ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL CERTIFICATE

IN

ACCOUNTANCY

MODULE: Business Accounting 1 **PAPER NO:** 310/22/M01

DURATION: 3 Hours

MAY/ JUNE 2025 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
2. Show all workings where necessary
3. Silent, non programmable calculators may be used.
4. Start new answer on a fresh new page.

QUESTION 1

a) Explain any two (2) reasons why depreciation is charged. (2 marks)

b) State any two methods of calculating depreciation. (2 marks)

c) Creative depreciates premises at 20% on cost and motor vehicles at 10% using reducing balance method.

Below is information of his non current assets: Premises $100 000 at cost and motor vehicles cost $50 000. These values are as at 1 January 2016.

Required:

Calculate depreciation charge and net book value for each of the four (4) years starting 1 January 2016, for:

i) Premises. (8 marks)

ii) Motor vehicles. (8 marks)

QUESTION 2

For each of the following transactions of J. Johns business given below, name the source document, subsidiary book, the account to be debited and the account to be credited.

i) J. Johns paid $50 000 for his rent using business petty cash. (2 marks)

ii) Sold goods on credit to Khumalo for $800 000 less 10% discount. (2 marks)

iii) Purchased a table and chair for office use on credit from Zim Furnishers for $1 500 000. (2 marks)

iv) Khumalo returned damaged goods worth $100 000. (2 marks)

v) Received a document from Zim Furnishers for an undercharge of $200 000. (2 marks)

vi) Bought goods on credit from Rufaro Wholesalers for $1 400 000. (2 marks)

vii) Received cash of $600 000 from Khumalo. (2 marks)

viii) J. Johns allowed Khumalo a cash discount of $20 000. (2 marks)

NB. Your answer should be in the following format:

Source Document	Subsidiary book	Account to be debited	Account to be credited
e.g invoice	General Journal	Motor vehicle	J. James

QUESTION 3

The following are transactions relating to a carpet retailer for the month of April 2023

April	3	Bought goods on credit from: J Snail $290, F Blue $1 200, T. Rodine $60 and C. Chenai $530 p
	11	Sold goods on credit to: T. Potts $85, J Field $48, T. Gray $1640. s
	18	Returned goods to J. Snail $18 and C. Chenai $27
	19	Bought goods on credit from: C. Chenai $110, T Rodine $320 and F Jack $165. p
	20	Goods returned to us by J. Field $6 and T. Potts $14
	23	We paid the following by cheque: J Snail $272, F Blue $1 200 and T Rodine $500 p
	28	Received cheques from T. Potts $71 and J. Field $42 s

Required

Record the above transactions in the:

i) Purchases ledger. (13 marks)

ii) Sales ledger (7 marks)

QUESTION 4

a) Explain the difference between a dishonoured cheque and unpresented cheque. (2 marks)

b) Explain the difference between a standing order and a direct debit. (2 marks)

c) Below is Mucheri's cash book (bank column only) and bank statement for the month of April 2013.

Cash book

Date	Details	Amount	Date	Details	Amount
2019			2019		
April 1	Balance b/d	1194	April1	Mufaro 00134	316
4	Cash sales	1250	13	Thandie 00135	465
			15	Expenses 00136	212
20	Mafu	110	24	Equipment 00137	2500
	Capital	3000			
28	Khalid	530	30	Assistants salary 00138	450
				Balance c/d	2141
		6084			6084
May 1	Balance b/d	2141			

Bank statement for the month of April 2019

Date	Details	Debt	Credit	Balance
2019		\$	\$	\$
April 1	Balance b/d			86 Dr
2	Credit		280	194Cr
4	Credit		1260	1454Cr
7	00134	316		1138Cr
14	00135	465		673Cr
18	00136	212		461Cr
21	Credit		110	571Cr
26	00137	2 500		1929Dr
29	Credit		3 000	1071Cr
30	Direct debit (rent)	280		791Cr
30	Dishonoured cheque- Mafu	110		681Cr

The following errors were discovered:

a) Mucheri had brought down the cash book balance on 1 April 2019 incorrectly. It should have been \$194 and not \$1194.

b) The bank had made an error recording the cash paid into the bank on 4 April. It should have been \$1250 and not \$1260.

Required

i) Starting with the debit balance of \$2141 update Mucheri's cash book. Bring down the correct updated cash book balance on 1 May 2019. (8 marks)

ii) Prepare the book bank reconciliation statement for Mucheri at 30 April 2019. (8 marks)

QUESTION 5

The Trial Balance of Mashiri on 31 December 2011 was as follows:

	DR $	CR $
Inventory at 1 January 2011	16 400	
Purchases and sales	52 000	81 800
Rent	8 800	
Insurance	3 200	
Sundry expenses	680	
Motor vehicle at cost	18 000	
Provision for depreciation – motor vehicles		2 400
Equipment at cost	20 000	
Provision for depreciation Equipment		3 800
Long term loan		16 200
Accounts receivable	2 320	
Accounts payable		4 200
Bank	3 000	
Capital		39 400
Drawings	23 400	
	147 800	147 800

Additional information

i) At 31 December 2011, inventory was valued at cost $18 200.

ii) Accrued rent amounted to $800.

iii) Insurance prepaid amounted to $600

iv) Provide for depreciation as follows:

- Motor vehicles at 20% per annum on cost.
- Equipment at 10% per annum using the reducing balance method.

Required:

a) Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2011. (7 marks)

b) Statement of Financial Position as at 31 December 2011. (17 marks)

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