ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING

PAPER 2

4051/2

2 hours 30 minutes

JUNE 2024 SESSION

Additional materials:
Answer booklet
Calculator (Optional)

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number on the answer booklet provided.

Answer **all** questions.

Write your answers on the separate answer booklet provided.

All calculations must be shown adjacent to the answer.

If you use more than one booklet, fasten them together.

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 intended to be fictitious.

This question paper consists of 7 printed pages and 1 blank page.

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[Turn over

1 The following is a Trial Balance of T. Zvinowanda, a manufacturer.

Trial Balance as at 31 December 2021.

	Dr	Cr
	$	$
Inventory on 1 January 2021: Raw materials	30 600	
Work in progress	11 500	
Finished goods	48 700	
Trade receivables	55 000	
Trade payables		62 000
Sales of finished goods		260 000
Purchases of raw materials	104 000	
Machinery at cost	200 000	
Delivery vans at cost	120 000	
Provision for depreciation on 1 January 2021:		
Machinery		60 000
Delivery vehicles		40 000
Rent	24 000	
Direct wages	18 000	
Discounts received		6 000
Factory supervisor's wages	9 000	
Royalties	10 000	
Selling and distribution expenses	28 000	
Petty cash	2 500	
Cash at bank	37 200	
Capital		270 500
	698 500	698 500

Additional information on 31 December 2021:

(i) Inventory was valued as follows: Raw materials $33 000
Work in progress $12 400
Finished goods $50 300

(ii) Rent is apportioned: 80% factory
20% office.

(iii) Depreciation is charged as follows:
Machinery at 10% per annum on cost.
Delivery vehicles at 15% per annum using the reducing balance method.

(iv) Direct wages owing amounted to $3 000.

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Prepare:

(a) a Manufacturing Account for the year ended 31 December 2021. [14]

(b) an Income Statement for the year ended 31 December 2021. [6]

2 **(a)** The following transactions appeared in the books of P. Johns, a trader, during the month of October 2021.

October
1 A. Mhazi owed P. Johns $10 000.
5 A. Mhazi paid $9 600 cash in full settlement of the amount due on 1 October.
10 Sold goods on credit to A. Mhazi for $35 000.
15 Sent a credit note of $5 200 to A. Mhazi.
20 A. Mhazi partly settled the amount due with an office desk valued at $9 000.
25 Received a cheque of $8 000 from A. Mhazi.

(i) Prepare and balance off the account of A, Mhazi for the month of October 2021, in the books of P. Johns.

Pay special attention to dates and details. [9]

(ii) In which ledger is the account of A. Mhazi found in the books of P. Johns? [1]

(b) The following are B. Smart's transactions for the month of August 2019:

August
10 Purchased office machinery on credit from Kadoma Machines for $8 000.
17 B. Smart took goods costing $2 000 from the business for personal use.
21 An amount of $11 500 owed by D. Chimwe was written off as irrecoverable.
28 Stationery bought for use valued $180 was returned to Town Stationers.
30 Bought goods on credit from OKAY Mart valued at $3 000.

Prepare journal entries to record the above transactions. [10]

[Turn over

3 (a) C. Dhliwayo , a stationery dealer, provided the following details on 30 June 2021:

Turnover	$6 000
Number of books sold	240
Opening inventory	$2 250
Closing inventory	$1 750
Mark up	$\frac{1}{5}$

Showing all your workings, calculate the;

(i) Selling price per book. [2]

(ii) Margin. [2]

(iii) Gross profit. [2]

(iv) Cost of sales. [2]

(v) Purchases. [2]

(vi) Rate of inventory turnover. [2]

(b) Dhlamini and Ndebele were in a partnership business. Their agreement had the following provisions:

- Interest is allowed on capital at 10% per annum.
- Interest is charged on drawings at 5% per annum.
- Profits and losses are to be shared in the ratio 2:3 respectively.
- Dhlamini is entitled to a monthly salary of $200.

On 31 May 2020, they had the following balances:

	Dhlamini	Ndebele
	$	$
Capital	20 000	30 000
Drawings	5 000	7 000
Current accounts	4 000Cr	2 500 Cr

Additional information:

Gross profit for the year was $13 000.
Total expenses were $4 850.

Prepare a Profit and Loss Appropriation Account for the year ended 31 May 2020. [8]

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4 **(a)** Batanai Social Club had the following assets and liabilities on 1 January 2021:

	$
Clubhouse	100 000
Subscriptions prepaid	5 000
Subscriptions in arrears	12 000
Equipment	30 000
Cash at bank	11 500

The following receipts and payments were made during the year ended 31 December 2021:

	$
Subscriptions received	32 200
Clubhouse repairs	5 500
Caretaker's wages	6 200
General expenses	14 000
Donations received	10 000
Purchase of equipment	25 000

Prepare a Receipts and Payments Account for the year ended 31 December 2021. [8]

(b) The following information is available from the books of Ophir Ltd company for the year ended 31 December 2020.

Issued Share Capital

	$
200 000 Ordinary shares of $1 each	200 000
80 000, 10% Preference shares of $1 each	80 000
Reserves	
General reserve, 1 January 2020	30 000
Profit and Loss Account, 1 January 2020	40 000

Net profit for the year was $84 000.

On 31 December 2020, the company;

- Increased General reserve by $20 000.
- Paid the preference share dividend.
- Paid a dividend of 8% on ordinary shares.

Prepare the Statement of Changes in Equity for the year ended 31 December 2020. [7]

(c) Copy and complete the accounting cycle given below:

(i) _____ → (ii) _____ → (iii)_____→ Ledger

(iv) _____ → (v)_____ [5]

5 **(a)** On 31 July 2021, Fatima's cash book showed a debit balance of $6 200.
On the same date her bank statement showed a credit balance of $5 700.

On comparing the cash book and the bank statement, it was found that the following items had not been included in the cash book.

	$
Bank charges	150
Direct debit paid for insurance	400
Credit transfer to Zafira	1 300
Dishonoured cheque, Tumani	650

The following items appeared in the cash book but not on the bank statement.

A receipt of $3 100 had not been credited by the bank.
A cheque paid to P. Motors for $2 500 had not been presented to the bank for payment.

(i) Prepare an updated Cash Book at 31 July 2021. [6]

(ii) Draw up Fatima' Bank Reconciliation Statement at 31 July 2021. [5]

(b) Name the type of error for each of the following transactions.

(i) Goods worth $400 returned by a customer, M. Moyo, were not recorded in the books. [1]

(ii) Cash purchases of $700 were debited to the Cash Account and credited to the Purchases Account. [1]

(iii) Rent paid $900 was debited to the Insurance Account. [1]

(iv) Carriage inwards of $450 were debited to the Carriage Outwards Account. [1]

(v) A sale of goods to M. Mpofu for $1 720 were recorded as $1 270 in the books. [1]

(vi) The Loan Account and the Furniture Account were each overcast by $2 050. [1]

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(c) State the sources of information for each of the following items which appeared in a Sales Ledger Control Account.

(i) Discount allowed. [1]

(ii) Bad debts. [1]

(iii) Returns inwards. [1]