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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – JUNE 2024

Semester: I 551 AC 14 FUNDAMENTALS OF ACCOUNTING I

Time: 3:00 Hours

Max. Marks: 100

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

1. a) Define the term Accounting. (2 Marks)
b) Explain the functions of Accounting in an Organization. (10 Marks)
c) Discuss the three branches of Accounting. (8 Marks)
2. a) What is Single Entry System? How is it different from Double entry system? Explain briefly.(5 Marks)
b) List down the advantages of using double entry system by Businesses. (5 Marks)
c) State the differences between Bookkeeping and Accounting. (10 Marks)
3. a) Prepare a Trial Balance with the following information: (10 Marks)

Capital	200,000
Cash	180,000
Creditors	100,000
Sales	300,000
Stock	70,000
Debtors	300,000
Bank Loan	150,000
Purchases	200,000

b) Ascertain the debit and credit Accounts from the following transactions. (10 Marks)
 - i. Started business with capital.
 - ii. Bought goods for cash.
 - iii. Sold goods for cash.
 - iv. Paid salary.
 - v. Received Interest on Investment.

4. a) Calculate a Double Column cash book for the following transactions: **(12 Marks)**

Aug1. Started business with cash in hand 1400 and cash at bank 4000

Aug4. Cash sales 6000

Aug6. Paid wages in cash 1000

Aug9. Purchase of goods with cheque 3000

Aug12. Received from Charles by cheque 3000

Aug17. Paid rent with cash 500

Aug20. withdrew cash from bank 900

Aug23. Cash sales paid directly into bank 2500

Aug 25. Paid general expenses with cheque 600

Aug 27. Received from Emma by cheque 450

Aug 29. Paid wages in cash 500

Aug 31. Purchase of goods with cheque 1000

b) Explain the types of Cash Books maintained by Business Entities. **(8 Marks)**

5. a) Illustrate the Trading Account format clearly stating all the elements therein. **(10 Marks)**

b) From the following balances extracted from the books of M/s Limbanda & Sons, prepare a Trading Account for the year ended 31st March, 2024. **(10 Marks)**

Particulars	Amount (K`)
Opening stock	6,500
Purchases	45,000
Sales	72,000
Purchases Returns	500
Sales Returns	1,500
Carriage	1,200
Wages	4,800
Fuel & Power	3,200
Closing stock	8,000

6. a) List and explain the basic principles of Accounting Concepts. **(10 Marks)**

b) Explain the importance of Accounting to a Business Organization like Trade Kings. **(10 Marks)**

7. a) Following are the transactions during the month of January, 2023. Journalise them;
Mar. **(14 Marks)**

1. Commenced business with cash 80,000

2. Deposited cash with bank 40,000
 3. Purchased goods by paying cash 5,000
 4. Purchased goods from Lipton & Co. on credit 10,000
 5. Sold goods to Joy and received cash 11,000
 6. Paid salaries by cash 5,000
 7. Paid Lipton & Co. by cheque for the purchases made on 4th Jan.
 8. Bought furniture by cash 4,000
 9. Paid electricity charges by Cash 1,000.
 10. Bank paid insurance premium on furniture as per standing instructions 300
- b) Outline the Advantages or Benefits of a Trial Balance to a Business Organization. **(6 Marks)**