



ZIMBABWE

**MINISTRY OF HIGHER AND TERTIARY EDUCATION,
INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT**

**HIGHER EDUCATION EXAMINATIONS COUNCIL
(HEXCO)**

NATIONAL CERTIFICATE

IN

ACCOUNTANCY

MODULE: Asset Management

PAPER NO: 310/22/M08

DURATION: 3 hours

JUNE 2026 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
2. Show all relevant workings.
3. A silent non-programmable calculator may be used.
4. Begin each answer to a new question on a fresh page.

This paper consists of 4 printed pages.

PAPER NO: 310/22/M08 – ASSET MANAGEMENT

QUESTION 1

- a) Define the term asset management policy. (3 marks)
- b) Explain any four (4) benefits of having an asset management policy. (8 marks)
- c) Explain the following documents used when receiving purchased goods:
- i) Goods received note (3 marks)
 - ii) Purchase order (3 marks)
 - iii) Delivery note (3 marks)

QUESTION 2

- a) Describe the nine (9) steps which are taken when assets are received. (9 marks)
- b) From the following figures calculate the closing inventory using FIFO and LIFO.

Bought:

January 10 units at \$30 each.
March 10 units at \$24 each.
September 20 units at \$40 each.

Sold:

April 8 units for \$46 each.
December 12 units for \$56 each.

(11 marks)

QUESTION 3

Two components of products A and B are used as follows:

Normal usage 50 units per week
Maximum usage 75 units per week
Minimum usage 25 units per week

Re-order quantity A – 300 units, B – 500 units

Re-order period A 4 – 6 weeks
B 2 – 4 weeks

PAPER NO: 310/22/M08 – ASSET MANAGEMENT

Required:

Calculate for each component:

- a) Re-order level (6 marks)
- b) Minimum level (6 marks)
- c) Maximum level (4 marks)
- d) Average level (4 marks)

QUESTION 4

A business has a financial year which ends on 31 December. A machine was bought for \$20 000 by cheque on 1 January 2021. Another machine was bought for \$40 000 on 1 July 2022. The business depreciates its machinery at the rate of 20% per annum using the reducing balance method on a month by month basis.

Required:

- a) Calculate the provisions for depreciation for the three (3) years to 31 December 2023. (6 marks)
- b) Prepare for each of the three (3) years.
 - i) Machinery account (6 marks)
 - ii) Provision for depreciation account (8 marks)

QUESTION 5

- a) Explain the term depreciation. (2 marks)
- b) State one (1) advantage and one (1) disadvantage for the straight line and reducing balance methods. (4 marks)
- c) The following balances were taken from the books of HE and SHE Manufacturers Ltd on 1 December 2000.

Motor Vehicles at cost	\$50 000
Provision for depreciation	\$ 15 000

PAPER NO: 310/22/M08 – ASSET MANAGEMENT

On 1 July 2000 a motor vehicle was bought for \$10 000.

Two additional Motor Vehicles were bought on 1 January 2001 from City Wholesalers one for \$5 000 and the other for \$11 000.

Required:

Calculate for the year 2 000 and 2001 the provision for depreciation to be charged to the Income Statement under:

- a) The straight line
- b) The reducing balance method

Depreciation for both methods is charged at the rate of 10% per annum on a month by month basis. (14 marks)

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IN

ACCOUNTANCY

MODULE: Accounts Administration

PAPER NO: 310/22/M03

DURATION: 3 Hours

NOVEMBER / DECEMBER 2025 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
2. Show all relevant workings.
3. A silent non-programmable calculator may be used.
4. Begin each answer to a new question on a fresh page.

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QUESTION 1

Define the following:

- a) i) Right quantity (3 marks)
ii) Right quality (3 marks)
- b) What are the factors to be considered when determining the right quantity and right quality? (14 marks)

QUESTION 2

- a) Briefly explain three (3) phases of the purchasing cycle. (6 marks)
- b) List any four (4) importance of authorisation in an organisation. (4 marks)
- c) Explain the functions of the following security items;
- i) Date stamp (2 marks)
ii) Product formulae (2 marks)
iii) Company formation documents (2 marks)
iv) Duplicate keys (2 marks)
v) Strong room (2 marks)

QUESTION 3

Explain the ten stages of the procurement cycle. (20 marks)

QUESTION 4

ABC Ltd buys and sells a single product. Its first year of trading showed the following purchases and sales:

Purchases	Sales
January : 10 @ \$30 each	May : 8 @ \$50 each
April : 10 @ \$32 each	November 24 @ 60 each
October : 18 @ \$40 each	

Required:

Calculate the value of closing inventory using:

- a) FIFO (10 marks)
- b) AVCO (10 marks)

PAPER NO: 310/22/M03 – ACCOUNTS ADMINISTRATION

QUESTION 5

- a) Discuss any five (5) reasons for keeping transaction records. (10 marks)
- b) Briefly explain any five (5) common criteria for effective electronic recording. (10 marks)

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NATIONAL CERTIFICATE

IN

ACCOUNTANCY

MODULE: Business Accounting 1

PAPER NO: 310/22/M01

DURATION: 3 Hours

NOVEMBER/ DECEMBER 2025 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
2. Show all relevant workings
3. A silent non-programmable calculator may be used.
4. Begin each answer, to a new question on a fresh page.

This paper consists of 5 printed pages.

QUESTION 1

Tinashe had the following transactions for the month of May 2023.

- May
1. Started business with \$19000 in the bank.
 2. Bought goods on credit fro S.Michelle for \$780
 5. Cash sales \$2000
 6. Paid wages in cash \$165
 7. Sold goods on credit to A. Moyo \$360
 9. Bought goods for cash \$230
 14. Bought shop fittings on credit from B Brightness for \$800
 17. Returned goods worth \$80 to S. Michelle.
 22. Received rent for \$300 by cash
 25. Tinashe took \$150 cash for personal use.
 27. Paid S. Michelle in full by cheque
 29. Took \$1000 out of the Bank account and put it into the cash till.

You are required to prepare ledger accounts, for the month, balance of the ledger accounts and prepare a trial balance as at 31 May 2023. (20 marks)

QUESTION 2

- a) State items, which causes the disagreement between cash book balance and bank statement balance, which are found unticked in the;
- i) Cash book (three (3) items) (3 marks)
 - ii) Bank statement (seven (7) items) (7 marks)
- b) The following re extracts from the cash book and the bank statement of F. Perry; for the month of December 2022.

Cash Book (Bank Column only)

DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
2022			2022		
Dec 1	Balance b/d	3419	Dec 8	B. Young	462
7	F. Lamb	101	15	F.Gray	21
22	G. Brock	44	28	T. Errant	209
26	W.Terry	319			
28	S. Miller	246	31	Balance c/d	3437
		4129			4129
2023					
Jan 1	Balance b/d	3437			

Bank Statement

DATE	DETAILS	DR	CR	BALANCE
2022				
Dec 1	Balance b/d			3419
7	Cheque		101	3520
11	B. Young	462		3058
20	F. Gray	21		3037
22	Cheque		44	3081
31	Credit Transfers: T. Morns		93	3174
	Bank Charges	47		3127

You are required to:

- Write the cash book up to date. (5 marks)
- Draw up a bank reconciliation statement as at 31 December 2022. (5 marks)

QUESTION 3

- Complete the following table:

TRANSACTION	ACCOUNT TO BE DEBITED	ACCOUNT TO BE CREDITED
i) Bought office machinery on credit from D. Isaacs Ltd		
ii) The proprietor paid creditor, C. Jonas, from his private funds		
iii) A debtor, N. Fox paid us in cash		
iv) Repaid part of the loan from P. Exeter by cheque.		
Returned some f office machinery to D. Isaacs Ltd		

- List any ten (10) accounting concepts or principles. (10 marks)

QUESTION 4

The following is the trial balance of John Brown as at 31 December 2022:

	\$	\$
Sales		400000
Purchases	350 000	
Sales returns	5000	
Purchases returns		6200
Inventory	100000	
Allowance for credit losses		800
Wages and Salaries	30000	
Rates	6000	
Telephones	1000	
Shop fittings at cost	40000	
Van at cost	30000	
Accounts receivable/payable	9800	7000
Credit losses	200	
Capital		179000
Bank	3000	
Drawings	18000	
Total	593 000	593 000

ADDITIONAL INFORMATION

- Inventory at 31 December 202 \$120000.
- Rates prepaid \$500.
- Accrued wages \$5 000.
- The allowance for credit losses to be increased to 10% of accounts receivable.
- Telephones account outstanding \$220.
- Depreciate shop fittings at 10% per annum and van at 20% per annum on cost.

Required:

- Statement of profit or loss and other comprehensive income for the year.
- Statement of financial position as at the end of the year. (10 marks)

QUESTION 5

- a) From the following of Faith Industries who deals with buying and selling maputi, you are required to prepare the Journal Proper for the month of January 2024:

- January 1. Bought a motor vehicle on credit from Croco Motors for \$6 790.
3. Office furniture bought from Teachers Furnishers for \$490 was returned for a full credit.
5. A debit owing from Ruvarashe f \$34 was written off as bad.
7. Faith is owed \$150 by Tatenda. Tatenda is declared bankrupt and Faith received \$39 in full settlement of the debt.
12. Faith took \$45 goods out of the business inventory without paying for them.
15. Some goods \$15 taken for private use on 12 January 2024 were returned by Faith.
16. Faith brought a motor vehicle \$3000 into the business.
17. Faith took stationery \$100 for private use.

NB: The cash received from Tatenda on 7 January 2024 should also be journalised Narrations not required. (17 marks)

- b) List any other three uses of the general journal. (3 marks)

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IN

ACCOUNTANCY

MODULE: Asset Management

PAPER NO: 310/22/M08

DURATION: 3 Hours

NOVEMBER/ DECEMBER 2025 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
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3. A silent non-programmable calculator may be used.
4. Begin each answer, to a new question on a fresh page.

This paper consists of 4 printed pages.

QUESTION 1

- a) With the aid of a diagram describe the Asset Management Cycle. (12 marks)
- b) Discuss four methods of disposal and explain choice of method. (8 marks)

QUESTION 2

The table below relates to purchases and sales made by Bare ltd which sells only one product.

DATE	DETAILS	QUANTITY	UNIT COST	UNIT SELLING
2018			\$	\$
Jan 1	Balance	5100	25	
10	Received	1490	28	
30	Issued	3000		40
Feb 3	Received	2310	30	
21	Issued	4000		44
Mar 6	Received	3800	32	
15	Issued	700		46
26	Received	1000	40	
30	Issued	450		48

Required:

- a) Calculate the value of stock on 31 March 2018 based on:
- i) LIFO (4½ marks)
 - ii) FIFO (4½ marks)
 - iii) AVCO (5 marks)
- b) Determine gross profit for each of the three methods. (6 marks)

QUESTION 3

A company has a grader which it has been using for five (5) years. The lifespan of the asset has been set at eight (8) years and the residual value at \$10 000. The original cost of the asset is \$50 000.

Required:

Calculate depreciation charge for each of the first six (6) years. (20 marks)

QUESTION 4

The following information relates to component YZ for Moyo ltd organisation:

Average usage	100 units per day
Minimum usage	60 units per day
Maximum usage	180 units per day
Lead time	8 to 10 days
Demand	10 units per month
Ordering cost	\$20 per order
Carrying costs	20% per annum
Unit cost	\$12

Required:

Calculate the following stock control levels:

- a) Economic Order Quantity (EOQ) (4 marks)
- b) Reorder level (4 marks)
- c) minimum stock level (4 marks)
- d) maximum stock level (4 marks)
- e) Average stock level (4 marks)

QUESTION 5

- a) On 31 December 2022, Machinery account and Provision for depreciation account had balances of \$25 000 and \$5000 respectively. During the year 2023 the following transactions took place:

- i) A van was bought for \$7000 for cash and another one for \$10000 on credit from Rivers Motors Ltd.
- ii) A van which had an original cost of \$9000 and had an accumulated depreciation of \$900, was sold for \$8 500.

The company had a policy of charging depreciation for a full year in the year of purchase and no depreciation charge in the year of disposal. Depreciation was at the rate of 10% p.a using reducing balance method.

Required

- i) Machinery account (6 marks)
 - ii) Provision for depreciation account (5 marks)
 - iii) Disposal account (4 marks)
- b) State any five (5) items on the check list of recommendations made on disposal or repairs of fixed assets. (5 marks)

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IN

ACCOUNTANCY

MODULE: Asset Management

PAPER NO: 310/22/M08

DURATION: 3 Hours

NOVEMBER / DECEMBER 2023 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

- 1. Answer all questions.**
- 2. Show all relevant workings.**
- 3. A silent-non programmable calculator may be used.**
- 4. Begin each answer to a new question on a fresh page.**

This paper consists of 3 printed pages.

QUESTION 1

- a) Briefly describe any six (6) steps to be followed when you are receiving a company asset. (12 marks)
- b) Explain any four (4) methods of disposing an asset. (8 marks)

QUESTION 2

- a) List any six (6) benefits of a fixed asset register. (6 marks)
- b) State the information that is contained in an Asset Register. (4 marks)
- c) Explain any five (5) benefits of Asset Management. (10 marks)

QUESTION 3

You are given the following information relating to material XP for a particular company.

Lead time	3 – 5 days
Maximum usage	100kg per day
Minimum usage	20 kg per day
Average usage	50 kg per day
Annual demand	30 000kg
Storage cost	\$0,50 per unit per annum
Ordering cost	\$10 per order

Required:

Calculate the following stock control levels:

- a) Economic order quantity (EOQ) (4 marks)
- b) Re order level (4 marks)
- c) Minimum stock level (4 marks)
- d) Maximum stock level (4 marks)
- e) Average stock level (4 marks)

QUESTION 4

The following information is provided by Moyo Limited for the Month of April 2022.

Material X

Inventory on 1 April 2022 100 units at \$5 per unit

Purchases

5 April 2022	300 unit at \$6 each
8 April 2022	500 unit at \$7 each
12 April 2022	600 unit at \$8 each

Issues

6 April 2022	250 units
10 April 2022	400 units
14 April 2022	500 units

Required:

Calculate the value of closing inventory using the following inventory valuation methods.

- a) FIFO Method
- b) LIFO Method (20 marks)

QUESTION 5

- a) i) Define non-current asset. (1 mark)
- ii) Explain any three (3) methods of valuing non-current assets. (9 marks)
- b) A machine was bought on 1 January 2015 for \$1000 and another one on 1 October 2016 for \$1200. The business's financial year ends on 31 December. The machinery is depreciated at 10% per annum using the straight line method. Machinery in existence at the end of each year is to be depreciated for a full year.

Required:

- i) Machinery account. (5 marks)
- ii) Provision for depreciation accounts (5 marks)

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IN

ACCOUNTANCY

MODULE: Accounts Administration

PAPER NO: 310/22/M03

DURATION: 3 Hours

OCTOBER/NOVEMBER 2024 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

- 1. Answer all questions.**
- 2. Show all relevant workings.**
- 3. A silent non- programmable calculator may be used.**
- 4. Begin each answer to a new question on a fresh page.**

This paper consists of 3 printed pages.

PAPER NO: 310/22/M03 – ACCOUNTS ADMINISTRATION

QUESTION 1

- a) Define procurement and outline the departmental requirements. (10 marks)
- b) Explain any five (5) benefits of implementing an electronic document management system. (10 marks)

QUESTION 2

The following data has been supplied to you in respect of a product in a saloon named Brazilian Weave / Hair which is increasingly in high demand:

Lead time	3-5 weeks
Normal consumption	100 packets
Minimum consumption	50 packets
Maximum consumption	150 packets
Annual demand	7000packets

The price per packet of the product is \$10, storage cost is 25% of inventory value per annum and ordering costs are \$ 50 per order.

Calculate the following:

- a) Economic order quantity (4 marks)
- b) Re- order level (4 marks)
- c) Minimum stock level (4 marks)
- d) Maximum stock level (4 marks)
- e) Average inventory (4 marks)

QUESTION 3

- a) Define electronic purchasing. (2 marks)
- b) Highlight ten (10) benefits of electronic purchasing. (10 marks)
- c) List four (4) disadvantages of electronic purchasing. (4 marks)
- d) State four (4) reasons for stock taking. (4 marks)

QUESTION 4

Cheche buys and sells a single product. Her first three months of trading showed the following purchases and sales:

2005	Purchases	Sales
February	300 @ \$25	150 @ \$35
March	120 @ \$27	210 @ \$36
April	240 @ 29	205 @ \$41

Purchases are done in the first half of the month and all sales in the second half.

Required:

- a) Calculate Cheche's closing inventory at 30 April 2005 using:
 - i) FIFO (First In First Out) (4 ½ marks)
 - ii) LIFO (Last In Last Out) (5 marks)
 - iii) AVCO (Average Cost) (4 ½ marks)
- b) Prepare comparative trading accounts for the period ending 30 April 2005. (6 marks)

QUESTION 5

Explain the ten (10) stages of the procurement cycle. (20 marks)

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IN

ACCOUNTANCY

MODULE: Business Accounting 2

PAPER NO: 310/22/M06

DURATION: 3 Hours

OCTOBER/NOVEMBER 2024 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
2. Show all workings where necessary.
3. New solution on fresh page.
4. Silent non programmable calculators may be used.

This paper consists of 6 printed pages.

PAPER NO: 310/22/M06 – BUSINESS ACCOUNTING 2

QUESTION 1

From the following figures, compile accounts receivable ledger and accounts payable ledger control accounts for the month of January 2010, to ascertain the balances as at 31 January 2010.

	\$
Balances on 1 January 2010	
- Accounts receivable ledger	46462Dr
	246 CR
- Accounts payable ledger	1472Dr
	25465Cr
Transactions for the month ending 31 January	
Purchases -	76 474
Sales	126024
Purchase returns -	2154
Set off	455
Bad debts written off -	1253
Discounts and allowances to customers -	746
Cash received from customers	120464
Cash discount received	1942
Cash paid to creditors	70476
Cash paid to customers	52
Cash received from creditors	100

(20 marks)

PAPER NO: 310/22/M06 - BUSINESS ACCOUNTING 2

QUESTION 2

Tadiwa and Anotida are in partnership as general dealers. Their partnership deed includes the following:

- (i) profits and losses are to be shared equally
- (ii) interest is allowed on capital at 10% p.a.
- (iii) interest is charged on drawings at 5% p.a.
- (iv) Tadiwa is entitled to a salary of \$3000 p.a.

The following information was extracted from the partnerships books for March 2020 after the statement of Comprehensive Income has been prepared.

	Dr	\$	CR	\$
Net profit				17 005
Bank		3 825		
Cash		300		
Debtors		6 900		
Creditors				4 590
Provision for bad debts				345
Prepayments - insurance		540		
Accruals - rent				720
Salary - Tadiwa		2 550		
Stock		5 385		
Motor van (Cost \$37500)		36 750		
Furniture and fittings (cost \$12750)		10 200		
Capital - Tadiwa				27 000
- Anotida				24 000
Drawings - Tadiwa		3 600		
- Anotida		3 900		
Current accounts : Tadiwa				785
Anotida		495		
		<u>74445</u>		<u>74445</u>

Required:

- (a) Prepare the profit and Loss appropriation account for the year.
(12 ½ marks)
- (b) Prepare current accounts in columnar form. (7 ½ marks)

PAPER NO: 310/22/M06 – BUSINESS ACCOUNTING 2

QUESTION 3

Tembo is a sole trader who has not kept a full set of books. The following information has been obtained:-

	1 January 2021	31 December 2021
	\$	\$
Trade receivables	5560	6650
Trade payables	4870	4070
Inventory	1900	2300

Additional information for the year 2021

	\$
Cash sales	10920
Receipts form trade receivables	35950
Payments to trade payables	22200
Credit notes issued to customers	420

Required

- (a) Calculate the total sales for the year (6 marks)
- (b) Calculate the total purchases for the year. (5 marks)
- (c) Prepare trading account for the year (9 marks)

QUESTION 4

	\$
Inventory on 1 January 2022	
- Raw materials	10500
- Work in progress	2400
- Finished goods	14300
Inventory on 31 December 2022	
- Raw materials	10200
- Work in progress	2900
- Finished goods	13200
Transactions during the year	
Purchases of raw materials	27200
Factory wages - Direct	72600
Indirect	13900
Carriage on purchases of raw materials	700
Factory rent and rates	1200
Power	2000
Depreciation of machinery	3900
Sundry factory expenses	900
Repairs to factory buildings	1300
Sales during the year	160400

- (a) Manufacturing account for the year
- (b) Trading account for the year

(4 marks)

PAPER NO: 310/22/M06 - BUSINESS ACCOUNTING 2

QUESTION 5

- (a) State any two measures that can be taken to improve the gross margin. (2 marks)
- (b) State any two causes of a fall in margin. (2 marks)
- (c) Audrey is a trader and has been in business for several years. Presley started a similar business in another town two years ago. The financial year for both businesses end on the 31st of December.

The following information is also available:-

	Audrey	Presley
On 1 January 2017	\$	\$
Inventory	7500	5100
For the year ended 31 December 2017		
Revenue - Cash sales	10000	
- Credit sales	110000	100000
Purchases - cash		26600
-Credit	97000	50000
Cost of sales	96000	76000
Administration and selling expenses	8000	13000
Finance costs	1000	500
On 31 December 2017		
Inventory	8500	5700
Trade receivable	10500	10900
Bank	122500	
Bank overdraft		6600
Trade payables	12500	5000
Capital employed	143000	115000

Calculate the ratios given below for Audrey and Presley:-

- (i) Gross profit margin (2 marks)
- (ii) Net profit margin (2 marks)
- (iii) Current or working capital ratio (2 marks)
- (iv) Quick ratio or acid test ratio (2 marks)
- (v) Rate of inventory turnover (2 marks)
- (vi) Trade receivable collection period (2 marks)
- (vii) Trade payable settlement period (2 marks)
- (viii) Return on capital employed (2 marks)

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IN

ACCOUNTANCY

SUBJECT: Asset Management

PAPER NO: 310/22/M08

DURATION: 3 hours

MAY/JUNE 2024 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

- 1) Answer all questions.
- 2) Show all workings where necessary.
- 3) Begin each answer to a new question on a fresh page.
- 4) Non programmable calculators may be used.

This paper consists of 3 printed pages.

QUESTION 1

- a) i) Define depreciation. (2 marks)
ii) Examine factors or information that should be known when calculating depreciation. Examine any three (3). (6 marks)
- iii) Explain any three (3) causes of depreciation. (6 marks)
- b) A company bought a machinery on 1 January 2022 for \$13000. The machinery's useful life is expected to be 5 years of which it will be disposed off for \$3000.
- i) Calculate depreciation that is charged for the year ending December 2022 and 2023 using straight line method. (2 marks)
- ii) Calculate the net book value for the machinery at the end of 2022 and 2023. (4 marks)

QUESTION 2

Mutore Ltd Trade in Xerox calculators among other items. They have asked you to calculate for them the closing inventory in trade that would be shown using:

- a) FIFO (10 marks)
- b) LIFO (10 marks)

	Calculators bought		Calculators sold
January	600@\$50 each	June	625@\$80
April	400@\$60 each	November	1050@\$110
October	750@\$65 each		

QUESTION 3

- a) Define a fixed asset. (2 marks)
- b) An asset register is an important document that should be maintained by an organisation.

Required:

Evaluate this statement by explaining any five (5) factors showing the importance of an asset register. (10 marks)

- c) List any eight (8) issues /information that are contained in an asset register. (8 marks)

QUESTION 4

- a) Explain any four (4) methods of asset disposal. (12 marks)
- b) Explain any four (4) steps to be followed when issuing assets to user departments. (8 marks)

QUESTION 5

- a) Calculate the economic order quantity where forecast demand is 150 units per month, ordering cost \$150 and unit cost is \$5 and it is estimated that carrying cost are 10% of item cost per annum. (4 marks)
- b) Calculate the three (3) control levels from the following information:
- i) Reorder level (4 marks)
 - ii) Minimum stock level (4 marks)
 - iii) Maximum stock level (4 marks)

Minimum usage 80 units per day
Maximum usage 200 units per day
Lead time 10-18 days
EOQ 300 units

- c) List any four (4) assumptions of the EOQ. (4 marks)

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ZIMBABWE

**MINISTRY OF HIGHER AND TERTIARY EDUCATION,
INNOVATION, SCIENCE AND TECHNOLOGY
DEVELOPMENT**

**HIGHER EDUCATION EXAMINATIONS COUNCIL
(HEXCO)**

NATIONAL CERTIFICATE

IN

ACCOUNTANCY

MODULE: Business Accounting I

PAPER NO: 310/22/M01

DURATION: 3 Hours

OCTOBER/NOVEMBER 2024 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer ALL questions.
2. Show all relevant workings.
3. A silent non - programmable calculator may be used.
4. Begin each answer to a new question on a fresh page.

This paper consists of 5 printed pages.

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QUESTION 1

The following information was extracted from the books of Manicaland (Pvt) Limited for the three years 2020, 2021 and 2022.

Dates	Debtors after deducting bad debts	Bad debts written off	Provision for bad debt
2020	8000	200	5%
2021	16000	600	5%
2022	4000	1800	5%

Required:-

Prepare the following accounts for the years 2020, 2021 and 2022.

- (a) Bad debts written off account (6 marks)
- (b) Provision for bad debts account (8 marks)
- (c) Statement of Comprehensive Income Extracts (6 marks)

QUESTION 2

- (a) Identify the books of original entry in which the following transactions are recorded

	Transactions	Books of original entry
(i)	For recording credit sales	
(ii)	For recording credit purchases	
(iii)	For recording returns inwards	
(iv)	For recording returns outwards	
(v)	For recording receipts and payments of cash and cheques	

(5 marks)

- (b) Complete the following table showing the effect of each transaction.

	EXAMPLE OF TRANSACTION	EFFECT	
	e.g bought motor vehicle by cash	Increase asset motor vehicle	Decrease asset cash
(i)	Owner pays capital into the bank		
(ii)	Buy inventory by a cheque		
(iii)	Buy inventory on credit		
(iv)	Sale of inventory on credit		
(v)	Sale of inventory for cash		

(10 marks)

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QUESTION 3

The following Trial Balance was prepared by an inexperienced bookkeeper.

TRIAL BALANCE AS AT 31 DECEMBER 2022

DETAILS	DR \$	CR \$
Inventory at 1 January 2022		4250
Inventory at 31 December 2022	8400	
Bad debts written off		1056
Carriage inwards	3750	
Discount allowed		1944
Returns outwards	2838	
Capital		40000
Premises	39150	
Bank overdraft	3462	
Advertising		4941
Interest received	376	
Sales		35100
Wages	5850	
Trade receivables		8559
Purchases	20000	
Provision for bad debts	1324	
Interest on overdraft		500
Trade payables	6900	
	88200	99800

Required:

Re-write the trial balance correcting the errors made.

(20 marks)

QUESTION 4

(a) Identify any six items which can cause the differences between cash book balance and bank statement balance. (6 marks)

(b) The following information was extracted from the books of B Mutsetse and Sons.

- The balance in the cash book on 01 December 2022 was \$3091.
- A cheque drawn in favour of N. Marisa \$215 had not been presented for payment.
- Deposits amounting to \$457 had not been credited by the bank.
- The bank statement for the month of December showed the following items which were not in the cash book.

(i)	B Tocky credit transfer	\$54
(ii)	Bank charges	\$22
(iii)	Dividends received	\$150
(iv)	Interest charged	\$410

Required:

(a) Write an updated cash book (8 marks)

(b) Prepare a bank reconciliation statement as at 31 December 2022. (6 marks)

QUESTION 5

The following trial balance was extracted from the books of Chivanganye as at 31 December 2022.

	Dr \$	Cr \$
Capital		98900
Revenue		220 000
Purchases	140000	
Inventory 01/01/2022	30000	
Wages and salaries	23000	
Rent and rates	9100	
Plant and machinery	40000	
Stationery	3200	
Trade receivables	20000	
Trade payables		26000
Commission receivable		5800
Carriage outwards	13200	
Bank	20000	
Heating and lighting	32000	
Drawings	20200	
	350700	350700

Additional information

On 31 December 2022 the following was discovered.

- Heating and lighting accrued \$800
- Inventory at 31 December was valued at \$31600
- During the year Chivanganye took goods worth \$1500 from the business for his own use.
- Rent and rates prepaid amounted to \$900.
- Commission receivable due \$1000.

Required

- Prepare a statement of comprehensive income for Chivanganye for the year ended 31 December 2022. (13 marks)
- Prepare a statement of financial position as at 31 December 2022. (12 marks)

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