

Centre Number.			Candidate Number			

Candidate Name: _____

EXAMINATIONS COUNCIL OF ZAMBIA
 Joint Examination for the School Certificate
 and General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTS

PAPER 2

7110/2

Monday

20 OCTOBER 2014

1 hour 45 minutes

Additional materials
 Answer Booklet

TIME 1 hour 45 minutes

INSTRUCTIONS TO CANDIDATES

There are **four (4)** questions in this question paper.

Answer **all** questions.

Write your name, centre number and candidate number in the spaces provided at the top of this page and on the Answer Booklet.

Questions one (1), two (2) and three (3)

Write your answers in the spaces provided on the question paper.

Question four (4)

Write your answers on the Answer Booklet provided. At the end of the examination fasten the Answer Booklet securely to the question paper.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

Non programmable calculators may be used.

Where **layouts** are to be completed, you may not need all the lines for your answer.

Cell phones are not allowed in the examination room.

1 (a) Write the answers in the spaces provided to complete the following sentences:

- (i) A credit balance in the bank account in the Cash Book shows _____
- (ii) The formular to find owner's capital is _____
- (iii) _____ is the maximum amount of capital that a company is allowed to raise.
- (iv) Rent prepaid appears in the Balance Sheet under _____
- (v) The purchase of a fixed asset to be used in the business should first be recorded in the _____
- (vi) Subsidiary books are also called _____ or _____
- (vii) The purchase of fuel for use in the business is _____ expenditure.
- (viii) The depreciation method where the depreciation is calculated on the book value is called _____
- (ix) _____ is another name for the capital of the owner.

[10]

(b) State the subsidiary book prepared using each of the following documents:

- (i) Duplicate invoice
- (ii) Original invoice
- (iii) Original credit note
- (iv) Duplicate credit note

[4]

(c) Fill in the missing amounts in the following table.

Assets	Liabilities	Capital
K	K	K
128 600	84 000	(i)
(ii)	56 400	28 400
250 400	(iii)	114 800
(iv)	111 500	88 500
216 500	104 300	(v)
314 100	(vi)	146 300

[Total 20 marks]

- 2 (a) Lusungu is a customer of M. Khumbo. From the following information, prepare M. Khumbo's Account in Lusungu's ledger for the month of December, 2012, paying particular attention to dates and details.

2012

December 1	Balance due to M. Khumbo K710
December 6	Lusungu bought goods from M. Khumbo valued @ K900 – less 20% trade discount
December 14	Lusungu returned some of the goods from M. Khumbo bought on 6 th December with a list price of K300
December 20	Lusungu paid M. Khumbo the amount due on 1 December by cheque less 2% cash discount.

[9]

- (b) Bwalya commenced trading on 1st October, 2012 and took over premises from that date at annual rental of K3 600 payable at the end of each quarter. On 1st May, 2013 he sublet part of the premises at an annual rent of K900. Bwalya's financial year ended on 30th September, 2013 and by that date he had made the following payments by cheque in respect of rent:

	K
2 nd January 2013	900
28 th March 2013	900
30 th June 2013	900

The following amounts had also been received by cheque from sub-tenant:

	K
1 st May 2013	150
1 st August 2013	150

Required:

Prepare separate accounts for:

- (i) Rent payable
- (ii) Rent receivable

Balance them on 30th September, 2013 showing the appropriate transfers to the Profit and Loss Account, using correct dates and details.

[13]

[Total 22 marks]

3 (a) State **any two** types of errors that will **not** be revealed in the Trial Balance and **any one** that will make the Trial Balance disagree. [3]

(b) There are certain mistakes that have been made in drawing up the following Balance Sheet of Food Paradise Restaurant.

Balance Sheet for the year ended 31/12/11

	K	K		K
Capital	6 000		Freehold premises	3 000 ✓
Add loan	1 000	7 000	Stock 31/12/11	2 845 ✓
Net Profit		1 368	Plant and Machinery	2 560 ✓
Sundry Debtors		1 412	Cash in hand	78 ✓
Stock 01/01/11		1 634	Drawings	702
			Bank overdraft	349 ✓
			Sundry creditors	1 880 ✓
		11 414		11 414

Required:

Prepare the Balance Sheet as it should be after the corrections. [11]

(c) The records of Yohane Mufuma disclose the following details:

Year	Sales	Cost of goods sold	Net Profit
	K	K	K
2009	250 000	150 000	50 000
2010	200 000	140 000	40 000
2011	400 000	250 000	80 000

Required:

Calculate the percentages of Gross Profit, Overhead Expenses and Net Profit for each year based on Turnover.

Year	Gross Profit %	Overhead Expenses %	Net Profit %
2009			
2010			
2011			

[9]

[Total 23 marks]

- 4 Lusaka Youth Recreation Club had the following Ledger balances on 1st January, 2012:

	K
Games Equipment	15 000
Furniture and Fittings	10 000
Subscriptions in Arrears	350
Insurance prepaid	270
Cash at Bank	8 900
Subscriptions in advance	480
General Expenses owing	140

For the year ended 31st December, 2012 the Treasurer of the Club produced the following summary of Receipts and Payments:

	K		K
<u>Receipts</u>		<u>Payments</u>	
Subscriptions	5 600	Water & Electricity	3 750
Donations	5 000	Dance Expenses	1 350
Sponsored walk	8 000	Insurance	505
Proceeds from walk	12 400	New Games Equipment	9 480
		General Expenses	15 025

Additional information:

- (i) Subscriptions of K5 600 include K240 for the following financial year. Subscriptions owing for the current year are K620.
- (ii) General expenses outstanding on 31st December, 2012 amount to K575.
- (iii) Fixed Assets are to be depreciated as follows:
Furniture and Fittings K800
Games Equipment at the rate of 10% per annum on the closing balance.

You are required to:

- (a) **Calculate** the Accumulated Fund showing your workings clearly, as at 1 January, 2012 and the Subscriptions Account, showing clearly the transfer to the Income and Expenditure Account at 31st December, 2012. [13½]
- (b) **Prepare** the Income and Expenditure Account for the year ended 31st December, 2012. [9½]
- (c) **Draw up** a Balance Sheet as at 31st December, 2012. [12]

[Total 35 marks]