ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING 4051/1

PAPER 1 Multiple Choice

NOVEMBER 2020 SESSION 1 hour 30 minutes

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

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Do not open this booklet until you are told to do so.
Write your name, centre number and candidate number on the answer sheet in the spaces provided unless this has already been done for you.

There are **forty** questions in this paper. Answer **all** questions. For each question, there are four possible answers, **A, B, C** and **D**. Choose the **one** you consider correct and record your choice in **soft pencil** on the separate answer sheet.

Read very carefully the instructions on the answer sheet.

INFORMATION FOR CANDIDATES

Each correct answer will score **one** mark. A mark will **not** be deducted for a wrong answer.
Any rough working should be done in this booklet.
Calculators may be used.

This question paper consists of 11 printed pages and 1 blank page.

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[Turn over

1 *Which of the following are assets only?*

A cash, drawings, motor vehicles
B cash, fixtures, trade payables
C furniture, inventory, stationery
D machinery, cash, trade receivables

2 What is the source document for a sales returns journal?

A credit note
B debit note
C purchases invoice
D sales invoice

3 A trader buys goods on credit from a supplier for $5 000 less 5% trade discount.

The double entry is

	debit	credit
A	purchases account $4 750	supplier's account $4 750.
B	purchases account $5 000	supplier's account $5 000.
C	supplier's account $4 750	purchases account $4 750.
D	supplier's account $5 000	purchase account $5 000.

4 Which of the following shows the correct order of the accounting cycle?

A subsidiary books ⟶ financial statements ⟶ trial balance
B subsidiary books ⟶ ledger ⟶ trial balance
C transaction ⟶ financial statements ⟶ trial balance
D transaction ⟶ ledger ⟶ subsidiary books

5 Trade discount differs from cash discount in that it is

A an allowance for prompt payment.
B deducted after cash discount.
C given for bulk buying.
D recorded in the purchases journal.

6 Which of the following is a computer hardware device?

A Keyboard
B Microsoft excel
C Microsoft word
D Pastel

7 The following ledger account was taken from the books of a trader.

Purchases Account

2017		$	2017		$
May 7	Cash	600	May 31	Income statement	1 800
14	Bank	1 200			
		1 800			1 800

In which ledger is this account found?

A General ledger.
B Private ledger.
C Trade payables ledger.
D Trade receivables ledger.

8 Goods sold on credit to A. Moyo were recorded in B. Moyo's account.

This is an error of
A commission.
B omission.
C principle.
D transposition.

9 A trader sold goods for $10 000 less 20% trade discount. A 5% cash discount is offered when payment is done within 30 days.

If a cheque was received after 45 days, how much was recorded in the cash book?

A $7 500
B $7 600
C $8 000
D $9 500

[Turn over

10 The totals of a Trial balance agree as a result of which concept?

A consistency concept
B double entry concept
C matching concept
D prudence concept

11 The delivery cost of goods to customers by a trader is recorded in her books as

A carriage inwards debited to Profit and Loss account.
B carriage inwards debited to Trading account.
C carriage outwards debited to Profit and Loss account.
D carriage outwards debited to Trading account.

12 On 1 January 2017 a trader obtained a loan of $25 000 at an interest rate of 5% per annum. During the year interest on loan paid was $250.

The interest on loan due on 31 December 2017 was

A $250.
B $1 000.
C $1 250.
D $1 500.

13 Bad debts are written off by

A crediting bad debts account, debiting provision for bad debts account.
B debiting bad debts account, crediting debtors' account.
C debiting debtors' account, crediting bad debts account.
D debiting provision for bad debts account, crediting bad debts account.

14 Office equipment bought for use in the business is

A capital expenditure added to capital in the Statement of Financial position.
B capital expenditure added to non-current assets in the Statement of Financial position.
C revenue expenditure added to operating expenses in the Income Statement.
D revenue expenditure added to purchases in the Trading account.

15 On 1 January 2015 a trader had motor vehicles worth $50 000. Motor vehicles are depreciated at 10% per annum using the reducing balance method.

What was the net book value of the motor vehicles on 31 December 2016?

A $5 000
B $9 500
C $40 500
D $45 000

16 What is the purpose of preparing control accounts?

A To calculate total debtors and total creditors.
B To calculate total sales and total purchases.
C To correct errors.
D To prevent fraud.

17 The amount deposited directly in a business bank account is a

A credit transfer.
B direct debit.
C service fee.
D standing order.

18 A trader bought an office computer at a cost of $3 300. The following expenses were incurred:

	$
Carriage costs	500
Installation costs	100
Printing stationary	50

How much was debited in the office computer account?

A $3 400
B $3 800
C $3 900
D $3 950

19 Which of the following transactions reduces working capital?

A additional cash capital
B buying goods on credit for resale
C buying motor vehicles by cheque
D receiving long term loan

20 The following method can be used to calculate net profit.

A closing capital – opening capital – drawings
B closing capital – opening capital + drawings
C opening capital – closing capital – drawings
D opening capital + closing capital – drawings

21 Regular amounts received by a Not for profit making organisation from members are

A donations.
B entrance fees.
C life membership fees.
D subscriptions.

22 What is the main purpose of preparing departmental trading accounts?

A to apportion operating expenses
B to calculate gross profit or loss for each department
C to calculate net profit or loss for each department
D to show the financial position of each department

23 A cash book had an opening debit balance of $1 100. The following information was available:

	$
Dividends	3 500
Dishonoured cheques	200
Bank charges	50

What was the balance as per updated cash book?

A $2 650
B $4 350
C $4 450
D $4 750

24 Cost of production is calculated as

A cost of raw materials consumed + direct costs + indirect costs.
B cost of raw materials consumed + direct costs – indirect costs.
C cost of raw materials consumed – direct costs + indirect costs.
D cost of raw materials consumed – direct costs – indirect costs.

25 The following details were obtained from the books of a trader.

2017		$
January 1	Purchases ledger control	6 800 credit
January 31	Credit purchases	28 400
	Discount received	3 200
	Cheques paid to creditors	19 700

The amount owed to creditors on 31 January 2017 was

A $1 300.
B $5 100.
C $12 300.
D $18 700.

26 The double entry for a partner's salary is

	debit	**credit**
A	Appropriation account	Current account.
B	Current account	Appropriation account.
C	Current account	Profit and loss account.
D	Profit and loss account	Current account.

27 Debenture holders

A are owners of the company.
B are paid after shareholders.
C earn a fixed rate of dividend.
D earn a fixed rate of interest.

28 A company manager prepares monthly reports timeously as per company policy.

Which business ethic is being observed?

A compliance
B confidentiality
C integrity
D objectivity

29 A business provided the following information.

	$
Cash in hand	9 700
Trade payables	3 000
Trade receivables	4 400
Inventory	2 000

The working capital was

A $10 300.
B $13 100.
C $16 100.
D $19 100.

30 Which of the following is an asset?

A Credit balance in a Bank account.
B Credit balance in a Creditor's account.
C Debit balance in a Debtor's account.
D Debit balance in a Drawings account.

31 A sale of goods for $500 was recorded in the books as $50.

Which error is this?

A compensating error
B complete reversal of entries
C error of commission
D error of original entry

32 Credit notes issued by a business will be recorded in the

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

33 A trader provided the following information:

	$
Capital: 1 January 2017	15 400
31 December 2017	13 300
Net profit for the year	1 900
Additional capital	600

Drawings amounted to

A $2 100.
B $3 400.
C $4 000.
D $4 600.

34 Individual entries in the sales day book are posted to the

A credit side of the individual Debtors account.
B credit side of the Sales account.
C debit side of the individual Debtors account.
D debit side of the Sales account.

35 A cash payment to a creditor was credited to the Cash account only.

To correct this error

	debit	**credit**
A	Cash account	Suspense account.
B	Creditor's account	Suspense account.
C	Suspense account	Cash account.
D	Suspense account	Creditor's account.