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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – JUNE 2023

Semester: I 551AC14 FUNDAMENTALS OF ACCOUNTING I

Time: 3:00 Hours

Max. Marks: 100

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

1. a) Outline at least ten relevant Users of Accounting information and the reasons for use. **(10 Marks)**
 b) Describe the Accounting process using a diagrammatic presentation. **(10 Marks)**
2. a) State the features of the Double Entry System. **(10 Marks)**
 b) Outline the defects of the Single Entry system. **(10 Marks)**
3. a) Prepare a Trial Balance as on 31.03.2019 from the following balances of Shine General Dealers. **(10 Marks)**

| | |
|--------------------------------|----------------------------------|
| (i) Drawings K74,800 | (xi) printing charges K1,500 |
| (ii) purchases K295,700 | (xii) sundry creditors K75,000 |
| (iii) stock (1.4.2018) K30,000 | (xiii) Insurance K2,700 |
| (iv) Bills receivable K52,500 | (xiv) sundry expenses K21,000 |
| (v) Capital K250,000 | (xv) Discount received K1,000 |
| (vi) Furniture K33 000 | (xvi) Bank loan K120,000 |
| (vii) Discount allowed K950 | (xvii) Stock(31.03.2019) K17,000 |
| (viii) Sales K335,350 | (xviii) Income tax K9,500 |
| (ix) Rent K72,500 | (xix) Machinery K215,400 |
| (x) Freight K3,500 | (xx) Bills payable K31,700 |

 b) State the types of Books maintained under the Double Entry System. **(10 Marks)**
4. a) Discuss the types of Cash book. **(8 Marks)**
 b) Calculate a Double Column cash book for the following transactions:
 - Jan1. Started business with cash in hand K1,400 and cash at bank K4,000
 - Jan4. Cash sales K6,000
 - Jan6. Paid wages in cash K1,000
 - Jan9. Purchase of goods with cheque K3,000
 - Jan12. Received from Charles by cheque K3,000
 - Jan17. Paid rent wit cash K500

Jan20.withdrew cash from bank K900

Jan23. Cash sales paid directly into bank K2,500

Jan25. Paid general expenses with cheque K600

Jan27. Received from Emma by cheque K450

Jan29. Paid wages in cash K500

Jan31. Purchase of goods with cheque K1,000 **(10 Marks)**

c) Define the term Subsidiary book. **(2 Marks)**

5. a) State four ways in which a liability can be classified as current liability. **(4 Marks)**

b) Explain the steps in the process of finalization of Accounts for Trading Concerns **(6 Marks)**

c) Write the format for a Trading Concern Account. **(10 Marks)**

6. a) Discuss the Importance of Accounting in a Business Organization. **(10 Marks)**

b) List and explain the Functions of Accounting in an Organization. **(10 Marks)**

7. a) Prepare the journal book for the following transactions. **(10 Marks)**

(i) Started business with K100,000 on April 1 2022

(ii) Purchased furniture for cash K7,000 (2 April)

(iii) Received K10,000 from Mr. Bwalya (5 April)

(iv) paid salaries expense for K 2,000 (30 April)

(v) Sold goods to Angela K12,000 and Cash Sales K5,000 (1 May)

b) Prepare Trial Balance for the following Balances as on 31st March 2021. **(10 Marks)**

| Balances | K |
|--------------------|---------|
| Cost of Goods Sold | 520,000 |
| Opening Stock | 50,000 |
| Closing Stock | 50,000 |
| Salary and Wages | 50,000 |
| Sales | 800,000 |
| Plant & Machinery | 200,000 |
| Drawing | 50,000 |
| Investment | 400,000 |
| Creditors | 100,000 |
| Capital | 400,000 |