



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING
PAPER 2

4051/2

NOVEMBER 2023 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 8 printed pages.

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1 (a) P. Maradza is a sole trader. Her trial balance at 31 May 2020 was as follows

	\$	\$
	DR	CR
Machinery at cost	85 000	
Motor vehicles at cost	62 000	
Provision for depreciation:		
Machinery at 1 June 2019		18 000
Motor vehicles at 1 June 2019		12 000
Trade receivables	18 000	
Trade payables		13 400
Provision for discount allowed at 1 June 2019		700
Bank		300
Sales		127 900
Purchases	81 200	
Sales returns	2 400	
Inventory at 1 June 2019	26 900	
Stationery	800	
Salaries	4 400	
Commission receivable		600
Rent	2 800	
Interest on loan	5 000	
10% Long term loan		90 000
Capital		37 100
Drawings	<u>11 500</u>	<u> </u>
	<u>300 000</u>	<u>300 000</u>

Additional information on 31 May 2020:

- (i) Inventory was valued at \$27 500.
- (ii) Stationery on hand amounted to \$300.
- (iii) Commission receivable owing was \$100.
- (iv) Provision for discount allowed is to be maintained at 5%.

- (v) Depreciation is to be calculated as follows
 Machinery at 10% per annum on cost
 Motor vehicles at 20% per annum on the net book value.

Prepare

- (i) an **Income Statement** for the year ended 31 May 2020. [9]
 (ii) a **Statement of Financial Position** extract as at 31 May 2020, showing clearly the working capital items only. [7]
- (b) On 31 December 2020, L. Makumbe's provision for doubtful debts was \$1 120. On 31 December 2020, his trade receivables amounted to \$24 000. He maintains the provision for doubtful debts at the rate of 4% of trade receivables.

Prepare L. Makumbe's Provision for doubtful debts account for the year ended 31 December 2020. [4]

- 2 (a) The following information was extracted from the books of N. Manungo on 31 October 2020.

	\$
Oct 1 Total trade receivables*	15 000
31 Credit sales	230 000
Discounts allowed	10 000
Cheques received from credit customers	160 000
Dishonoured cheques	8 000
Bad debts written off	5 000
Cash refunded to credit customers	7 000
Interest charged on customers overdue accounts	3 000
Credit balances in the sales ledger	2 000

Prepare N. Manungo's Sales Ledger Control Account on 31 October 2020.

[10]

2-15 1/2 00
 9 7 8 00

- (b) Zvavanhu Stores had the following transactions during the month of June 20

June	
4	Bought furniture for resale on credit from M. Furnitures for \$5 000.
10	Received \$10 000 by cheque from P. Sibanda in settlement of his account.
18	Zvavanhu Stores paid \$100 out of petty cash for airtime.
20	Returned defective goods valued at \$400 to a supplier.
29	Paid \$3 500 by cheque for insurance.

Name the subsidiary book used to record each of the above transactions.

[5]

- (c) The following account appeared in the sales ledger of C. Chido:

S. Mwale Account

Date	Details	Debit \$	Credit \$	Balance \$
2018				
Jan 1	Balance b/d			1 000 D
2	Interest (i)	100		1 100 D
4	Bank (ii)		800	300 D
10	Sales (iii)	3 000		3 300 D
12	Returns (iv)		200	3 100 D
20	Cash (v)		600	2 500 D

Name the source document used by C. Chido for each of the entries marked (i) to (v) in the account above.

[5]

- 3 (a) The following is the Cash Book and the Bank Statement of N Hlabangana for the month of November 2021.

Cash Book (Bank columns only)

2021		\$	2021		\$
Nov 3	Sales	11 000	Nov 1	Balance b/d	8 500
10	C. Trainos	14 000	5	Purchases: Cheque no. 3005	18 500
29	R. Ndlovu	33 000	9	P. Saul: Cheque no. 3006	12 000
30	Balance c/d	15 000	15	T. Zhou: Cheque no. 3007	16 500
			28	B. Chirandu: Cheque no. 3008	17 500
		<u>73 000</u>			<u>73 000</u>

Bank Statement

Date	Details	Debit	Credit	Balance
2021		\$	\$	\$
Nov 1	Balance b/f			8 500 Dr
3	Cash deposit		11 000	2 500 Cr
7	Cheque no. 3005	18 500		16 000 Dr
12	Cheque no. 3006	12 000		28 000 Dr
10	Deposit- C. Trainos		14 000	14 000 Dr
18	Cheque no. 3007	16 500		30 500 Dr
24	Stop order: Insurance	3 000		33 500 Dr
27	Credit transfer: ABC Ltd		13 500	20 000 Dr
30	Bank charges	500		20 500 Dr

- (i) Identify any **three** causes of the differences between N. Hlabangana's Cash Book balance and Bank Statement balance on 30 November. [3]
- (ii) Prepare an updated Cash Book on 30 November 2021. [5]
- (iii) Draw up a Bank Reconciliation Statement on 30 November 2021. [5]

- (b) Identify a professional ethic in accounting associated with each of the following:
- (i) A professional accountant should not be biased in executing his/her duties. [1]
 - (ii) A professional accountant should not disclose business information to third parties. [1]
 - (iii) A professional accountant should be honest and truthful in all business relationships. [1]
- (c) The following is a Statement of Financial Position of P. Sigauke.

Statement of Financial Position on 30 June 2020

<u>Non-current assets</u>	\$	\$
Motor vehicles		140 000
<u>Current assets</u>		
Inventory	60 000	
Trade receivables	45 000	
Cash at bank	<u>15 000</u>	<u>120 000</u>
		<u>260 000</u>
Capital		220 000
<u>Current liabilities</u>		
Trade payables		<u>40 000</u>
		<u>260 000</u>

Showing all your workings, calculate:

- (i) Current ratio. [2]
- (ii) Quick ratio. [2]

- 4 (a) State **three** causes of physical depreciation [3]
- (b) The following information was extracted from the books of Samakomva Burial Society at 31 December 2020.

	\$
Subscriptions received during the year	12 100
Subscriptions in arrears, 1 November 2019	1 080
Subscriptions in advance, 1 November 2019	920
Payments made during the year:	
-secretary's wages	4 500
-Rent	2 000
-Insurance	1 300
-Sundry expenses	1 600

Additional information available on 31 October 2020:

Subscriptions in arrears were \$3 600 and subscriptions in advance amounted to \$1 400.

Rent prepaid was \$800.

\$280 for sundry expenses is owing.

- (i) Calculate the accumulated fund at 31 October 2020. [3]
- (ii) Prepare a Subscriptions Account for the year ended 31 October 2020. [6]
- (c) The following errors were discovered in the books of C. Kondo on 31 December 2019:
- (i) The Purchases Book was undercast by \$500.
- (ii) Goods sold on credit for \$870 were entered as \$780.
- (iii) Electricity paid for \$1 250 was recorded in the Cash Book only.
- (iv) Commission Received of \$2 000 was recorded on the debit side of the Commission Paid Account.
- (v) General Expenses Account was overstated by \$600
- (vi) Drawings of \$1 200 cash were debited to Salaries Account

His net profit before correction of errors was \$18 000.

Prepare a statement showing the corrected net profit. [8]

- 5 Nehanda Distributors Ltd had the following balances after the preparation of the Income Statement on 31 December 2020

	\$
Issued Share Capital	100 000
100 000 ordinary shares of \$1 each	400 000
200 000, 10% preference shares of \$2 each	500 000
Non-current assets	100 000
5% Debentures	70 000
Profit for the year ended 31 December 2020	85 000
Profit and Loss Account, 31 December 2019	20 000
Interim preference dividends paid	30 000
General reserve, 31 December 2019	

The following information is also available:

- (i) Authorised share capital
- | | \$ |
|--|---------|
| 150 000 Ordinary shares of \$1 each | 150 000 |
| 200 000, 10% Preference shares of \$2 each | 400 000 |
- (ii) On 31 December 2020, the directors:
- Paid the remainder of preference shares dividend for the year.
 - Paid a dividend of \$0,10 per share on ordinary shares.
 - Transferred \$2 500 to the general reserve.
- (a) Prepare a Statement of Changes in Equity for the year ended 31 December 2020. [8]
- (b) Prepare the Statement of Financial Position extract as at 31 December 2020 showing the capital structure. [9]
- (c) State any **three** users of accounting information. [3]