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CANDIDATE
NAME

CANDIDATE
CLASS

ACCOUNTING

0452

TERM 1 2026

FORM 1

Candidates answer on the Question Paper.
No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your candidate name and candidate class in the spaces on top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any drawings or graphs.
Do not use staples, paper clips, glue or correction fluid.
DO NOT WRITE IN ANY BARCODES.

STUDY THE NOTES GIVEN FROM PAGE 5-11 BEFORE ATTEMPTING ANY QUESTION

Answer all questions.
You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.
The businesses mentioned in this Question Paper are fictitious.

The total mark for this paper is 20.
The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **11** pages.

1. Explain the following terms as they are used in accounting

(a) Carriage outwards

.....
.....[1]

(b) Returns inwards

.....
.....[1]

(c) Standing order

.....
.....[1]

2. Give two reasons why a cheque may be dishonoured by the bank

(i)
.....[1]

(ii)
.....[1]

3. Faariqa is a trader. She buys and sells goods on credit and sometimes by cash or bank.

(a) (i) He started trading on 1 September 2021 and brought in the following as capital into the business.

- Furniture: \$2 600
- Motor vehicle: \$10 400
- Equipment: \$5 700

(ii) The following transaction also took place in September 2021.

2021

Sept 16 The owner of the business, Faariqa, took goods worth \$670 for personal use.

Record the above transactions for **(a) (i)** and **(ii)** in the general journal below:

General journal

Date	Details	Debit (\$)	Credit (\$)
.....
.....
.....
.....
.....
.....
.....
.....

[6]

(b) The following transactions took place between Faariqa and her suppliers in September 2021.

2021

- Sept 7 Purchased goods on credit from Saffie, \$1 071.
- 19 Returned faulty goods to Saffie, \$322.
- 22 Purchased goods on credit from Sopitha , \$2 382.
- 28 Returned faulty goods to Sopitha, \$183.

(i) Prepare the purchases journal for September 2021. Total the journal and indicate the ledger account to which the total would be posted.

Purchases journal

Date	Details	\$
.....
.....
.....
.....

[2]

[Turnover

- (ii) Prepare the purchases returns journal for September 2021. Total the journal and indicate the ledger account to which the total would be posted.

Purchases returns journal

Date	Details	\$
.....
.....
.....
.....

[2]

- (c) The following transactions took place between Faariqa and her customers in September 2021.

2019

- Nov 18 Sold goods on credit to Thushari, \$864
- 21 Sold goods on credit to Mustafa, \$1 448.
- 24 Thushari returned faulty goods, \$82.
- 27 Mustafa returned faulty goods, \$97.
- Sold goods on credit to Harry, \$2 447.

- (i) Prepare the sales journal for September 2021. Total the journal and indicate the ledger account to which the total would be transferred.

Sales journal

Date	Details	\$
.....
.....
.....
.....

[3]

- (ii) Prepare the sales returns journal for September 2021. Total the journal and indicate the ledger account to which the total would be transferred.

Sales returns journal

Date	Details	\$
.....
.....
.....
.....

[2]

STUDY NOTES

Books of prime entry

- These are also called;
 - Books of original entry, or
 - Subsidiary books, or
 - Day books, or
 - Journals
- They are the first books to which transactions are recorded so as to group similar transactions.
- This allows for a systematic recording of transactions.
- There are seven books of prime entry. Every transaction made by a business must be recorded in only one of the following books of prime entry:

Book of prime entry	What it records
1. Purchases journal	Credit purchases (when a business buys goods on credit from suppliers)
2. Purchases returns journal	Returns of credit purchases (when goods previously bought on credit are returned to suppliers)
3. Sales journal	Credit sales (when a business sells goods on credit to customers)
4. Sales returns journal	Returns of credit sales (when goods previously sold are returned by customers)
5. Cash book	All cash and bank transactions (when cash or bank transfers/deposits are involved in a transaction)
6. Petty cash book	All petty cash transactions (when a transaction is completed/involves the petty cash fund)
7. General journal	All other residual transactions which cannot be recorded in the above six books

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Alternative names used for some of the books of prime entry above:

1. Purchases Journal	also called Purchases day book
2. Purchases returns journal	also called Purchases returns day book
3. Sales journal	also called Sales day book
4. Sales returns journal	also called Sales returns day book

Please note:

1. *Purchases returns* are also known as *returns outwards*, so you can safely replace wherever it is written purchases returns with returns outwards.
2. *Sales returns* are also known as *returns inwards*.

STRUCTURE OF A JOURNAL

The following structure applies ONLY to the first four books of prime entry (ie. Purchases journal, Purchases returns journal, Sales journal and Sales returns journal)

Date	Details	\$
.....
.....
.....
.....

Date column must show the full date of the transaction

Details column must show the correct name of the credit supplier or of the credit customer

EXAMPLE

The following transactions were taken from the books of Naomi Traders, a beverage retailer.

2024

- May 6 Bought goods on credit from Nadia, \$4 660.
- 8 Sold goods on credit to Jules, \$845.
- 9 Sold goods on credit to Nazmeem, \$1 200.
- 12 Returned goods to Nadia, \$220.
- 13 Bought goods on credit from Alim, \$7 110.
- 14 Jules returned damaged goods, \$60.
- 15 Sold goods on credit to Ravi, \$900.
- 17 Returned faulty goods to Alim, \$315.
- 18 Ravi returned damaged goods, \$40.

REQUIRED

Record the above transactions in the relevant books of prime entry.

The following table shows the book of prime entry relevant to each transaction.

Transaction Date 2024	Relevant book of prime entry	Reason
May 6	Purchases journal	These were goods bought on credit from a supplier called Nadia
8	Sales journal	These were goods sold on credit to a customer called Jules
9	Sales journal	These were goods sold on credit to a customer called Nazmeem
12	Purchases returns journal	These were goods previously bought on credit from a supplier, Nadia, on 6 March 2024 which were returned to Nadia
13	Purchases journal	These were goods bought on credit from a supplier called Alim
14	Sales returns journal	These were goods previously sold to on credit to a customer, Jules, on 8 May 2024 which were returned by Jules
15	Sales journal	
17	Purchases returns journal	
18	Sales returns journal	

The following shows how transactions are recorded in the relevant books of prime entry, the Purchases journal below shows some explanations.

The word/words before 'journal' tells us the account to which the total must be transferred.

Here the word before 'journal' is Purchases, so the total of this book of prime entry must be transferred to the Purchases account.

Date	Details	\$
2024		
May 6	Nadia	4660
13	Alim	7110
	To <u>Purchases</u> account	<u>11 770</u>

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Purchases returns journal

Date	Details	\$
2024		
May 12	Nadia	220
17	Alim	315
	To Purchases returns account	<u>535</u>

Sales journal

Date	Details	\$
2024		
May 8	Jules	845
9	Nazmeem	1200
15	Ravi	900
	To Sales account	<u>2945</u>

Sales returns journal

Date	Details	\$
2024		
May 14	Jules	60
18	Ravi	40
	To Sales returns account	<u>100</u>

STRUCTURE OF THE GENERAL JOURNAL

The general journal records all residual transactions which cannot be recorded in any of the other books of prime entry.

The general journal must show the account to be debited and the account to be credited hence it must show the debit and credit columns.

Date	Details	Debit (\$)	Credit (\$)
.....
.....
.....
.....

Let us analyze the following transaction which appeared in the books of Naomi Traders, a beverage retailer and check the relevant books of prime entry to which it can be recorded.

Transaction

2024

May 19 The owner of the business, Naomi, withdrew goods worth \$910 for private use.

1. This transaction does not represent goods bought on credit, so it **CANNOT** be recorded in the Purchases journal
2. The transaction does not show that Naomi returned goods previously bought on credit, to a supplier, so it **CANNOT** be recorded in the Purchases returns journal.
3. The transaction does not show that goods were sold on credit, so it **CANNOT** be recorded in the sales journal.
4. The transaction does not show that goods previously sold on credit to a customer were returned, so it **CANNOT** be recorded in the sales returns journal.
5. The transaction does not involve any cash or bank transfers/deposits, so it can **NEITHER** be recorded in the cash book **NOR** the petty cash book.

Therefore this transaction does not fit in any of the six books, IT MUST BE RECORDED IN THE GENERAL JOURNAL

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Check out the following transactions which must be recorded in the GENERAL JOURNAL

2024

- May 22 The owner of the business, Naomi, brought in her private motor vehicle with a value of \$12 000, to be used in the business.
- 24 Sold old office furniture worth \$770 on credit to Pari.
- 25 Naomi Traders received an installation of tally prime software for \$8 800, from New Generation Tech, Payment is yet to be made.

Now let's analyse the above transactions to identify the account to be debited and the account to be credited.

2024	Explanation
May 19	<p>If the owner withdraws for private use, we have the DRAWINGS ACCOUNT If the owner withdraws goods the PURCHASES ACCOUNT is affected</p> <p>Account to be debited: Drawings (because it is receiving goods) Account to be credited: Purchases (because it is giving goods to the owner)</p> <p>Remember: Behind the word 'Drawings' we have the name of the owner</p>
22	<p>If the owner invests more assets into the business, we have the CAPITAL ACCOUNT being affected. The owner invested her private motor vehicle, so the MOTOR VEHICLE account is being affected.</p> <p>Account to be debited: Motor vehicle (because it is receiving from the owner) Account to be credited: Capital (because it is giving to the motor vehicle account)</p> <p>Remember: Behind the word 'Capital' we have the name of the owner</p>
24	<p>Account to be debited: Other receivables Account to be credited: Office Furniture</p> <p>Take note: Naomi is a beverage retailer and on 24 May she sold old office furniture to Pari NOT beverages. So Pari is NOT a customer who bought beverages from Naomi and MUST be classified under 'Other receivables'</p> <p><i>Credit customers to Naomi; those who would have bought beverages from Naomi on credit, are the ones classified under 'Trade receivables'</i></p>
25	<p>Softwares are installed on Computers, so we have COMPUTER ACCOUNT being affected.</p> <p>Account to be debited: Computer (because it received the software from New Generation Tech) Account to be credited: Other payables</p> <p>Take note: New Generation Tech is NOT a supplier of beverages to Naomi, so is classified under 'Other payables'</p> <p><i>Credit suppliers of beverages to Naomi are the ones classified under 'Trade Payables'</i></p>

Now that we know the account to be debited and the account to be credited for each of the above transactions, below is the General journal

ALWAYS START BY WRITING THE ACCOUNT TO BE DEBITED

General journal

Date	Details	Debit (\$)	Credit (\$)
2024			
May 19	Drawings	910	
	Purchases		910
22	Motor vehicle	12 000	
	Capital		12 000
24	Other receivables	770	
	Furniture		770
25	Computers	8 800	
	Other payables		8 800

Let us check on one of the entries made above.

On May 19, the accounts are not written as: Drawings
Purchases

Instead, they are written as: Drawings
Purchases

This is not an error. This is how entries are made in the General journal. The account to be credited must always be indented.