ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING 4051/2

PAPER 2

NOVEMBER 2022 SESSION 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 on the separate answer paper provided.

All calculations must be shown adjacent to the answer.

If you use more than one sheet of paper, fasten the sheets together.

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 question paper consists of 6 printed pages and 2 blank pages.

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[Turn over

1 The following information was taken from the books of a manufacturing company.

	$
Sales	150 000
Purchases of raw materials	17 250
Purchases of finished goods	10 000
Direct factory wages	14 500
Indirect factory wages	5 500
Factory general expenses	8 120
Factory fuel and power	19 100
Inventory (1 January 2017):	
Raw materials	4 800
Work in progress	2 400
Finished goods	500
Administration expenses	2 080
Carriage inwards	935
Factory rent	3 805
Depreciation: Factory machinery	880
Office machinery	1 000

Further information:
On 31 December 2017, unused fuel on hand was valued at $4 100 and $1 800 was owing for factory rent.

Inventory at 31 December 2017:

	$
Raw materials	2 550
Work in progress	1 000
Finished goods	1 200

Prepare:

(a) a Manufacturing account for year ended 31 December 2017, clearly showing

(i) cost of raw materials consumed, [4]

(ii) prime cost, [3]

(iii) cost of production. [6]

(b) a Trading account for year ended 31 December 2017. [3]

(c) a Balance Sheet extract to show current assets as at 31 December 2017. [4]

2 **(a)** Tendai and Tapiwa are in partnership and their financial year ends on 31 December 2017. They provide the following information:

	Tendai	Tapiwa
	$	$
Capital (1 January 2017)	28 000	36 000
Current account (1 January 2017)	550 Cr	980 Dr
Drawings (31 December 2017)	9 000	4 000
Partner's salary paid	3 800	-
Net Profit for the year	$28 950	

Their partnership agreement provides that:

Tendai is entitled to an annual salary of $4 000.
Interest on drawings is charged at 5% per annum.
Interest on capital is allowed at 8% per year.
Profits are shared in proportion to capital.

Prepare:

(i) The partnership appropriation account for the year ending 31 December 2017. [8]

(ii) The partners' current accounts for the year ended 31 December 2017 in columnar form. [9]

(b) Name any **three** accounting concepts applied in the compilation of financial statements. [3]

3 (a) (i) State **three** errors that are not revealed by a Trial balance. [3]

(ii) C. Chandia's financial year ends on 31 March 2018. The totals of the trial balance prepared on that date failed to agree. The difference was entered in a Suspense Account.

The following errors were later discovered:

The Sales Day Book total was recorded as $7 650 instead of $6 750.

Interest received $300 had been debited to interest paid account.

Bad debts $100 written off had not been recorded in the books.

Wages paid by cash, $400 had been recorded in the cash account only.

Furniture account had been overcast by $110.

A purchases ledger credit balance of $200 was omitted in the Trial Balance.

Prepare a suspense account to clear the difference. [7]

(b) (i) Distinguish between capital and revenue expenditure. [2]

(ii) Amanda bought a motor vehicle in South Africa.
Classify the following expenditure into Revenue and Capital expenditure.

	$
Cost of the motor vehicle	5 500
Import duty	4 000
Replacement of damaged head lamp	120
Car registration	160
New spare tyres for vehicle	200
Cost of insurance premium	30
Cost of buying and installing car radio	150
Petrol costs for motor vehicle	80

[8]

4 **(a)** On June 30, 2017, the bank account in Fama's cash book showed an overdrawn balance of $2 011. Her bank statement of the same date had a debit balance of $40.

On checking the Cash Book against the Bank Statement, the following differences were revealed.

1. Cheques issued to trade payables of $2 900 had not been presented to the bank for payment.

2. Deposit of $3 150 made by a debtor had not been recorded in the Cash Book.

3. An amount of $1 890 paid into the bank on 29 June 2017 did not appear on the bank statement.

4. The following items on the bank statement were not recorded in the cash book.

	$
- bank charges	90
- interest earned	85
- interest on overdraft	54
- direct debit for City Council	30

5. The bank had debited the business bank account with $2 100 in error.

(i) Update Fama's Cash Book. [7]

(ii) Prepare a Bank Reconciliation Statement as at 30 June 2017. [7]

(b) Name **six** accounting business ethics. [6]