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**Section A**

Questions 1 and 2 are **compulsory**. For **Question 3** answer only **one** question, either **3A** or **3B**; **not** both.

**Write the answers in the spaces provided for each question or part of the question.**

- 1 (a)** Name the books of Prime (Original) Entry in which Mulubwa would record the following transactions.
- (i)** On 4<sup>th</sup> October 2020, received a refund by cheque from Mweenda K1 050.00 for overpayment made in September 2020.
  - (ii)** On 7<sup>th</sup> October 2020, received an invoice from Mweenda K3 700.00.
  - (iii)** Mulubwa sent a cheque to Mweenda on 14<sup>th</sup> October, 2020 for the balance owing on 1<sup>st</sup> October after taking 2% discount.
  - (iv)** On 27<sup>th</sup> October 2020, received an original Credit Note from Mweenda K580.00. [4]

- (i)** .....
- (ii)** .....
- (iii)** .....
- (iv)** .....

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- (b) You are required to** make Journal Entries or journalise the following business transactions for J Siame for the year ended 31<sup>st</sup> December 2020. Narrations are **not** required.
- (i)** Purchased a motor vehicle on credit from Toyota Zambia Limited valued at K100 000.00.
  - (ii)** Sold part of the Fixtures and Fittings which were meant for business use to J Manongo who paid K9 000.00 by cheque.
  - (iii)** A debt of K3 000.00 from J Kabwadi which was previously written off as bad debt was received by cheque during the year. [6]

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**1 (b)**


**(c)** The following list of balances was extracted from the books of Twangale Social Club. www.eczpastpapers.com

	<b>K</b>	<b>N</b>
Games equipment	17 500	00
Purchases of refreshments	13 300	00
Membership subscriptions	3 950	00
Accounts payable	1 790	00
Bank overdraft	3 810	00
Donations received for the year	2 650	00
Accumulated Fund	19 850	00
Accounts receivable	1 930	00
Fixtures and Fittings	13 250	00
Rent	2 400	00
Provision for depreciation on games Equipment	3 580	00
Bad Debts	2 000	00
Sales of Refreshments	14 750	00

You are required to prepare a Trial Balance on 30<sup>th</sup> June 2020 with its correct heading.

[7]

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1 (c)


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(d) Classify each of the following either as Capital Expenditure, Capital Receipt, Revenue Expenditure or Revenue Receipt.

- (i) Interest on a Loan to purchase a motor van.
- (ii) Sale of an old equipment.
- (iii) Cost of software for use with a computer.
- (iv) Repairs to the office roof.
- (v) Commission earned from sale of newspapers.

[5]

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....
- (v) .....

[Total: 22 marks]

2 (a) Classify the following into: Real, Personal and Nominal Accounts respectively:

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(i)	Cash	
(ii)	Purchases	
(iii)	Bank of Zambia	
(iv)	Stock (inventory)	
(v)	Depreciation	
(vi)	J. Magufuli	
(vii)	Stationery	
(viii)	Machinery	

[4]

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(b) The following details were found in the books of L. Bwalya and relates to the month of March 2020 in respect to L. Muchindu’s Account.

- 2020
- March 1 L Bwalya was owed K2 900.00.
  - 3 Goods supplied to L. Muchindu K4 800.00 subject to 20% trade discount.
  - 6 L Muchindu paid last month’s balance by cheque less 5% cash discount.
  - 10 One fifth ( $\frac{1}{5}$ ) of the goods sold to L. Muchindu on 3<sup>rd</sup> March were returned as damaged in transit.
  - 15 L Muchindu made part payment of K1 000.00 by cheque.
  - 25 L. Bwalya supplied more goods valued at K2 000.00 subject to 10% trade discount.
  - 30 L Muchindu made another down payment of K800.00 by cheque.

**Required:**

Prepare L. Muchindu’s account in L. Bwalya’s Ledger.

[8]

2 (b)


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(c) State **three** advantages of using Straight Line Method of depreciation. [3]

(i) .....

.....

(ii) .....

.....

(iii) .....

.....

(d) Kambambu started a manufacturing industry on 1<sup>st</sup> April 2018 and bought two machines for K200 000.00 each on credit from Chikwangala Limited. It was decided to depreciate the machines at the rate of 20% per annum on cost (i.e. by the fixed instalment method). The depreciation is to be recorded in a separate Provision for Depreciation Account.

On 31<sup>st</sup> March 2020 after allowing for the second year's depreciation, Kambambu sold one of the machines for K110,000.00 cash.

**Required:**

The Provision for Depreciation Account for the two years. [7] [www.eczpastpapers.com](http://www.eczpastpapers.com)


[Total: 22 marks]

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**EITHER**

**3 (a) (i)** Mention one error that would cause the Trial Balance to disagree?  
 ..... [1]

**(ii)** You work as a Senior Accounts Clerk for EMK Stationery and have been assisting in the preparation of the final accounts. The Trial Balance as at 30<sup>th</sup> April 2020 did not agree, and a Suspense Account was opened for the difference.

The following errors have now been traced.

- 1 The total of the Returns Outwards Book K2 480.00 had only been posted to the suppliers accounts.
- 2 A payment for repairs to motor vehicles, K720.00 had been entered in the motor vehicles repairs account as K700.00.
- 3 When balancing the account of S Gawani in the ledger the debit balance had been brought down in error as K280.00 instead of K820.00
- 4 K1 000.00 received from the sale of office equipment had been entered in the sales account.
- 5 The purchases day book was under cast by K920.00

**Required:**

**(i)** Prepare Journal Entries to correct the errors from the information given above. Narrations are not required. [10]

**(ii)** Prepare the Suspense Account. Determine the opening balance. [5]

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(iii) D. Phiri's Cash Book (Bank column) had a debit balance of K1 545.00 on 31<sup>st</sup> January 2020. This did not agree with the bank statement of the same date which showed a debit balance of K870.00

The Cash Book was checked against the Bank Statement and the following differences were found:

- 1 Cheque amounting to K1 860.00 issued to creditors had not been presented to the bank for payment.
- 2 An amount of K2 850.00 paid into the bank did not appear on the Bank Statement.
- 3 Cash sales deposited into the bank amounting to K1 170.00 had been omitted from the Cash Book.
- 4 Bank charges amounting to K360.00 appeared on the Bank Statement and had not yet been recorded in the Cash Book.
- 5 A cheque for K945.00 received from C. Mulamfu had been returned by the bank unpaid. No action had been taken by D. Phiri.
- 6 The bank received a credit transfer of K450.00 on behalf of D Phiri who had not been advised.

**Required:**

- (i) Prepare an updated Cash Book. [4]
- (ii) Draw up a Bank Reconciliation Statement with the correct heading. [2]

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**[Total: 22 marks]**  
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OR

- 3 (b) (i) You work as an Accounts Clerk for a manufacturing firm, GML Limited. Details of the transactions for the month of October 2020 are given below and you are required to prepare the Purchase Ledger Control Account only for the month of October 2020. [8]

		K
October 1	Purchases Ledger (credit balance)	26 100.00
	Purchases Ledger (debit balance)	460.00
	Sales ledger (debit balance)	51 400.00
	Sales ledger (credit balance)	630.00
	Total transactions for the month:	
	Bad debts written off	420.00
	Credit purchases	37 590.00
	Cash purchases	5 200.00
	Returns outwards	510.00
	Returns inwards	1 480.00
	Cheques received from debtors	47 360.00
	Credit sales	74 900.00
	Cash sales	9 250.00
	Discounts Allowed	1 840.00
	Discounts Received	960.00
	Cheque received from a supplier	460.00
	Cheques paid to creditors	24 270.00
	Sales ledger debit balance transferred to Purchases ledger	800.00
	Dishonoured cheques from debtors	140.00

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OR

- 3 (b) (i) You work as an Accounts Clerk for a manufacturing firm, GML Limited. Details of the transactions for the month of October 2020 are given below and you are required to prepare the Purchase Ledger Control Account only for the month of October 2020. [8]

		<b>K</b>
October 1	Purchases Ledger (credit balance)	26 100.00
	Purchases Ledger (debit balance)	460.00
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	Sales ledger (credit balance)	630.00
	Total transactions for the month:	
	Bad debts written off	420.00
	Credit purchases	37 590.00
	Cash purchases	5 200.00
	Returns outwards	510.00
	Returns inwards	1 480.00
	Cheques received from debtors	47 360.00
	Credit sales	74 900.00
	Cash sales	9 250.00
	Discounts Allowed	1 840.00
	Discounts Received	960.00
	Cheque received from a supplier	460.00
	Cheques paid to creditors	24 270.00
	Sales ledger debit balance transferred to Purchases ledger	800.00
	Dishonoured cheques from debtors	140.00

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Using the information provided, calculate the items (a) to (e) below for Sakala, for the year ended 30 June 2020.

- (a) Gross profit for sales percentage [3]
  - (b) Working capital ratio (current ratio) [3]
  - (c) Quick ratio (acid test) [3]
  - (d) Net profit to capital percentage [3]
  - (e) Rate of stock turnover [2]
- [14]**

**[Total: 22 marks]**



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**Section B**

There are **two (2)** questions in this section, **4(a)** and **4(b)**. Answer only **one** question from this section on the Answer Booklet provided. Answer either **4(a)** or **4(b)** **not** both.

**EITHER**

**4 (a)** The following information relates to Lusco Tennis Club for the year 2020.

	<b>K</b>
Club house (1/01/2020)	150 000.00
Equipment (1/01/2020)	8 000.00
Bank (1/01/2020)	5 000.00
Stock (refreshments) (1/01/2020)	2 500.00
<u>A summary of receipts for the year:</u>	
Subscriptions received for the year	15 000.00
Subscription in advance	1 500.00
Refreshments Sales	18 550.00
Dances	5 500.00
Fees for tournament	3 600.00
Donations from members	1 000.00
Members loan (5% per annum)	20 000.00
Sales of lottery	8 750.00
<u>A summary of payments for the year:</u>	
Sports equipment	4 500.00
Tennis balls (expenses)	500.00
Lottery tickets, prizes	5 650.00
Light and heat	800.00
General expenses	2 400.00
Refreshments purchases	12 550.00
Club house re-building	18 500.00
Maintenance of grounds	2 000.00
Insurance, rates, water	3 750.00

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At the end of the season, 31<sup>st</sup> December 2020; the following information was available to the club's Treasurer:

- 1 The sports equipment (including additions) was valued at K9 000.00.
- 2 Stock of refreshments was valued at cost K1 650.00
- 3 Subscriptions owing by members K800.00
- 4 A gas bill was still to be paid K180.00
- 5 Insurance was prepaid K250.00
- 6 Club house re-building was for the extension of the club house.
- 7 Members interest on loan had not been paid from 1<sup>st</sup> January, 2020.

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**You are required to:**

- (i)** calculate Accumulated Fund at 1 January 2020. [3]
- (ii)** prepare a receipts and payment account for year ending 31 December 2020 [2]
- (iii)** prepare Refreshments Trading Account. [3]
- (iv)** prepare Subscriptions Account. [2½]
- (v)** prepare Income and Expenditure Account for the year ending 31<sup>st</sup> December 2020. [10½]
- (vii)** prepare Balance sheet as at 31<sup>st</sup> December 2020. [13]

**[Total: 34 marks]**

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OR

- 4B** The following balances appeared in the books of T Lukama and Son's at 31 December 2020.

	<b>K</b>	<b>N</b>
Capital	114 312.00	
Inventory 1/1/2020	21 316.00	
Purchases	270 392.00	
Sales	792 206.00	
Discount allowed	6 000.00	
Returns inward	668.00	
Returns outwards	1 228.00	
Carriage inwards	394.00	
Carriage outwards	502.00	
Electricity	11 456.00	
Insurance	1 600.00	
Stationery	950.00	
Rent received	2 800.00	
Salaries and wages	166 518.00	
Receivables	55 200.00	
Payables	25 922.00	
Provision for doubtful debts 1/01/2020		
Premises	400 000.00	
Equipments	10 000.00	
Furniture	12 000.00	
10% loan (repayable in 10 years)	20 000.00	
Provision for depreciation		
Premises	8 000.00	
Equipment	4 000.00	
Furniture	9 000.00	
Cash in hand	14 712.00	
Drawings	10 000.00	

The following adjustments are to be taken into consideration:

- 1 Inventory at 31<sup>st</sup> December was valued at K18 000.00.
- 2 Interest on loan had not yet been paid.
- 3 At 31<sup>st</sup> December the Provision for Doubtful Debts is to be equal to 10% of receivables at that date and 5% should be the provision for discount allowed on adjusted figure of receivables.
- 4 T Lukama withdrew goods valued at k4 000.00 selling price, no entry was made in the books of accounts.

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- 5 Part of the firm's premises were rented out at an annual rental of K2 400.00.
- 6 Insurance of K400.00 had been accrued while electricity of K1 456.00 had been paid in advance.
- 7 Depreciation on the firm's fixed assets was to be charged as follows:  
Equipment 25% per annum (reducing balance method) Furniture 10% per annum (straight line method).

**Required to prepare:**

- (i) Income statement for the year ended 31<sup>st</sup> December 2020 [17½]
- (ii) Statement of financial position as at that date. [16½]

**[Total: 34 marks]**