QP CODE	2025512404

Reg. No

DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2024

Semester: II 551AC24 FUNDAMENTALS OF ACCOUNTING II

Time: 3:00 Hours **Max. Marks: 100**

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

1. a) Define the term depreciation. **(2 Marks)**

   b) What is the depreciation expense using the straight line method on a asset costing 10,000 if it has a useful life of 4 years and a salvage value of 2,000? **(6 Marks)**

   c) State the merits and demerits of using Reducing balance method of depreciation. **(12 Marks)**

2. a) The following information is related to Kuku Hardware Stores, as at 31 December 2019. From it prepare a balance sheet. **(10 Marks)**

	K
Capital 1 January 2019	47,600
Profit made during the year	8,000
Insurance prepaid	300
Rent accrued by Kuku	600
Receivables	500
Tax payable	3,500
Motor vehicles	9,000
Bank overdraft	2,000
Closing Inventory 31.12. 2019	16,000
Fixtures and fittings	8,000
Cash in hand	100
Payables	1,200
Drawings	4,000
Premises	50,000
5 year loan	25000

   b) State at least ten (10) relevant users of financial information. **(10 Marks)**

3. a) Describe the various examples of non-current liabilities. **(10 Marks)**

b) As a fresh Graduate from DM st. Eugene University in Accounts and Finance, explain with points the importance of well-maintained and updated record keeping of accounting books in the business. **(10 Marks)**

4. a) Outline the steps to be followed for preparing final accounts for incomplete records under Conversion method.**(8 Marks)**

b) Mr. John, who keeps his books using the single entry system (Incomplete records), has told you that his capital on 31st December 2019 was $40,500, and on 1 January 2019, it was $25,800. He further informs you that he has withdrawn $3,500 for personal purposes. He has invested further capital of $5,000.

Required:

You are required to prepare a statement of profit and loss for the year ended on 31 December 2019. **(10 Marks)**

c) Define the term incomplete records. **(2 Marks)**

5. a) What is Database management system? **(3 Marks)**

b) Explain the different types of Data Base Management System (DBMS). **(10 Marks)**

c) Describe the entity-relationship diagram. **(7 Marks)**

6. a) List and explain various methods used in computing depreciation of an Asset. **(8 Marks)**

b) An XYZ limited purchases a truck for $5,000. It was estimated by the company that each year the truck will lose 40% of its value and will be left with a scrap value of $1,000. Using the reducing balance method, calculate the depreciation expense for the first five years. **(12 Marks)**

7. a) On 31 December 2020 Mungo, a wholesaler, had the following details in his books.

	K
Opening inventory	5,000
Sales	25,000
Purchases returns	2,000
Discount allowed	300
Returns inwards	500
Salaries and wages	8,000
Discount received	250
Rent	400
Electricity	100
Carriage inwards	50
Bad debts	75
Postage & stationery	80
Carriage outwards	95

Closing inventory	3,000
Purchases	12,000

From the above information prepare the income statement using vertical presentation for the year ended 31 December 2020. **(10 Marks)**

b) Outline the main elements of Financial Statements. **(10 Marks)**