ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING **4051/1**

PAPER 1 Multiple Choice 1 hour 30 minutes

NOVEMBER 2024 SESSION

Additional materials:
Multiple Choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)
Calculator (Optional)

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the spaces on the answer sheet provided.

Read very carefully the instructions on the answer sheet.

Answer **all** questions. For each question, there are four possible answers, **A, B, C** and **D**. Choose the correct answer. Record your choice in **soft pencil** on the separate answer sheet provided.

INFORMATION FOR CANDIDATES

There are **forty** questions in this paper. Each correct answer will score **one** mark. Any rough working should be done on this question paper.

This question paper consists of 10 printed pages.

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1 A sole trader

A can sue and be sued in its own name.
B has limited liability.
C is a legal entity.
D suffers all losses and other business risks.

2 Which of the following are non-current assets only?

A Land, fittings and trade receivables
B Land, office furniture and cash
C Land, motor vehicles and inventory
D Land, motor vehicles and office furniture

3 Which is the last stage of the accounting cycle?

A Financial statements
B Ledger accounts
C Subsidiary books
D Trial balance

4 Processing data using electronic method

A is less costly.
B reduces fraud.
C requires more labour.
D saves time.

5 Which document is generated when a business returns goods to a supplier?

A Bank statement
B Credit note
C Debit note
D Statement of account

6 A debtor balance of $500 was written off as a bad debt.
Which subsidiary book was used to record the transaction?

A General journal
B Purchases journal
C Sales journal
D Sales returns journal

7 Damaged goods sent back to the supplier are recorded in the

A purchases journal.
B purchases returns journal.
C sales journal.
D sales returns journal.

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8 The total discounts on the credit side of the cash book is

A credited to the discount allowed account.
B credited to the discount received account.
C debited to the discount allowed account.
D debited to the discount received account.

9 An allowance for prompt payment received from a supplier is recorded in the

A cash book.
B petty cash book.
C purchases returns journal.
D sales returns journal.

10 A summarised history of transactions in relation to a particular person or item is

A a financial statement.
B a trial balance.
C an account.
D an opening statement.

11 A trial balance failed to agree.

Which of the following errors may have caused the difference?

A A credit purchase of a non- current asset was debited to the purchases account.
B A credit sale of goods was completely omitted from the books.
C A payment to a supplier was recorded in the cash book only.
D A sale of goods on credit to A. Boka was debited to C. Chirwa's account.

12 The following items are part of cost of goods sold **except**

A carriage inwards.
B closing inventory.
C import duty.
D opening inventory.

13 A business received rent for the following financial period.

At end of current period this rent is classified as

A accrued expense.
B accrued income.
C prepaid expense.
D prepaid income.

14 Which of the following items is shown as income in the preparation of an income statement?

A Increase in provision for discount allowable
B Increase in provision for doubtful debts
C Profit on disposal of non-current assets
D Receipts from disposal of non-current assets

15 Legal costs paid when acquiring a non-current asset was debited in the income statement. What was the effect on profit and non-current assets?

	Profit	non-current assets
A	decreases	decrease
B	decreases	increase
C	increases	decrease
D	increases	increase

16 What is the source of information for bad debts in a trade receivables control account?

A Cash book
B General journal
C Petty cash book
D Sales journal

17 Which of the following is credited in the updated cash book?

A Credit transfer
B Dividend received
C Interest earned
D Standing order

18 Quick ratio is calculated as

A $\frac{\text{current assets - closing inventory}}{\text{current liabilities.}}$

B $\frac{\text{current assets + closing inventory}}{\text{current liabilities.}}$

C $\frac{\text{current assets - opening inventory}}{\text{current liabilities.}}$

D $\frac{\text{current assets + opening inventory}}{\text{current liabilities.}}$

19 Net profit can be calculated as

A closing capital - opening capital - drawings.
B closing capital - opening capital + drawings.
C closing capital + opening capital - drawings.
D closing capital + opening capital + drawings.

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20 Which account is used for the calculation of surplus or deficit of a club?

A Income and expenditure account
B Receipts and payments account
C Refreshments trading account
D Subscriptions account

21 Which of the following items make up the prime cost of production?

A Hire of special machinery, depreciation of plant and machinery and purchase of raw materials.
B Manufacturing wages, depreciation of plant and machinery and purchase of raw materials.
C Manufacturing wages, hire of special machinery and purchase of raw materials.
D Royalties, depreciation of plant and machinery and purchase of raw materials.

22 Which of the following inventories are entered in the statement of financial position at the end of a financial year?

A Closing inventory of finished goods and opening inventory of raw materials.
B Closing inventory of raw materials and closing inventory of work in progress.
C Opening inventory of finished goods and closing inventory of raw materials.
D Opening inventory of work in progress and closing inventory of finished goods.

23 Which of the following items is debited in a partner's current account?

A Interest on capital
B Interest on drawings
C Partner's salary due
D Share of profits

24 Chido and Chaka are sole traders who intend to form a partnership.
The following information may be included in their partnership agreement **except**

A capital to be contributed by each partner.
B profit and loss sharing ratios.
C previous profit earned by each partner.
D rate of interest to be charged on drawings.

25 Retained profit is

A net profit - transfer to general reserve - dividend paid.
B net profit - transfer to general reserve + dividend paid.
C net profit + transfer to general reserve - dividend paid.
D net profit + transfer to general reserve + dividend paid.

26 A business clerk always does right things even without supervision?
This shows

A competency.
B confidentiality.
C integrity.
D objectivity.

27 On 10 January 2020 a trader bought goods worth $28 000 less 10% trade discount.
A 2% cash discount is given if payment is made within 10 days.

The amount paid on 18 January 2020 was

A $24 690.
B $24 696.
C $25 200.
D $27 440.

28 The following account was extracted from the books of C. Jones.

Bank account

2020	$	2020	$
March 1 Balance b/d	5 000	March 5 Purchases	2 000
3 Sales	3 500	7 Equipment	2 500
4 Rent	1 500		

What is the balance on 31 March 2020?

A $4 500
B $5 000
C $5 500
D $10 000

29 The following balance appeared in the books of a trader on 31 December 2020:

Trade receivables $ 15 000

At 31 December 2020 bad debts amounting to $2 500 were written off.
A provision for doubtful debts of $300 was created on the same date.

The net trade receivables figure in the statement of financial position at 31 December 2020 was

A $12 200.
B $12 500.
C $14 700.
D $17 800.

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30 The following information appeared in the books of a trader on 31 December 2020:

	$
Motor vehicles, at cost	40 000
Provision for depreciation: 1 January 2020	12 000

Depreciation charged at year end was 20% using the reducing balance method.

The net book value of the motor vehicles on 31 December 2020 was

A $20 000.
B $22 400.
C $24 000.
D $34 400.

31 A motor vehicle with a cost price of $30 000, had an estimated useful life of 5 years with a scrap value of $10 000.

What was its annual charge of depreciation?

A $4 000
B $6 000
C $8 000
D $20 000

32 A cash book had a debit balance of $7 300.

A bank statement for the month showed the following:

	$
Bank charges	600
Credit transfer	2 900
Direct debit: ZESA	1 700

The updated cash book balance was

A $2 100.
B $5 500.
C $7 900.
D $11 300.

33 A trader provided the following information:

2020		$
October 1	Trade payables	12 700
31	Trade payables	16 200
	Payment to suppliers	42 500
	Refunds from suppliers	2 500

Credit purchases for the month were

A $36 500.
B $41 500.
C $43 500.
D $48 500.

34 The following receipts and payments account appeared in the books of a club:

Receipts and payments account

2020		$	2020		$
July 1	Balance b/d	5 400	July 5	Donations	4 200
23	Sale of raffle tickets	5 480	8	Groundsman wages	7 320
31	Subscriptions	14 800	20	Equipment	9 500

What was the surplus or deficit on 31 July 2020?

A $740 deficit
B $2 020 deficit
C $4 660 surplus
D $8 760 surplus

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35 A manufacturer provided the following information:

	$
Cost of raw materials consumed	27 400
Manufacturing wages	12 800
Factory power	6 300
Closing inventories: Work in progress	4 700
Finished goods	10 500

The cost of production was

A $31 300.
B $41 800.
C $51 200.
D $61 700.

36 A partnership business provided the following information for a partner:

2020		$
January 1	Current account	4 400 Cr
December 31	Share of losses	2 150
	Interest on capital	3 800
	Drawings	3 100

The partner's current account balance on 31 December 2020 was

A $1 550.
B $2 950.
C $5 850.
D $7 250.

37 Thabo and Musa are in partnership.
The following balances were extracted from their books on 31 December 2019:

	Thabo	Musa
	$	$
Capitals: 1 January 2019	145 000	160 000
Current accounts : 31 December 2019	27 400 Dr	14 500 Cr

The total owners' equity was

A $292 100.
B $305 000.
C $317 900.
D $346 900.

38 The following capital structure relates to Uluju Pvt Ltd company.

	$
Authorised share capital	
100 000 Ordinary shares of $1 each	100 000
200 000 5% Preference shares of $1 each	200 000
	300 000
Issued share capital	
50 000 Ordinary shares of $1 each	50 000
200 000 5% Preference shares of $1 each	200 000
	250 000
Reserves	
General reserves	25 000
10% Debentures	85 000

Uluju Pvt Ltd's shareholders' funds was

A $275 000.
B $360 000.
C $575 000.
D $660 000.

39 What is meant by a debit balance in a debtor's account?

A Amount owed by a debtor
B Amount owed to a debtor
C Amount paid by a debtor
D Amount paid to a debtor

40 The following account appeared in the nominal ledger of a trader:

Purchases account

2020	$	2020	$
Sept 1 Cash	5 800	Sept 30 Income statement	48 300
15 Trade payables	42 500		
	48 300		48 300

The entry " trade payables $42 500 " represents

A total cash purchases for the month.
B total credit purchases for the month.
C total payments to suppliers for the month.
D total purchases for the month.

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