Candidate Name		
Carrata to Harrio	 	

Centre	Candidate	
Number	Number	
Number	Indilibei	

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for General Certificate of Education Ordinary Level

Principles of Accounts 7110/2

Friday

15 JULY 2016

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.

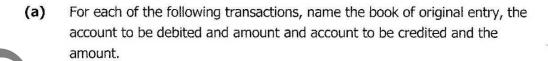
Information for Candidates

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.



- (i) J Mwape, a sole trader invests K50 000 in his business and opens a Bank Account.
- (ii) M Muungo bought goods for sale on credit from A Lekisa K5 000 less 10% Trade discount.
- T Wamundila wrote off as a bad debt K560 after learning that a debtor, B Hamaula, had died in an accident.
- (iv) M Muungo returned some of the goods bought from A Lekisa, price list K1 000 as they were damaged in transit.

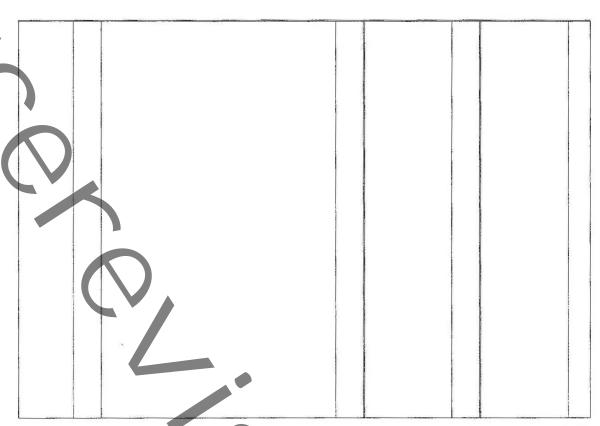
S/No	Journal	Account Debited K	Account credited K
i			
II			
iii			
iv			

[12]

(b) M Mwiinga had the following balances in his Ledger Accounts as at 30th September 2014.

	K
Stock of unsold goods	5 000.00
Prepaid insurance premium	500.00
Bank balance	800.00
Rent paid in Advance	450.00
Premises repairs bills owing	250.00
Debtors	2.000.00
Creditors	2 560.00
Premises	40 000.00
Equipment	15 000.00
Bank Loan	8 500.00
	The state of the second control of the secon

Showing your working clearly, **calculate** M. Mwiinga's working capital only.



[Total: 22 marks]

2 (a) From the following details below, **prepare** R. Nyirenda's Account in S Hakainda's Sales Ledger and close off the account at the end. Pay particular attention to dates and wording.

2014		K
July 1	Balance owed by R Nyirenda	400
5	R Nyirenda bought goods on credit	500
10	Paid balance owing on 1 July by cheque	370
	in full settlement	
15	R Nyirenda's cheque was returned unpaid	
	due to lack of funds	
Sept 25	R Nyirenda was declared bankrupt by the	
	Court of Law. His Trustee in Bankruptcy	
	made first payment by cheque 1/5 of the	
	total amount owing	
Dec 26	The Trustee made a final payment of 3/5	
	of the total amount by cheque	
Dec 31	S. Hakainda decided to write off the	
	remaining balance as a bad debt.	



(b) Prepare J Mulenga's Provision for Bad Debts Account in his General Ledger for two years. Show the amounts of transfer to Profit and Loss Account at the end of each year and the balance carried forward to the following year. J Mulenga maintained his provision at 5% of the net debtors at the end of each year. [9]

2012

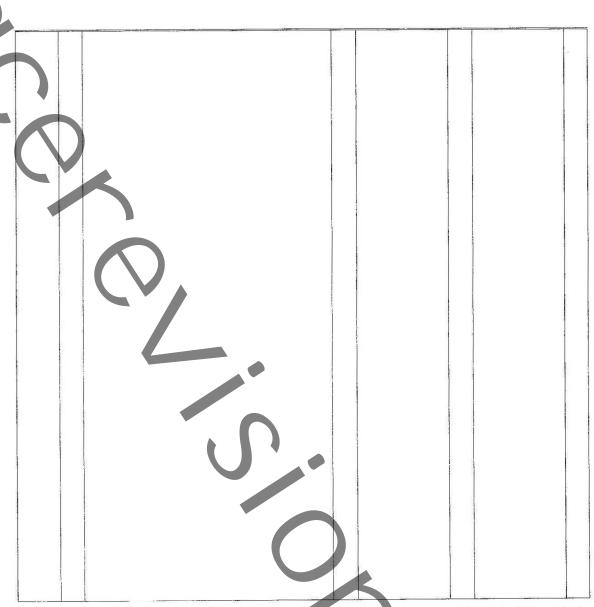
Jan 1 Provision for Bad Debts Account balance brought forward K250.00

Dec 31 Net Trade Debtors K5 600.00

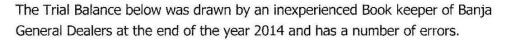
2013

Sept 30 Bad Debts written off K260.00

Dec 31 Net Trade Debtors K5 500.00



[Total: 22 marks]



BANJA GENERAL DEALER'S TRIAL BALANCE FOR THE YEAR ENDED 31 DECEMBER, 2014

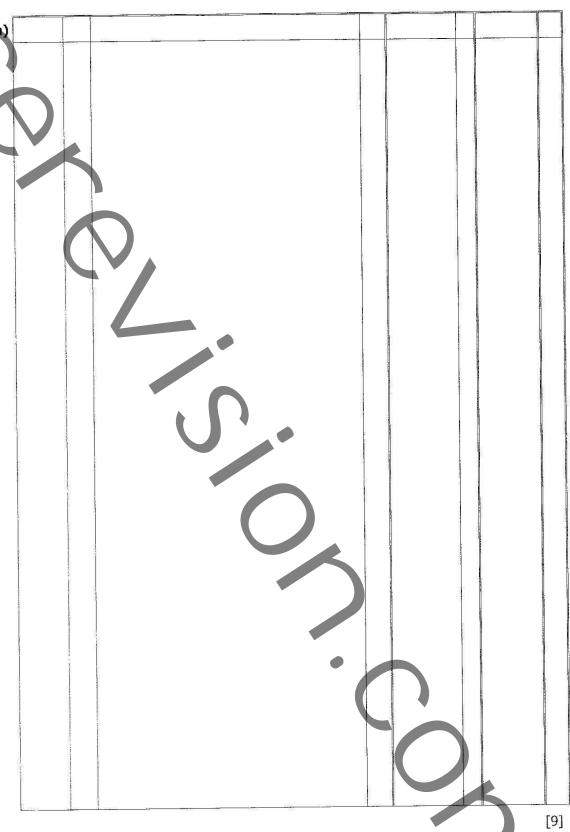
Accounts	Dr	Cr
	К	К
Capital		3 300.00
Sales	ļ	1 900.00
Returns Outwards	60.00	
Purchases	1 200.00	
Returns Inwards		70.00
Carriage on Purchases	100.00	
Carriage on Sales		150.00
Discount Allowed		180.00
Discount received	40.00	
Cash at Bank	400.00	
Stock (1 January 2014)	400.00	
Premises	4 000.00	
Rent owing	200.00	
Loan	1 000.00	
Suspense		1 800.00
	7 400.00	7 400.00

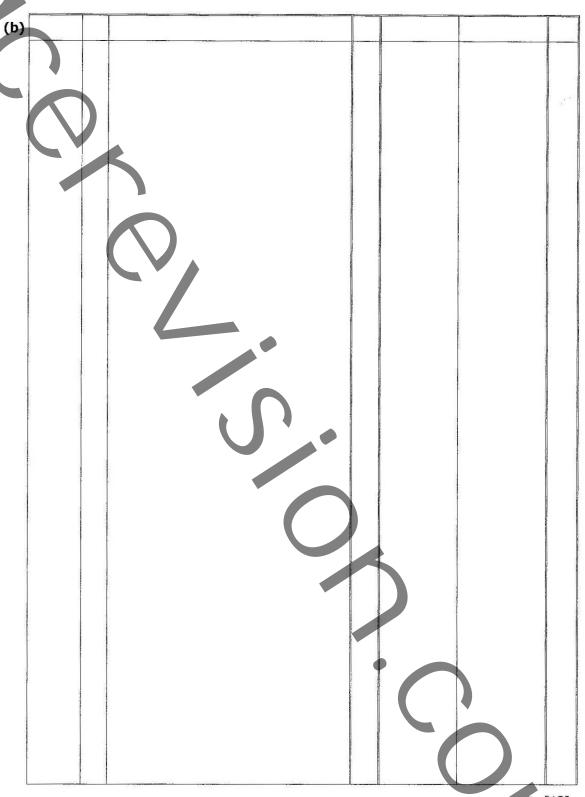
Additional Information:

- (i) Premises had just been appreciated to K5 000.00. No record had been made yet.
- (ii) An invoice for goods purchased on credit K5 000.00 was not recorded in the books of Accounts
- (iii) A private motor van had been given to the business by the owner K6 000.00. No formalities had been made.
 - (a) Do the Journal entries with narrations for the correction of the transactions (i) to (iii). [9]
 - (b) Redraft the Trial Balance, with its correct heading, to show how it stands after the adjustments (i) to (iii).

[12]

[Total: 21 marks]





[12]

[Total: 21 marks]

D Tembo's retail business is divided into two departments, Hardware and Electrical and the following information was extracted from the books on 31 October 2014, the end of the financial year.

Trial Balance as at 31 October 2014

Idi Dalance as at st october to		
	Dr	Cr
Capital		12 400
Drawings	1 200	
Premises	10 000	
Equipment and Fittings	1 500	
Motor Vehicles	1 900	
Mortgage Loan on Premises		2 000
Stocks 1st Nov. 2013		
Hardware	2 400	
Electrical	1 400	
Purchases: Hardware	4 400	
Electrical	3 200	
Sales: Hardware		8 400
Electrical		5 600
Debtors	520	
Creditors		2 400
Motor vehicle expenses	840	
Wages	2 400	
Rates and insurance	200	
Heating and lighting	300	
Mortgage interest paid	100	
Cash at Bank	440	1980
	30 800	30 800
W.		

You are required to prepare the Trading and Profit and Loss Account, in columnar form to show the Gross Profit and Net Profit for each Department for the year ended 31 October 2014 and a Balance Sheet as at that date.

You are to take into account the following additional information:

(a) Stocks at 31 October 2014 were:

Hardware K2 520

Electrical K1 620

- (b) The item purchases hardware K4 400 included K100 for desks bought for use in the business.
- Depreciation is based on the book values of Fixed Assets in possession of the firm at the year end at the following rates:

Equipment and Fittings 10%

Motor Vehicles

20%

- (d) Motor vehicles expenses and depreciation of the motor vehicles should be charged wholly to the Hardware Department.
- (e) Depreciation of Equipment and Fittings should be shared equally by the two Departments.
- (f) All the other expenses should be allocated in proportion to the turnover of the two Departments.

[Total 35 marks]