Surname	Forename(s)	Centre Number	Candidate Number

For Performance Measurement

ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING 4051/2

PAPER 2

SPECIMEN PAPER 2 hours 30 minutes

Allow candidates 5 minutes to count pages before the examination.

TIME: 2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES

Check that all the pages are in the booklet and ask the invigilator for a replacement if there are duplicate or missing pages.

Write your name, (Surname and Forename(s)), centre number and candidate number in the spaces provided at the top of this page and your centre number and candidate number in the box at the top right corner of every page of this paper.

Answer **all** questions.
Write your answers in the spaces provided on the question paper.

Use black or blue ball-point pen only.

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 question paper consists of 22 printed pages and 2 blank pages.

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[Turn over

Answer **all** questions.

1 The following trial balance was recorded in the books of R. Sithole **after** drawing up a Trading Account.

Trial Balance as at 31 December 2015

	DEBIT	**CREDIT**
	$	**$**
Gross profit		96 800
Wages and salaries	67 200	
Carriage on sales	300	
Provision for bad debts, 1 January 2015		1 300
Rent received		27 500
Land and buildings, at cost	169 000	
Office equipment, at cost	40 000	
Delivery van, at cost	80 000	
Provisions for depreciation (1 January 2015):		
Office equipment		8 000
Delivery Van		15 200
Sundry expenses	25 500	
Drawings	14 000	
Capital		298 000
Trade receivables	18 000	
Trade payables		12 700
Loan from International Bank (payable 2020)		50 000
Cash at bank	47 500	
Inventory (31 December 2015)	48 000	
	509 500	509 500

Additional information on 31 December 2015:

1. Wages and salaries owing amounted to $6 000.
2. Rent receivable outstanding was $2 500.
3. Sundry expenses figure includes an amount of $100 used by the owner, to pay for his private telephone bill.
4. Provision for bad debts is to be 5% of trade receivables.
5. Depreciation is to be provided as follows:
   Office equipment at 10% per annum on cost,
   Delivery van at 20% per annum using reducing balance method.
6. The loan from international bank was acquired on 31 December 2015.

You are required to prepare:

(a) An Income Statement/Profit and Loss Account for the year ended 31 December 2015

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(b) A statement of financial Position as at 31 December 2015.

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2 **(a)** The following balance was taken from the books of Jude Enterprises on 1 December 2015.

T. White $4 260 Dr

The following transactions took place during the month of December 2015:

December	2	T. White paid $4 200 by cheque in full settlement of the amount owing on 1 December.
	5	Sold goods on credit to T. White for $20 000 less 25% trade discount.
	9	Sent a credit note to T. White of $200 net in respect of damaged goods delivered to him on 5 December 2015.
	15	Accepted an old computer worth $6 800 as part payment of White's debt.
	31	T. White was declared insolvent. He managed to pay 50 cents cash for every dollar of the amount owing. The balance was written off as a bad debt.

You are required to prepare T. White's Account.

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(b) Kushinga Manufacturing Company makes and sells school uniforms. The following balances were extracted from the company's books on 31 December 2014.

		$
Inventories	(1 January 2014):	
	Raw materials	7 500
	Finished goods	600
	Work in progress	200
Inventories	(31 December 2014):	
	Raw materials	800
	Finished goods	1 300
	Work in progress	400
Sales of finished goods		60 300
Purchases of raw materials		12 000
Railage inwards on raw materials		150
Factory rent and rates		2 400
Factory general expenses		1 100
Patent fees		900
Depreciation on sewing machines		350

You are required to prepare:

(i) A Manufacturing Account for the year ended 31 December 2014.

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(ii) A Trading Account for the year ended 31 December 2014.

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3 **(a)** A bookkeeper recorded the following Appropriation Account in the Partnership books of Thembelani and Buhle.

Appropriation Account for the year ended 31 December 2014.

	$	$
Net Profit b/d		25 750
Add Interest on drawings: Thembelani		100
Buhle		150
		26 000
Less Interest on capitals: Thembelani	4 000	
Buhle	3 000	
Salary – Buhle	12 000	
		19 000
		7 000
Share of profits: Thembelani	3 500	
Buhle	3 500	
		7 000

Additional information extracted from the books.

1. Capitals (1 January 2014): Thembelani $40 000
   Buhle $30 000

2. Drawings for the year: Thembelani $ 2 000
   Buhle $ 3 000

3. Current Accounts (1 January 2014): Thembelani $ 1 400 Cr
   Buhle $ 800 Dr

4. Salary paid to Buhle during the year amounted to $8 000.

Show the Current Accounts of Thembelani and Buhle on 31 December 2014 in the ledger, in columnar form as shown below:

Ledger Book of Thembelani and Buhle

DR	Current Accounts				CR
	Thembelani	Buhle		Thembelani	Buhle
	$	$		$	$

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(b) The following information was taken from the books of Saungweme Limited.

Authorised Share Capital	$
600 000 Ordinary shares of $1 each	600 000
500 000 10% Preference shares of $1 each	500 000
Issued Share Capital	
500 000 Ordinary shares of $1 each	500 000
400 000 10% preference shares of $1 each	400 000
8% Debentures	100 000
Reserves	
General Reserves	60 000
Profit and Loss Accounts (1 January 2013)	45 000

During the year 2013, an interim ordinary dividend of $25 000 was paid.
The net operating profit for the year 2013 was $208 000 **before** charging debenture interest.

On 31 December 2013, the directors recommended that:

(i) the general reserves be increased to $80 000.
(ii) a full year's dividend be paid on preference shares
(iii) a final dividend of 12% on ordinary shares be paid

Prepare

(i) a Profit and Loss Appropriation Account for the year ended 31 December 2013

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(ii) a Statement of Financial Position extract as at 31 December 2013, showing the details and total of the shareholders' equity.

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4 **(a)** K. Thomas prepared a Trial Balance on 31 October 2015 whose totals disagreed, debits being less than credits by $1 700.

The following errors were discovered after the preparation of the final accounts.

1. The Sales Day Book was undercast by $600.
2. The Purchases Journal was overcast by $900.
3. The total of discount allowed of $1 600 was credited in the Discount Received Account.

Prepare

(i) Journal entries to correct the errors. (Narrations are not required)

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(ii) The Suspense Account.

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(b) The following balances appeared in the books of Tanatswa Social Club on 1 January 2012.

	$
Equipment, at cost	12 000
Rent outstanding	500
Subscriptions in arrears	800
Subscriptions prepaid	280

A summary of the receipts and payments for the year ended 31 December 2012 is as follows:

Receipts	$	Payments	$
Balance b/d (1 January 2012)	7 500	Equipment	3 400
Subscriptions	9 000	General expenses	4 100
Income from competitions	3 900	Rent	6 000
		Balance c/d	6 900
	20 400		20 400
Balance b/d	6 900		

Additional information

1. On 31 December 2012 subscriptions received in advance amounted to $1 100 and subscriptions in arrears amounted to $620.
2. Depreciation is charged at 5% on cost of equipment at the end of the year.

Prepare the Income and Expenditure Account for the year ended 31 December 2012.

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5 **(a)** The following information relates to the business of S. Mbewe who runs a departmental store consisting of Grocery and Hardware departments.

		$
Sales:	Grocery	90 000
	Hardware	120 000
Purchases:	Grocery	56 000
	Hardware	80 000
Inventory, (1 January 2017):	Grocery	16 000
	Hardware	20 000
Inventory, (31 December 2017):	Grocery	14 000
	Hardware	29 000
Customs duty:	Hardware	3 000
Carriage inwards:	Grocery	2 000
	Hardware	6 000

(i) prepare a Departmental Trading Account for the year ended 31 December 2017 [10]

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(ii) calculate mark up for the Grocery Department

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(iii) calculate margin for the Hardware Department

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(iv) calculate the rate of turnover for the Grocery Department

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(b) The following transactions took place in the business of E. Maunze, a vehicles trader, during the year ended 31 December 2014.

(i) Motor vehicles worth $200 000 were brought for resale.
(ii) Paid $4 500 cash for repairs to a damaged vehicle showroom.
(iii) Purchased a new van for $7 000 for use in the business.
(iv) The business paid $4 000 insurance costs for the vehicles showroom.

Classify the above transactions into capital expenditure and revenue expenditure.

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