



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING
PAPER 2

4051/2

SPECIMEN PAPER

2 hours 30 minutes

Additional materials:
Answer paper

TIME 2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number on the answer paper provided.

Answer **all** questions.

Write your answers in the spaces provided on the question paper.

All calculations must be shown adjacent to the answer.

Calculators **may** be used.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

Amounts used in this Question Paper are for calculation purposes only.

The businesses described in this paper are entirely fictitious.

This specimen paper consists of 9 printed pages and 3 blank pages.

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Answer **all** questions.

- 1** T. Dhlohdlo manufactures household electric metres, for Zimbabwe Electricity Supply Authority, ZESA. The following trial balance was extracted from his books on 31 December 2016.

	Debit \$	Credit \$
Capital		150 000
Drawings	18 000	
Inventory, 1 January 2016:		
Raw materials	12 550	
Work in progress	5 000	
Finished goods	10 200	
Purchases of raw materials	120 000	
Manufacturing wages	72 000	
Factory supervisory salary	16 000	
Import duty on raw materials	13 300	
Patent fees	15 450	
Factory power	24 000	
General office expenses	31 700	
Factory insurance	19 000	
Provision for bad debts		500
Sales of finished goods		300 450
Plant and machinery, at cost	60 000	
Office equipment, at cost	45 000	
Provision for depreciation, 1 January 2016:		
Plant and machinery		12 000
Office equipment		6 750
Bank	6 500	
Trade receivables	9 000	
Trade payables		8 000
	<u>477 700</u>	<u>477 700</u>

The following information is also available on 31 December 2016:

- (i) Inventory: Raw materials \$21 600
 Work in progress \$ 4 600
 Finished goods \$55 500
- (ii) Manufacturing wages due \$ 3 000

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- (iii) Depreciation is provided for as follows:
 - Plant and machinery, 20% per annum using the reducing balance method.
 - Office equipment, 15% per annum using the straight line method.
- (iv) Factory insurance prepaid \$4 000.
- (v) The provision for bad debts is to be adjusted to 5% of the trade receivables.

Prepare:

- (a) T. Dhlodhlo's Manufacturing Account for the year ended 31 December 2016, showing clearly the cost of raw materials consumed, prime cost and the total cost of production to be transferred to the Trading Account. [15]
- (b) the Income Statement, for the year ended 31 December 2016. [5]

2 The following balances appeared in the books of D. Mwale:

	1 January 2016	31 December 2016
	\$	\$
Land and buildings, at cost	400 000	400 000
Office equipment, at cost	150 000	200 000
Inventory	80 000	90 000
Trade receivables	56 000	60 000
Bank	62 800 Dr	22 000 Cr
Trade payables	40 000	30 000
General expenses owing	16 800	10 000

Additional information:

- (i) During the year ended 31 December 2016, Mwale withdrew \$70 000 from the business bank account for personal use.
- (ii) The business bought some additional office equipment worth \$50 000 at cost, on 30 June 2016. Depreciation on office equipment is at the rate of 10% per annum on cost for each month of ownership.
- (iii) On 31 December 2016, a provision for doubtful debts was created at $2\frac{1}{2}\%$ of the trade receivables.

- 2 (a) (i) Calculate capital on 1 January 2016. [3]
- (ii) Draw up a Statement of Affairs Account showing profit or loss for the year ended 31 December 2016. [7]
- (b) The following errors relate to the business of S. Patel, a general dealer, for the month of December 2016.

2016

December 8 Sundry Expenses Account and Commission Earned Account were both understated by \$50 000.

12 The account of N. Richard, a supplier, was credited with goods worth \$300 000 purchased from H. Hassims.

18 Payment for repairs to business machinery totalling \$60 000, was charged to the Machinery Account.

26 Cash sales amounting to \$20 000 had been credited to the Cash Account and debited to the Sales Account.

- (i) Show the journal entries required to correct the above errors. (Narratives are not required) [8]
- (ii) State the type of error made on:

December 12,

December 26. [2]

- 3 (a) The partnership business of Phillie and Panashe runs two departments, furniture and grocery. The following balances were extracted from their books on 30 June 2016, **after** the preparation of the Departmental Trading Account.

	Dr	Cr
	\$	\$
Gross profit: furniture		102 000
Grocery		78 000
Capital: Phillie		250 000
Panashe		300 000
Inventory at 30 June 2016:		
Furniture	60 000	
Grocery	40 000	
Trade payables		27 100
Machinery, at cost	80 000	
Motor vehicles, at cost	120 000	
Provision for depreciation, 1 July 2015		
Motor vehicles		72 000
Trade receivables	46 000	
Wages and salaries – staff	49 100	
Cash at bank	70 000	
General expenses	34 000	
Premises, at cost	240 000	
Drawings: Phillie	30 000	
Panashe	50 000	
Salary: Panashe	<u>10 000</u>	
	<u>829 100</u>	<u>829 100</u>

The following additional information was available on 30 June 2016.

- Depreciation is provided for as follows:
 - Machinery 20% per annum on cost.
 - Motor vehicles 25% per annum using the reducing balance method.
- Salaries and wages owing to office staff amounted to \$3 100.
- General expenses included rates prepaid for \$4 000.

4. The partnership deed included the following:
- Interest on partner's capital was allowed at the rate of 10% per annum. Capital accounts to remain fixed.
 - Interest on drawings is charged at the rate of 2% per annum.
 - Panashe is entitled to an annual salary of \$12 000.
 - Phillie and Panashe share profits and losses in the ratio of 5:6 respectively.

Prepare the partnership combined Profit and Loss Account and an Appropriation Account for the year ended 30 June 2016. [13]

- (b) Complete the following information table.

Transaction/Event	Accounting Concept
(i) Calculating depreciation using the same method each year.	
(ii) Recording non-current assets at cost.	
(iii) Recording revenue earned during an accounting period whether cash was received or not.	
(iv) Recording non-cash expenses so as not to overstate profits.	
(v) Recording a business transaction twice.	

[5]

- (c) For each of the following transactions, state the source document.

- (i) Sold an old machine for \$3 000 on credit to D. Danello.
- (ii) A cheque for \$10 000 received from T. Trust, a debtor, was returned by the bank marked R/D. [2]

- 4 (a) The following information was extracted from the books of Tingadene Ltd Company for the year ended 31 December 2015.

		\$
Purchases		912 000
Sales		1 218 000
Opening inventory		42 000
Sales returns		18 000
Purchases returns		6 000
Customs duty		30 000
Rate of stockturn	15 times	
Mark up	$33\frac{1}{3}\%$	

Calculate, showing your workings:

- (i) turnover, [2]
- (ii) margin, [2]
- (iii) gross profit, [2]
- (iv) cost of goods sold, [2]
- (v) closing inventory. [3]
- (b) On 31 December 2016, Chamwandipa's Cash Book (bank columns) showed a debit balance of \$13 300. On the same day, the Bank Statement showed a credit balance of \$10 800.

Comparison of the Cash Book with the Bank Statement revealed the following differences:

- (i) Deposits not yet credited by the bank totalled \$6 000.
- (ii) Bank charges totalling \$500 were not recorded in the Cash Book.
- (iii) Cheques amounting to \$4 500 were not yet presented for payment at the bank.
- (iv) A credit transfer not yet entered in the Cash Book amounted to \$2 500.

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- (v) A cheque for \$3 800 deposited by Chamwandipa was wrongly credited by the bank as \$800 but was correctly recorded in the Cash Book.

Prepare:

- (i) an updated Cash Book. [4]
(ii) a Bank Reconciliation Statement on 31 December 2016. [5]

- 5 (a)** On 1 November 2014, Zvinodiwa Women's Club had the following balances in their nominal ledger:

	\$
Subscriptions received in advance	2 000
Subscriptions owing	1 500
Rent owing	800

During the year ended 31 October 2015 the following transactions took place:

	\$
Subscriptions received	10 500
Rent paid	6 800

On 31 October 2015, the following information was available.

	\$
Subscriptions received in advance	1 800
Subscriptions owing	1 200
Rent outstanding	600

The club's financial year ends on 31 October.

Prepare for the club, showing clearly the amount to be transferred to the Income and Expenditure Account:

- (i) Subscriptions Account, [6]
(ii) Rent Account. [4]

- 5 (b) The following information is available from the books of Liberty Clothing Company Ltd on 30 June 2016, after preparation of the company's Appropriation Account.

Authorised Share Capital

300 000 Ordinary Shares of \$2 each
400 000 10% Preference shares of \$1 each

Issued Share Capital

200 000 Ordinary Shares of \$2 each, fully paid.
350 000 10% Preference shares of \$1 each, fully paid.

11% Debentures	\$260 000
General Reserve	\$ 70 000
Retained Income c/f	\$130 000

- (i) Prepare a Statement of Financial Position extract at 30 June 2016, showing the details and totals of the capital fund. [9]
- (ii) Calculate the preference dividend for the year ended 30 June 2016. [1]

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