ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

BUSINESS AND MANAGEMENT STUDIES

MODULE: Financial Accounting and Reporting 1 **PAPER NO:** 500/23/M02

DURATION: 3 Hours

NOVEMBER/DECEMBER 2025 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1) Answer all questions.
2) Silent non-programmable calculator may be used.
3) New solution of new question on a new page.
4) Show all workings.

This paper consists of 7 printed pages.

QUESTION 1

The following information was extracted from Kiyakiya Social club as at 31 December 2025

Receipts	$
Joining fees	400
Subscriptions	20000
Donations	3500
Disco takings	4500
Bar sales	6000
Payments	
Secretaries fees	700
Barmans wages	500
Bar supplies	2000
Disco expenses	5000
New furniture	3000
Sundry expenses	400

Information pertaining to the club's assets and liabilities

	1 January 2025	31 December 2025
	$	$
Bank	1200	?
Subscriptions unexpired	300	700
Subscriptions in arrears	500	100
Owing for bar suppliers	150	380
Buildings	2000	1800
Bar stock	230	170

Additional information

i) Furniture is depreciated at 10%.

ii) Of the subscriptions owing on 1 January $50 would not be recovered and were written off.

You are required to prepare

a) Statement of affairs as at 1 January 2025. (6 marks)

b) Subscriptions account (7 marks)

c) Bar trading account (2 marks)

d) Income and expenditure account (5 marks)

QUESTION 2

The following balances were extracted from the books of Ndonag Pvt Ltd as at 31 December 2024. The authorised share capital consisted 10000 ordinary shares of $1 each and 4000 8% preference shares of $1 each. There are two (2) directors who own the greater part of the shares.

Share premium	136
General reserve	40
Accounts receivable	1600
Accounts payable	100
Ordinary share capital	8000
7% preference share capital	3400
Inventory	488
Non current assets	14000
Distribution expenses	1930
Retained earnings	160
6% debentures	3000
Bank	23988
Administration expenses	1320
Investment in government boards	1000
Accumulated depreciation-non current assets	1880
Debenture interest paid	90
Gross profit	26800

Additional information

a) Transfer $500 to forex reserve and $200 to general reserve.

b) Administration expenses owing $40 and distribution expenses prepaid by $20.

c) Directors are to be remunerated at $500 each.

d) Depreciate non current assets at 10% p.a using diminishing balance method.

e) Proposed corporation tax is $300.

f) Government bond investment earns 5% interest.

g) Dividends, at 12,5%, were proposed on ordinary shares.

Required

i) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024. (4 marks)

ii) Statement of Changes in Equity (7 ½ marks)

iii) Statement of financial position as at 31 December 2024.
(8 ½ marks)

QUESTION 3

The following statements of financial position of Josphat as at 31 December.

Assets	2024	2023
	$	$
Buildings	55000	50000
Machinery	86000	80000
Land	30000	20000
Cash	3600	4000
Debtors	38400	35000
Stock	22000	25000
Total assets	235000	214000
Equity and liabilities		
Capital	149000	148000
Creditors	41000	36000
Loan-Sibanda	20000	-
Loan-Bank	25000	30000
Total equity and liabilities	235000	214000

Additional information

1) During 2025, net profit for the year was $27000 and drawings amounted to $26000.

2) Accumulated depreciation machinery was $27000 as at 31 December 2023 and $36000 as at 31 December 2024.

Required

Prepare a statement of cash flows for the year ending 31 December 2024 using indirect method.
(20 marks)

QUESTION 4

Moyo and Sibanda are in partnership sharing profits and losses in the ratio 3:2. They decided to admit Nyathi as a partner on 1 May 2025 and the new profit sharing ratio become 3:2:1 respectively.

Statement of financial position as at 30 April 2025

Assets	$	$
Non-current assets		
Motor vehicles		6000
Office furniture		4000
		10000
Current assets		
Stock	2000	
Debtors	1200	
Bank	2500	5700
Total assets		15700
Capital and liabilities		
Capital Moyo		9000
-Sibanda		6000
		15000
Current accounts-Moyo	800	
-Sibanda	(400)	400
Total capital		15400
Current liabilities		
Creditors		300
Total Capital Liabilities		15700

Additional information

a) Before admitting the new partner assets were revalued as follows:

i) Motor vehicles $4000

ii) Office furniture $7000

iii) Stock $1800

iv) 10% debtors was written off

b) Nyathi paid $2500 into the partnership,s bank account as capital.

Required

i) Revaluation account (6 marks)

ii) Partners capital accounts (3 marks)

iii) Opening statement of financial position soon after the admission as at 1 May 2025. (11 marks)

QUESTION 5

Tawonga operates his business in departments, namely, X and Y from the following information you are required to prepare the departmental statement of profit or loss and other comprehensive income for the year ending 31 December 2024.

	Dept X	Dept Y	
	$	$	$
Opening inventory	14000	12000	
Purchases	75100	69800	
Sales	100000	80000	
Return outwards	1100	800	
Salaries	9000	8500	
General expenses			11600
Rent and rates			8100
Insurance			1000
Carriage outwards			5400
Discount allowed			1800
Discount earned			1430
Accountancy charges			500
Carriage inwards			2860

Additional information

i) Goods transferred from department X to Y worth $5000 were not recorded.

ii) General expenses are to be shared equally.

iii) Insurance and accountancy charges are apportioned equally.

iv) Closing inventory: Department X $16600 and Y$16800

v) Area occupied is in the ratio 3:2 respectively

vi) Discount earned apportion using purchases ratio

vii) Rent and rates shared according to floor area

viii) All other remaining expenses are apportioned using net sales ratios.

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