ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL CERTIFICATE

IN

BANKING AND FINANCE

SUBJECT: Financial Statements and Analysis **Paper No: 355/22/M07**

DURATION: 3 Hours

JUNE 2026 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all five (5) questions.
2. Show all workings where necessary.
3. All solutions to be presented in acceptable.
4. Silent non – programmable calculators may be used.

PAPER NO: 355/22/M07 – FINANCIAL STATEMENTS AND ANALYSIS 1

QUESTION 1

The following information relates to a business for the year 2022.

2022 March	1	Started business with $3 000 cash and $8 500 in the business bank account.
	2	Brought goods on credit from Abel $1 000 Cain $1 500.
	5	Paid for general expenses in cash $400.
	8	Cash sales paid direct into the bank $1 200.
	10	Sold goods on credit to Martin $1 800, John $2 700.
	12	Brought a motor vehicle on credit from Croco Motors $15000
	15	Returns goods to Abel worth $140.
	18	Morgan lent the business $4 500 by cheque.
	25	John returns goods worth $220.
	26	Paid Croco motors by cheque $10 000.
	28	Paid Abel his account in full by cheque

Required

Enter the above information in the respective day books. (20 marks)

QUESTION 2

The bank statement of F. Moyo for the month of October 2022 showed the following information:

2022		$	Dr $	Cr$	$ Balance
October	1	Balance			42 000 O/D
	8	T. Ncube	1 840		43 840 O/D
	16	Cheque		2 920	40 920 O/D
	20	W. Nzou	1 600		42 520 O/D
	21	Cheque		3 690	38 830 O/D
	31	G. Dube: Traders Credit		880	37 950 O/D
	31	TYF: Standing orders	320		38 270 O/D
	31	Bawc charges	190		38 460 O/D

The Cash Book for October 2022 is:

2022				2022			
October	16	G. Gumbo	2 920	October	1	Balance b/d	42 000
	21	J. Shumba	3 690		6	T. Ncube	1 840
	31	S. Hare	1 920		30	W. Nzou	1 600
	31	Balance c/d	41 950		30	S. Tembo	5 040
			50 480				50 480
				November	1	Balance b/d	41 950

You are required to:

a) Write the cash book up to date and,

b) Draw up a Bank Reconciliation Statement as on 31 October 2022.

(15 marks)

QUESTION 3

The following Trial balance was extracted from the books of F. Ndlovhu on 31 December 2022

	Dr $	Cr $
Purchases and sales	8 400	49 400
Opening inventory	2 600	
Motor vehicles	40 000	
Carriage inwards	500	
Carriage outwards	240	
Rent	1 140	
Insurance	480	
Advertising	680	
Discounts	200	380
Allowance for credit losses		600
Fixtures and fittings	59 000	
Electricity	240	
Wages and Salaries	7 700	
Debtors and creditors	4 200	268
Petty cash	1 360	
Bank	1 908	
Drawings	2 000	
Capital		80 000
	130 648	130 648

Additional information:

a) Closing inventory on 31 December 2022 was $1 600.

b) Rent prepaid $140.

c) Advertising accrued $120

d) Depreciation: Motor vehicles $ 4 000, Fixtures and fittings $5 500.

e) Decrease the allowance for credit losses to $420.

Required:

a) Prepare the statement of comprehensive income for the year ended 31 December 2022.

b) Prepare the statement of financial position as at 31 December 2022.

(25 marks)

QUESTION 4

Define the following terms:

a) Assets

b) Sales

c) Returns outwards

d) Expenses

e) Liabilities

f) Capital

g) Income

h) Returns inwards

i) Drawings

j) Bookkeeping

(20 marks)

QUESTION 5

a) State the five (5) categories of financial ratios and briefly explain what each category measures. (10 marks)

b) Financial planning and analysis professionals calculate financial ratios for various internal reasons. Briefly list any five reasons. (10 marks)

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