



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

PRINCIPLES OF ACCOUNTING
PAPER 1 Multiple Choice

4051/1

SPECIMEN PAPER

1 hour 30 minutes

Additional materials:
Multiple Choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended.)

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Do **not** open this booklet until you are told to do so.

Write your name, Centre number and candidate number on the answer sheets in the spaces provided unless this has already been done for you.

There are **forty** questions in this paper. Answer **all** questions. For each question there are four possible answers **A, B, C** and **D**. Choose the one you consider correct and record choice in soft pencil on the separate answer sheet provided.

Calculators **may** be used.

Read very carefully the instructions on the answer sheet.

INFORMATION FOR CANDIDATES

Each correct answer will score **one** mark. A mark will not be deducted for a wrong answer.

Any rough working should be done in this booklet.

This question paper consists of 10 printed pages and 2 blank pages.

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- 1 Which document shows that goods were bought on credit?
- A credit note
 - B debit note
 - C invoice
 - D voucher
- 2 One of the disadvantages of sole proprietorships is that
- A decision making is fast.
 - B formation is easy.
 - C owner enjoys all the profits.
 - D owner has unlimited liability.
- 3 Which subsidiary book is used to record an allowance provided by the supplier for damaged goods?
- A purchases journal
 - B returns journal
 - C returns outwards journal
 - D sales journal
- 4 Which of the following is recorded in the general journal?
- A bad debts written off
 - B office equipment bought for resale
 - C credit notes received from suppliers
 - D delivery van sold for cash
- 5 Which of the following is a computer output device?
- A keyboard
 - B monitor
 - C mouse
 - D scanner
- 6 The sales account appears in the
- A general ledger.
 - B private ledger.
 - C trade payables ledger.
 - D trade receivables ledger.
- 7 Which is the double entry for motor fuel returned to Zimoil?

	Debit	Credit
A	motor fuel account	Zimoil account
B	returns inwards account	Zimoil account
C	Zimoil account	motor fuel account
D	Zimoil account	returns inwards account

- 8 On 1 October 2016, J. Mbada's account showed a debit balance of \$700. The following transactions took place. On 19 October J. Mbada bought goods on credit list price \$5 000 less 20% trade discount. On 25 October J. Mbada paid \$2 000 cash.

What was the balance in J. Mbada's account on 31 October 2016?

- A \$1 300 credit
 B \$1 300 debit
 C \$2 700 credit
 D \$2 700 debit
- 9 Which of the following is a final account?
- A bank reconciliation statement
 B income statement
 C statement of affairs
 D statement of financial position

- 10 Given:

	\$
Non current assets	55 000
Current assets	15 000
Capital	42 000

Liabilities amount to

- A \$13 000.
 B \$28 000.
 C \$40 000.
 D \$70 000.
- 11 A cashbook had a credit balance of \$1 200.

The bank statement showed the following.

	\$
Bank charges	120
Credit transfer	7 200
Direct debit	400
Interest on overdraft	600

The updated cash book balance was

- A \$4 880 credit.
 B \$4 880 debit.
 C \$7 280 credit.
 D \$7 280 debit.

- 12** A trader provided the following.

	\$
Balance as per bank statement	5 500 debit
Balance as per cash book	6 000 credit
Deposits not yet credit	1 500

Cheques not yet presented were

- A** \$1 000.
- B** \$2 000.
- C** \$10 000.
- D** \$13 000.

- 13** A manufacturer had the following costs:

	\$
Raw materials used	8 000
Wages: Factory workers	4 000
Factory supervisor	1 000
Office workers	2 000
Factory overheads	4 500

What is the cost of production?

- A** \$8 500
- B** \$10 500
- C** \$17 500
- D** \$19 500

- 14** Which item is part of prime cost?

- A** administration expenses
- B** direct materials
- C** distribution expenses
- D** factory overheads

- 15** Costs of repainting a motor vehicle were debited to the motor vehicle account.

This is an error of

- A** commission.
- B** complete reversal of entries.
- C** original entry.
- D** principle.

- 16** The total in the sales returns book was recorded as \$3 200 instead of \$2 300.

To correct the error

	debit	credit
A	sales returns account \$900	suspense account \$900.
B	sales returns account \$2 300	suspense account \$2 300.
C	suspense account \$900	sales returns account \$900.
D	suspense account \$2 300	sales returns account \$2 300.

- 17** On 1 January 2015, a trader bought a motor vehicle for \$40 000. It was depreciated, by 10% using the reducing balance method. On 31 December 2016 it was sold for \$29 000.

The profit or loss on disposal was

- A** \$3 000 loss.
- B** \$3 000 profit.
- C** \$3 400 loss.
- D** \$3 400 profit.

- 18** Which of the following is a nominal account?

- A** capital
- B** interest received
- C** inventory
- D** trade receivables

- 19** What can make the bank statement balance greater than the cash book balance?

- A** credit transfer
- B** direct debit
- C** dishonoured cheque
- D** standing order

- 20** An increase in the provision for bad debts is recorded as a

- A** credit in the bad debts account.
- B** credit in the profit and loss account.
- C** debit in the profit and loss account.
- D** debit in the provision for bad debts account.

- 21** Information used to update a cash book is obtained from

- A** bank reconciliation statements.
- B** bank statements.
- C** financial statements.
- D** statement of accounts.

22 Which item is entered in the statement of financial position?

- A** packaging materials
- B** electricity
- C** stationery
- D** trade payables

23 A trader provided the following information.

	\$
Computer at cost	60 000
Profit on sale of the computer	4 000
Cash received from sale of the computer	24 000

What was the accumulated depreciation of the computer on the date of sale?

- A** \$28 000
- B** \$32 000
- C** \$36 000
- D** \$40 000

24 Which of the following is used by not for profit organisations to calculate cash at bank?

- A** income and expenditure account
- B** receipts and payments account
- C** refreshments trading account
- D** statement of affairs

25 What is the effect of selling goods on credit?

	Increase in	Decrease in
A	inventory	trade payables
B	inventory	trade receivables
C	trade payables	inventory
D	trade receivables	inventory

26 What is offered by partnerships to reward partners who have brought more into the business?

- A** interest on capital
- B** interest on drawings
- C** partner's salary
- D** share of profits

- 27** Jane and Sam are in partnership. Jane is entitled to a monthly salary of \$10 000. Salary paid to Jane during the year amounted to \$80 000.

The salary to be entered in the appropriation account is

- A** \$40 000.
 - B** \$70 000.
 - C** \$80 000.
 - D** \$120 000.
- 28** What will appear on the credit side of a trial balance?
- A** carriage on purchases
 - B** carriage on sales
 - C** purchases returns
 - D** sales returns
- 29** Capital employed is the sum of
- A** non current assets and non current liabilities.
 - B** non current assets and owner's equity.
 - C** owner's equity and current assets.
 - D** owner's equity and non current liabilities.
- 30** Working capital decreases if
- A** a cheque is issued for electricity owing.
 - B** cash is paid to a creditor.
 - C** inventory is sold at cost.
 - D** office equipment is bought by cheque.
- 31** A trader provided the following information.

2016		\$
Oct 1	Trade payables	9 000
31	Credit purchases	30 000
	Returns outwards	2 000
	Discount allowed	1 000
	Cheques paid to trade payables	18 000

The trade payables on 31 October 2016 were

- A** \$10 000.
- B** \$19 000.
- C** \$20 000.
- D** \$23 000.

- 32** Identify the set with liabilities only.
- A** rent receivable due, trade payables.
 - B** subscriptions in advance, salaries owing.
 - C** subscriptions in arrears, insurance unexpired.
 - D** wages accrued, subscriptions in arrears.
- 33** Which accounting concept states that a company must use the same rules, methods and regulations over a long period?
- A** consistency
 - B** going concern
 - C** historical cost
 - D** prudence
- 34** Which set consists of impersonal accounts?
- A** capital, drawings, premises
 - B** furniture, wages, drawings
 - C** motorvan, rent received, capital
 - D** stationery, machinery, discount received
- 35** The following information relates to a business.

	\$
Opening inventory	9 000
Closing inventory	7 000
Carriage inwards	500
Carriage outwards	1 000
Purchases	30 000

What is the cost of goods sold?

- A** \$31 500
 - B** \$32 000
 - C** \$32 500
 - D** \$33 000
- 36** What name is given to the registered share capital of a joint stock company?
- A** authorised share capital
 - B** called up share capital
 - C** issued share capital
 - D** paid up share capital

- 37** A company provided the following information on 31 December 2016.

	\$
Profit and loss, 1 January 2016	100 000
10% debentures	300 000
Net profit before charging debenture interest	500 000

Profit available for appropriation was

- A** \$470 000.
- B** \$570 000.
- C** \$600 000.
- D** \$630 000.

- 38** A company issued shares as follows

2016

1 Jan	300 000 10% preference shares of \$0,50 each
30 June	400 000 20% preference shares of \$1,00 each

The total issued share capital was

- A** \$95 000.
- B** \$110 000.
- C** \$550 000.
- D** \$700 000.

- 39** The following balance sheet extract was taken from the books of a trader.

Current liabilities

	\$
Trade payables	9 500
Bank	2 000

What is meant by the entry 'bank 2 000'?

- A** bank overdraft
- B** cash at bank
- C** loan from bank
- D** payment by cheque

- 40** The following account was extracted from the books of a trader.

Provision for bad debts account					
2016			2016		
Dec 31	Profit and loss	1 000	Jan 1	Balance b/d	6 000
	Balance c/d	5 000			

What does the entry 'Profit and loss \$1 000' represent?

- A** creation of provision for bad debts
- B** decrease in provision for bad debts
- C** increase in provision for bad debts
- D** provision for bad debts written off

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