

# ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

## **ACCOUNTING**

6001/2

PAPER 2 Structured Questions

NOVEMBER 2018 SESSION

1 hour 45 minutes

Candidates answer on the question paper Additional materials: No additional materials are required

TIME 1 hour 45 minutes

### INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page.

Answer all questions.

Write your answers in the spaces provided on the question paper. If you require extra paper,

ask the supervisor for supplementary answer paper.

# INFORMATION FOR CANDIDATES

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

You may use a calculator.

The businesses in this paper are intended to be fictitious.

FOR EXAMI	NER'S USE
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TOTAL	

This question paper consists of 16 printed pages.

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P. Moyo, a soletrader, does not keep proper books of accounts but he is able to provide the following details:

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	1 Jan 2015	31 Dec 2015
	\$	\$
Premises at cost	80 000	80 000
Fixtures and fittings at valuation	8 000	6 500
Motor vehicles (NBV)	7 000	?
Trade payables	16 500	14 900
Trade receivables	13 750	11 400
Wages accrued	1 000	800
Inventory	22 000	25 400
Petty cash	500	350
Rent prepaid	600	?

Details of the bank account were as follows:

#### Additional information:

- 1. Before banking his shop takings, P Moyo took \$300 per month for his personal drawings. All other payments were made from the bank.
- 2. During the year he took goods worth \$2 800 for his own use.
- 3. P. Moyo depreciates his vehicles at 20% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase. No depreciation is provided for in the year of sale.
- 4. A vehicle which had a net book value of \$3 000 on 1 January 2015 was sold during the year.
- 5. A customer has been declared bankrupt and will not pay \$600 owing. The amount is included in trade receivables at 31 December 2015.
- 6. In addition P Moyo has decided to create a provision for doubtful debts of 5%.
- 7. The rent payable per annum is \$18 000.
- 8. P. Moyo used petty cash to buy stationery.

(a) Calculate P. Moyo's opening capital.	For Examine
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Prepare P. Moyo's Income Statement for the year ended 31 December 2015	5. For Examin
	[6]

	Prepare P. Moyo's 31 December 2015	to show curre	nt assets section	n.	
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State	any three reasons fo	or preparing cor	atrol accounts.		[4]
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2 (a)	What is the importance of preparing statement of cashflow to a business?
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Davos Limited: Statements of financial positions as at 31 December 2014 and 2015 were as follows:

Co-Halland Control	31 De	cember	2014	31 De	cember	2015
	Cost	Dep	NBV	Cost	Dep	NBV
	\$000	\$000	\$000	\$000	\$000	\$000
Non-current assets						
Premises	800	_	800	728	_	728
Equipment	160	70	90	300	78	222
Motor vehicles	240	180	_60	320	190	130
	1200	250	950			
Current assets	1200	250	930	1348	<u>268</u>	1080
Inventory		200			150	
Trade receivables		80			170	
Bank				A. P. Land	104	
Duin		$\frac{110}{390}$			72	
Current liabilities		390			346	
Trade payables	60					
Taxation				76		
Other payables	78	100		86		
Other payables	<u>60</u>	198	192	70	232	114
Less: 8% Debentures 2019			1142			1194
Less: 8% Debentures 2019			200			140
GI II I			942			1054
Share capital and reserves						1034
Ordinary shares of \$1 each			400			500
12% Preference shares of \$1 each			100			-
Share premium			40			100
General reserves			200			50
Retained profits	NE STATE		202			200
			942	1200		204
			234	1		1054

Davos Limited: Income Statement extract for the year ended 31 December 2015.



2	\$000	\$000
Operating profit		188
Debenture interest		(16)
Profit before taxation		172
Taxation		80
Profit after taxation		92
Dividends paid		-
Preference dividend	12	
Ordinary dividend	78	90
Retained profit for the year	/0	2

## Additional information

During the year ended 31 December 2015 the following transactions took place:

- Premises which had cost \$72 000 were sold for \$100 000.
- 2. Equipment which had cost \$40 000, with an accumulated depreciation of \$32 000 was sold for \$2 000.
- 3. Motor vehicles which had cost \$60 000, with a net book value of \$10 000 were sold for \$8 000.
- 4. New equipment and motor vehicles were bought during the year.
- 5. 100 000 ordinary shares of \$1 each earn were issued at a premium of 10 cents per share.
- 6. \$60 000 10% debentures were redeemed at par.

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D. T. L.				
Brown Limited Con Galaxy and Comfor	npany manufact	ures three types of car	mping tents	: Executive,
Planned production	and sales for the	e month of January is	as follows:	
Executive	1 500 units			
Galaxy Comfort	1 800 units 1 100 units			
Comfort	1 I UU IInits			
	- Too units			
All the three types a metre.		e same basic material	which cost	s \$3 per squ
metre.	are made from th	e same basic material		s \$3 per squ
metre.	are made from th	nping tent is as follow	vs:	cs \$3 per square
Production costs for	re made from the	mping tent is as follow  Executive	Galaxy	Comfort §
Production costs for  Direct material	re made from the	Executive \$ 30	Galaxy \$ 21	Comfort \$ 15
Production costs for  Direct material Direct labour	re made from the	Executive \$ 30 15	Galaxy \$ 21 10	Comfort \$ 15 5
Production costs for  Direct material	re made from the	Executive \$ 30	Galaxy \$ 21 10 9	Comfort \$ 15 5 7
Production costs for  Direct material Direct labour	re made from the each unit of car	Executive \$ 30 15	Galaxy \$ 21 10	Comfort \$ 15 5
Direct material Direct labour Direct expenses	re made from the each unit of car	Executive \$ 30 15 15 60 100	Galaxy \$ 21 10 9 40 60	Comfort \$ 15 5 7 27 45
Direct material Direct labour Direct expenses Selling price pe	re made from the each unit of cares	Executive \$ 30 15 15 60 100  0 square metres of managements as follows:	Galaxy \$ 21 10 9 40 60	Comfort \$ 15 5 7 27 45
Direct material Direct labour Direct expenses Selling price pe	re made from the each unit of cars ser unit haly deliver 25 40 Fixed overheads	Executive \$ 30 15 15 60 100  0 square metres of managements as follows:	Galaxy \$ 21 10 9 40 60	Comfort \$ 15 5 7 27 45
Direct material Direct labour Direct expenses Selling price pe	re made from the each unit of cars ser unit haly deliver 25 40 Fixed overheads	Executive \$ 30 15 15 60 100  0 square metres of managements as follows:	Galaxy \$ 21 10 9 40 60	Comfort \$ 15 5 7 27 45
Direct material Direct labour Direct expenses Selling price pe	re made from the each unit of cars ser unit haly deliver 25 40 Fixed overheads	Executive \$ 30 15 15 60 100  0 square metres of managements as follows:	Galaxy \$ 21 10 9 40 60	Comfort \$ 15 5 7 27 45
Direct material Direct labour Direct expenses Selling price pe	re made from the each unit of cars ser unit haly deliver 25 40 Fixed overheads	Executive \$ 30 15 15 60 100  0 square metres of managements as follows:	Galaxy \$ 21 10 9 40 60	Comfort \$ 15 5 7 27 45

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	10		Pe
(b)	Calculate the contribution per unit per type of tent.		Exami
		[3]	
-)	(i) Descriptions profit		
e)	(i) Prepare a revised production budget which maximises profit.		
	mape you cit would have been come over expert of the first transfer		
		68	
		[6]	
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(ii) Calculate the net profit for the revised production budget		For Examiner's Use
	partition Y.	
	Martin D	
	[8]	
Explain the possible link between the following variances.		
(i) Favourable material usage variance and adverse material p variance.	rice	
	[2]	
(ii) Adverse material usage variance and favourable labour rate variance.		
	[21	
(iii) Favourable labour efficiency and adverse labour rate varian	[2] nce.	
	[2]	
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Gee and Emm have been partners for some years sharing profits and losses equally. 4

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The partnership was taken over by Smith Limited on 31 May 2015.

The Partnership statement of financial position as at 31 May 2015 was as follows:

Non-current assets	S	\$
Premises		30 000
Equipment		20 000 50 000
Current assets		30 000
Inventory	10 000	
Trade receivables	4 000	
Bank	2 <u>000</u> 16 000	
Less Current liabilities	10 000	
Trade payables	4 000	
payaotes	4000	12 000
		62 000
Capital accounts: Gee	30 000	
Emm	15 000	
		45 000
Current accounts: Gee	10 000	
Emm	7 000	
		17 000
		62 000

All assets were taken over except bank at the following values:

	S
Premises	35 000
Equipment	18 000
Inventory	8 000
Trade receivables	4 000

Gee agreed to pay the trade payables.

The purchase consideration was settled as follows:

50 000 ordinary shares of \$1 each at a premium of 20% 6% debentures (repayable in 2030) \$10 000 Cash

\$ 8 000

The statement of financial position for Smith Limited before acquiring the partnership was as follows:

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Non-current assets	S	\$
Premises		150 000
Equipment		50 000
Motor vehicles		25 000
		225 000
Current assets		225 000
Inventory	25 000	
Trade receivables		
Bank	10 000	
and the same of th	8 000	
Comment P. 1 min	43 000	
Current liabilities		
Trade payables	(8 000)	
		35 000
		260 000
Financed by		M. V. Mandadische
230 000 ordinary shares of \$1 each		230 000
Profit and loss		
1 total and 1088		30 000
		260 000

(a)	Prepare the Realisation account.
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(ii) the Statement - C. c.	
(ii) the Statement of financial position immediately	y after the take over.    For   Reminer's
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