrect responses indicating lack of understanding of the topic.

(c) Candidates were required to suggest four ways in which a trader (Oageng) can improve his collection period of trade receivables. This part question was also poorly done by a many candidates, they either did not attempt the question or provided incorrect responses not addressing the question.

(d) This question asked candidates to state two possible consequences to Oageng of not paying his credit suppliers on time. There were few correct responses with majority of candidates providing responses that are vague which could not earn marks.

(e) Majority of the candidates performed poorly in this part question as they could not explain factors Oageng should consider when comparing his business performance with Theo's business. Only a few candidates managed to score, some provided weak responses and many candidates did not attempt the question.

PAPER 4: PROVIDER BASED ASSESSMENT

General Comments

The question paper comprised of two questions testing knowledge and understanding (AO1), application and analysis (AO2) and evaluation and critical thinking (AO3) and has a total of 40 marks. All the questions in this paper structured examination paper were compulsory and covered a few different topics in the syllabus. The candidates demonstrated their abilities well on knowledge and understanding of facts, terms and concepts. The candidates were easily identifiable as the good candidates were doing very well and the weaker candidates were unable to state the double entry and also left out the amount. Some candidates debited instead of crediting. Some candidates stated the name of the owner of the business as the account to be debited or credited.

Most of the candidates did not perform well in application questions like preparation of the income statement as there was a lot of wrong treatment of items e.g. returns inwards added to the revenue, import duties subtracted from purchases or omitted completely. Most of the candidates used the straight-line method of depreciation instead of the reducing balance method. Good candidates scored all the marks allocated and average candidates scored at least six marks. Centres are advised to find information on advantages and disadvantages of increasing a loan and also expose candidates to income statements with import duty, returns inwards and depreciation using different methods.

Most of the candidates were struggling to answer the question on suggestions and recommendations on improving financial performance. Only a few good candidates managed to score all or a few marks in the question.

Most candidates struggled with calculating the quick ratio, those who calculated it did not write it in the ratio format leading to them losing marks. Instead of interpreting the ratio most of the candidates explained the ratio. Some candidates did not follow the instructions and wrote X instead of placing a tick. Some candidates calculated the collection period of trade receivables and trade payables payment period and rounded off to the next whole day but some did not follow the instruction and did not round off. Candidates were to suggest possible reasons for the difference in trade receivable collection period and trade payable payment period but they wrote reasons which were not accepted, some did not give any reasons while others gave reasons without calculations and some attached the reasons to the wrong business. Candidates were able to identify the limitations to accounting ratios but failed to explain them. A good number of candidates failed to come up with the limitations. Therefore, Centres are advised to cover the whole syllabus.

Comments on Individual Items

1 (a) The question required the candidates to state the double entry when recording the transactions. There were few candidates who scored full marks and they were able to identify the discount allowed as P20 recorded on the debit side and Theetso P450 recorded on the credit side.

Some candidates failed to identify discounts allowed. Other candidates stated shoes or Keone as one of the accounts to be debited or credited yet he is the owner of the business. Some candidates were unable to identify the account to be debited and the account to be credited, and this means they do not know double entry.

(b) Candidates were required to prepare the income statement and observations in most centres were that candidates treated items wrongly like the returns inwards were added to the revenue or omitted completely, import duties were wrongly labelled as carriage inwards and also subtracted from purchases instead of being added, others treating import duties as an expense. Opening inventory and closing inventory amounts were swapped. Candidates added the commission and discount received but they were unable to add the total to the gross profit, some treated other income as part of the cost of sales. Some candidates prepared a trial balance, statement of financial position and income and expenditure account instead of the income statement. Although most of the candidates made the above mistakes there were those who did well in the question. Some candidates managed to perfectly prepare the income statement with correct format, correct details and correct treatment of items.

(c) Most of the candidates were struggling to answer this question as it required them to state advantages and disadvantages of increasing a loan, but candidates came up with advantages of increasing a loan. Some candidates did not state the recommendation. Most of the candidates were able to come up with two disadvantages of increasing a loan but it was difficult for them to come up with the advantages.

2 (a) (i) Most of the candidates could not score full marks on the question. Candidates performed poorly in this question. A few candidates calculated the ratio but expressed it as a percentage, Pula value or just a number. The majority of those who scored zero calculated the current ratio instead of the quick ratio.

(ii) This question was not well answered as the majority of the candidates could not interpret their answers in **(a)(i)** as required instead they explained the meaning of quick ratio. A few were able to state that current assets were less than the current liabilities but failed to explain the significance of the answer for the second mark. The majority who scored zero wrote that the ratio signified profitability of the business or the number of times the business takes to replace inventory or explained the quick ratio instead of interpreting what the answer in **(a)(i)** meant to Caroline's business.

(iii) A fairly answered question as many candidates scored two out of four marks however some candidates did not follow the instruction of placing a tick in an appropriate column but instead they used phrases such as "decrease", "increase and no effect", placed an X or both a tick and X.

(b) (i) A few candidates did well, they were able to calculate collection period of trade receivables and rounded to the next whole day. Some candidates divided P132 000 with P7 800 which led to them getting incorrect answers. Some candidates were deducting trade payables from purchases. Many of those who used correct figures in the formula failed to round off their answers to the next day or expressed their answers as percentages or ratios and even multiplying by 24hours,30/31 days or 52 weeks.

(ii) Most of the candidates failed to calculate the payment period of trade payables correctly. Only a few candidates calculated correctly and rounded off to the next whole day. Some failed to round up and gave their answers as 22 days instead of 23 days. Those who scored one mark had their answers multiplied by 24 hours,52 weeks,31 days,100% and expressed their answers in hours, weeks, ratios or percentages hence lost the second mark. Some candidates did not attempt the question.

(c) **(i)** The question required candidates to give reasons for the difference in trade receivable collection period and trade payables payment period for the two businesses. Observations made showed that some candidates failed to advance the reasons at all or their reasons were not valid enough hence not accepted. Some candidates brought up reasons without calculations or stating the name (Caroline or Lydia) of the business affected. Some candidates wrote the name of the business but mentioned the wrong reasons. Some candidates wrote reasons why there is a small credit on the trade receivables control account and reasons for a small debit balance in the trade payables control account. Some candidates wrote answers like cash discount, sent reminders without providing whether it was Caroline or Lydia who sent the reminders or offered a discount. Many other answers were provided like more sales ,no profit etc.

(ii) Candidates failed to correctly interpret their answers as the majority of the candidates gave general answers for the difference without reference to Caroline and Lydia. Many candidates confused trade payables for the trade receivables as they referred to trade payables as customers. Many also did not interpret the answers given in **(b)(ii)** correctly as they gave answers such as high prices, more goods purchased on credit e.tc. Which did not answer the question.

(d) The question required candidates to explain two limitations of a company's financial statements and ratios. Some candidates stated the limitations but failed to explain. Common responses were ‘money measurement, historical cost and accounting policies. Some candidates identified the limitations but failed to explain them. A few candidates managed to explain the element but failed to compare. Most of the candidates failed to come up with limitations. Some left the question unattended. Some candidates differentiated between ratios and financial statements, providing reasons for calculating ratios instead of reasons for limitations of ratios.

In conclusion question 2 was not answered well across all Centres. Emphasis should be made on calculation and interpretation of ratio questions.