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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – JUNE 2024

Semester: III

551 MG 34 FINANCIAL ACCOUNTING

Time: 3:00 Hours

Max. Marks: 100

Answer any FIVE Questions (5 x 20 = 100 Marks)

1. a) Define depreciation account. What are types of depreciation accounting? **(5 Marks)**
b) State the causes of depreciation. **(5 Marks)**
c) Explain the needs and significance of depreciation. **(10 Marks)**
2. a) The Zambia mine Co limited took from Mr Banda a lease of mine for a period of 25 years from 1-1- 1986, On a royalty of K5 per tonne of mineral raised with a minimum rent of K20000 and power to recoup short workings during the first five years of the lease.
The annual outputs were as follows:
1986 – 2000 tonnes
1987- 3000 tonnes
1988- 4000 tonnes
1989- 4500 tonnes
1990- 5000 tonnes
Prepare analytical table for Zambia mine Co Limited. **(15 MARKS)**
b) Define the Royalty account. State the lessor and lessee.**(5 Marks)**
3. a) Define single entry system.**(4 Marks)**
b) What are features of single-entry system?**(4 Marks)**
c) Difference between Double entry system and single-entry system.**(12 Marks)**
4. a) Mixed goods were purchased for K100000 and later they were assorted into three categories X, Y, Z as follows
X 1000 units selling price K20 each
Y 2000 units selling price K22.50 each
Z 2400 units selling price K25 each. All categories yield the same rate of profit calculate the

purchase price of each category.(15 Marks)

- b) Explain the objectives of Branch Accounts.(5 Marks)
5. a) Define hire purchase system. What are the features of hire purchase system?(10 Marks)
b) Distinction between hire purchase and Instalment systems.(10 Marks)
6. a) A Machine is purchased on 1st January 2023 for K50,000. It has to be depreciated on the straight-line method at the rate of 20% per annum. Prepare the machinery account for the following 3years. (10 Marks)
b) Calculate rate of depreciation under straight line method.(10 Marks)

particulars	Amount (K)
Purchase price of Machine	2,50,000
Expenses to be capitalized	
Expected useful life	50,000
	5 years

7. a) What is installment purchase system? What is the benefit of installment system to a buyer?
(10 Marks)
b) Explain the important terms in the hire purchase system.(10 Marks)