ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL CERTIFICATE

IN

INFORMATION TECHNOLOGY

SUBJECT: Principles of Accounts **PAPER NO : 317/18/S05**

DURATION: 3 hours

REQUIREMENTS

1) Answer booklet
2) Non-programmable calculator

NOVEMBER/DECEMBER 2023 EXAMINATION

INSTRUCTION TO CANDIDATE

Answer all questions

PAPER NO: 317/18/S05-PRINCIPLES OF ACCOUNTS

QUESTION 1

a) State the three (3) elements which determine the financial position of a business. (3 marks)

b) Name the subsidiary book used in recording each of the following transactions:

i) Bought goods for $5600 on credit from D Phiri. (1 mark)

ii) A cheque of $8000 received from a debtor, T Rimai was dishonoured by the bank. (1 mark)

c) Prepare a petty cash book from the following for M. Chagoda.

1	Received cash for Petty Cash	10000
4	Paid for stationery	1400
9	Paid for postage	800
10	Paid for printing charge	1500
11	Paid for carriage	1250
17	Telegram charges	250
20	Purchased envelopes	300
21	Paid for staff teas	300
22	Paid for office cleaning	500
30	Paid for painting	2000

(10 marks)

QUESTION 2

a) Prepare the ledger accounts for each of the following transactions. (8 marks)

June :

1	Paid for postage stamps by cash	$150
2	Paid for electricity by cheque	$600
3	Received rent in cash	$1200
4	Paid insurance by cheque	$2460

b) State any two (2) errors
i) Not revealed by a trial balance. (2 marks)

ii) Revealed by a trial balance. (2 marks)

QUESTION 3

Mashi and Mashi Investments extracted the following trial balance from its books as at 31 March 2019

	DR	CR
Purchases and sales	22860	41970
Stock 1 April 2018	5160	
Capital 1 April 2018		7200
Bank overdraft		4350
Cash	90	
Discounts	1440	930
Returns	810	570
Carriage outwards	2160	
Rent	1740	
Provision for doubtful debts		660
Fixtures and fittings	1200	
Delivery van	2100	
Debtors and Creditors	11910	6060
Drawings	2880	
Wages and salaries	8940	
General office expenses	450	
	61740	61740

Additional Information

i) Stock at 31 March 2019: $4290
ii) Wages and Salaries accrued at 31 March $210; office expenses owing $20.
iii) Rent prepaid 31 March 2019, $180.
iv) Increase the provision for doubtful debts by $150.
v) Provide for depreciation as follows:
Fixtures and fittings $120
Delivery van $300

Required

i) Prepare the Statement of Comprehensive Income as at 31 March 2019. (18 marks)
ii) Prepare the Statement of Financial Position as at 31 March 2019. (12 marks)

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QUESTION 4

a) Hitec Electricals specialise in solar geysers. It made the following purchases and sales during the year 2018.

1 January purchased 400 units at $100 each
3 March purchased 250 units at $120 each.
5 April sold 300 units at $300 each
8 August purchased 50 units at $150 each
12 November sold 100 units at $350 each.

Required

i) Calculate the value of stock in trade using FIFO, LIFO and AVCO methods. (12 marks)

ii) Prepare comparative trading accounts for the three methods. (4 marks)

b) The following are extracts from Btcoins cashbook and bank statementS as at 31 March 2021.

Cashbook

Tenda	244	Balance b/d	5197
Altim	333	Baullock	122
T.show	160	A-Bernard	208
Balance c/d	5280	L-Kags	490
	6017		6017

Bank statement

	Dr	Cr	Balance
Balance			5197
Bullock	122		5319
Cheque (6018)		244	5075
A Bernard	208		5283
Cheque (6019)		333	4950
G.T (traders credit		57	4893
Timys standing order)	49		4942
Bank charges	28		4970

You are to:

i) Write up the corrected cash book as at 31 March 2021. (10 marks)

ii) Draw up the bank reconciliation statement as at 31 March 2021. (5 marks)

QUESTION 5

Explain the following:

i)	Inventory turnover rate	(2 marks)
ii)	Current ratio	(2 marks)
iii)	Acid Test Ratio	(2 marks)
iv)	Margin	(2 marks)
v)	Receivable collection period	(2 marks)
vi)	Payable settlement period	(2 marks)

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