

Candidate Name

Centre Number

Candidate Number



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.

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1	
2	
3	
4	
TOTAL	

This question paper consists of 16 printed pages.

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[Turn over

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

	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:

Receipts		Payments	
	\$		\$
Balance b/d	16 500	Payments to credit suppliers	110 000
Receipts from credit customers	155 000	Wages	18 000
Cash sales	22 800	Rent	20 000
Proceeds from sale of motor vehicle	2 000	Electricity	8 500
		General expenses	4 580
		Purchase of new motor vehicle	17 000
		Balance c/d	18 220
	<u>196 300</u>		<u>196 300</u>

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.

2

- (a) What is the importance of preparing statement of cashflow to a business?

[3]

Davos Limited: Statements of financial positions as at 31 December 2014 and 2015 were as follows:

	31 December 2014			31 December 2015		
	Cost \$000	Dep \$000	NBV \$000	Cost \$000	Dep \$000	NBV \$000
Non-current assets						
Premises	800	-	800	728	-	728
Equipment	160	70	90	300	78	222
Motor vehicles	<u>240</u>	<u>180</u>	<u>60</u>	<u>320</u>	<u>190</u>	<u>130</u>
	<u>1200</u>	<u>250</u>	950	<u>1348</u>	<u>268</u>	1080
Current assets						
Inventory		200			170	
Trade receivables		80			104	
Bank		<u>110</u>			<u>72</u>	
		390			346	
Current liabilities						
Trade payables	60			76		
Taxation	78			86		
Other payables	<u>60</u>	<u>198</u>	<u>192</u>	<u>70</u>	<u>232</u>	<u>114</u>
			1142			1194
Less: 8% Debentures 2019			<u>200</u>			<u>140</u>
			<u>942</u>			<u>1054</u>
Share capital and reserves						
Ordinary shares of \$1 each			400			500
12% Preference shares of \$1 each			100			100
Share premium			40			50
General reserves			200			200
Retained profits			<u>202</u>			<u>204</u>
			<u>942</u>			<u>1054</u>

(c) Why would a profitable business have a bank overdraft?

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[4]

3 Brown Limited Company manufactures three types of camping tents: Executive, Galaxy and Comfort.

Planned production and sales for the month of January is as follows:

Executive	1 500 units
Galaxy	1 800 units
Comfort	1 100 units

All the three types are made from the same basic material which costs \$3 per square metre.

Production costs for each unit of camping tent is as follows:

	Executive	Galaxy	Comfort
	\$	\$	\$
Direct material	30	21	15
Direct labour	15	10	5
Direct expenses	<u>15</u>	<u>9</u>	<u>7</u>
	<u>60</u>	<u>40</u>	<u>27</u>
Selling price per unit	<u>100</u>	<u>60</u>	<u>45</u>

The suppliers can only deliver 25 400 square metres of material for the budgeted output for January. Fixed overheads are \$50 000.

(a) Define a limiting factor.

[2]

4 Gee and Emm have been partners for some years sharing profits and losses equally.

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

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

	\$
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

(c) Explain why the partners preferred part of their purchase price to be paid in shares?

[2]

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