EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Principles of Accounts 7110/2

PAPER 2

Monday 19 OCTOBER 2015

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.
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.

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This question paper consists of 9 printed pages.
1 (a) You are required to show the source documents used to record transactions in the following books of prime entry.

(i) Cash Book
(ii) Petty Cash Book
(iii) Purchases Day Book
(iv) Sales Returns Day Book

(b) State any five uses of the General Journal

(i)
(ii)
(iii)
(iv)
(v)

(c) Show the separate effect on the Balance Sheet of Pakati for each of the following transactions:

(i) Purchased goods on credit K1 000.
(ii) Sabi a debtor sends the firm K 5 000 by cheque.
(iii) We return goods K500 – to a supplier whose account was still outstanding.
(iv) We pay a creditor K3 000 – by cheque.
(v) Pakati (owner of the business) introduces K10 000 into the business by cheque.
(vi) Bought computer K8 000 for office use paying by cheque.
(vii) Sold goods for cash K4 500.
(viii) A debtor pays Pakati in cash K7 700.

Copy the table below and complete with your answers (e.g. increase by K150, decrease by K150 or no effect)

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Assets</th>
<th>Capital</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(viii)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2 (a) State three methods of depreciation

(i) ..........................................................................................................................

(ii) ..........................................................................................................................

(iii) ........................................................................................................................ [3]

(b) M. Mwila's rent and rates expenses were kept in one Ledger Account. On 1 January 2013, rent accrued was K900.00 and rates prepaid were K700.00. On 31 December, 2013 the end of the financial year, rates prepaid were K700.00 and accrued rent was K1 100. During the year, K4 800 was paid for rent and K3 100 was paid for rates.

Write the Rent and Rates Account in M. Mwila's General Ledger to show how the account stood at the end of the financial year, 31 December 2013, showing the amount to be transferred to the Profit and Loss Account.

[8]
(c) G. Keelo was a customer of J. Nyangu. From the following information, prepare J. Nyangu's Account in G. Keelo's Ledger for the month of May 2013 and balance it.

2013

May 1 Balance due to J. Nyangu K6 000.00
  8 G. Keelo bought goods from J. Nyangu, with a list price of K10 000 less 20% trade discount.
  16 G. Keelo returned some of the goods bought on 8 May with a list price of K2 000.00
  20 G. Keelo paid his debt owing on 1 May by cheque less 2½% discount
  30 G. Keelo purchased more goods from J Nyangu K3 000 net.

[Total: 21 marks]
3 (a) State whether each of the following expenses of Buleya Cheelo is Capital Expenditure or Revenue Expenditure.

(i) Purchase of Shop Fixtures and Fittings
(ii) Purchase of Motor Vehicles for resale
(iii) Painting of old business buildings
(iv) Paying builder for extension of the shop
(v) Purchase of delivery vehicle for business by Buleya Cheelo
(vi) Paying for repairs to business Motor Vehicles

(b) Malikana Chewe is a manufacturer who keeps her books on the single entry system. The position of her business at 31 December 2013 revealed the following;

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Buildings</td>
<td>10 000</td>
</tr>
<tr>
<td>Computers</td>
<td>6 000</td>
</tr>
<tr>
<td>Stock in Trade</td>
<td>13 000</td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>17 500</td>
</tr>
<tr>
<td>Bank Balance</td>
<td>3 000</td>
</tr>
<tr>
<td>Trade Creditors</td>
<td>18 750</td>
</tr>
</tbody>
</table>

Additional information;

(i) At 1 January 2013 capital was K55 000
(ii) During the year, Malikana Chewe withdrew goods worth K5 000 from business for personal use and deposited in the business Bank Current Account K2 000 realised from the sale of her private motor car.
(iii) No other transactions took place.
Required:

(i) to prepare a Statement of Profit and Loss for the year ended 31 December 2013 [6]

(ii) to prepare a Statement of Affairs as at 31 December 2013 [10]

[Total: 22 marks]
The Chingola Recreation Club had the following details during the year ended 31 March 2014.

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED**

<table>
<thead>
<tr>
<th></th>
<th>K</th>
<th>K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balance b/f</td>
<td>40 000</td>
<td>Payments for refreshments</td>
</tr>
<tr>
<td>Sales of refreshments</td>
<td>525 000</td>
<td>Stationery</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>250 000</td>
<td>Rent</td>
</tr>
<tr>
<td>Donations c/d</td>
<td>702 000</td>
<td>Prizes for competitions</td>
</tr>
<tr>
<td>Balance</td>
<td>513 200</td>
<td>Purchase of a computer</td>
</tr>
<tr>
<td></td>
<td>2 030 200</td>
<td>2 030 200</td>
</tr>
</tbody>
</table>

Balance b/d 513 200

The following information is also available:

<table>
<thead>
<tr>
<th></th>
<th>31/03/13</th>
<th>31/03/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions in advance</td>
<td>78 000</td>
<td>21 200</td>
</tr>
<tr>
<td>Subscriptions in arrears</td>
<td>56 400</td>
<td>49 000</td>
</tr>
<tr>
<td>Stock of refreshments</td>
<td>27 000</td>
<td>32 500</td>
</tr>
<tr>
<td>Arrears on suppliers of refreshments</td>
<td>10 000</td>
<td>15 000</td>
</tr>
<tr>
<td>Printing machine (cost K500 000)</td>
<td>370 000</td>
<td>320 000</td>
</tr>
</tbody>
</table>

**Required:**

(i) Prepare the Trading Account for Refreshments with the correct heading. [5½]
(ii) Prepare the Subscriptions Account. [6½]
(iii) Prepare the Income and Expenditure Account for the year ended 31 March 2014 and the Balance Sheet as at that date (show the calculation of the Accumulated Fund as at 1 April 2014). [23]

[Total: 35 marks]
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