

**SUBJECT: BOOK KEEPING AND ACCOUNTS**  
**DATE: 26<sup>TH</sup> MAY 2015**  
**CLASS: CHRM MODULE II – FULLTIME CLASS**  
**TIME: 2 ½ HRS**

### INSTRUCTIONS

1. This question paper consists of two sections in the spaces provided in this question paper.
2. Show all your workings.

### SECTION A (40 marks)

1. State the journal in which each of the following transactions will be entered.

Journal

- a) Sale of goods on credit
- b) Purchase of equipment
- c) Payment of wages
- d) Purchase of goods on credit

---

---

---

---

**(4 marks)**

2. From the following details draw up the trading account of Effort Enterprises for the year ended 31 December 2013, which was his first year in business.

	Ksh
Carriage inwards	6,700
Returns outwards	4,950
Returns inwards	8,900
Sales	387,420
Purchases	333,330
Stock of goods: 31 December 2013	74,890

**(4 marks)**

3. Explain each of the following terms:

- a) Imprest system.
- b) The accounting equation.

**(2 marks)**

**(2 marks)**

4. The following accounting entries were obtained from the books of Daima Traders.

Capital Account

2013	Ksh	2013	Ksh
------	-----	------	-----

1/6	Bank	50,000
-----	------	--------

#### Cash at Bank Account

2013		Ksh	2013		Ksh
1/6	Capital	50,000	2/6	Motor Van	12,000
12/6	Cash	8,000	12/6	Cash	1,000
			19/6	Motor Ltd.	8,000

#### Motor Van Account

2013		Ksh	2013		Ksh
2/6	Bank	12,000			
8/6	Super M	8,000			

Explain the transaction which took place on each date. **(4 marks)**

5. Fill in the missing figures in the following table.

Assets	Capital	Liabilities
Ksh	Ksh	Ksh
400,000	a) _____	150,000
b) _____	140,000	200,000
340,000	160,000	c) _____

**(3 marks)**

6. Classify the following costs as either fixed or variable.

	Class of cost
Salaries	_____
Raw materials	_____
Rent	_____
Factory power	_____

**(4 marks)**

7. State **four** uses of the general journal. **(4 marks)**

8. Explain the following accounting concepts.

a) The going concern concept. **(2 marks)**

b) Prudence. **(2 marks)**

9. State and explain the advantages of piece rate method of labour remuneration. **(4 marks)**

10. Makori is allowed to produce 10 units of a product in a firm in 30 minutes at a basic rate of Ksh 40 per unit. He paid bonus of Ksh 50 per every hour saved. During the first week of April, 2014, he produced 600 units in 20 hours. Calculate his gross pay for the week.

**(5 marks)**

### SECTION B (60 marks)

11(a) Explain the three advantages of computerized accounting system to an organization.

**(6 marks)**

b) The following are extracts from the cashbook and the bank statement of Bidii Enterprises.

#### Cash Book (Bank columns)

As on 31 December 2014

2013		Ksh	2013		Ksh
Dec	1	Balance b/d	Dec	8	A. Dailey
	7	J. Map		15	R. Mason
	22	J Cream		28	G. Small
	31	K. Wood		31	Balance c/d
	31	M Barrett			
		<u>17,800</u>			
		<u>232,800</u>			<u>232,800</u>

#### Bank Statement as on 31 December 2014

2014			Dr. (Ksh)	Cr. (Ksh)	Balance (Ksh)
Dec	1	Balance b/d			174,000
	7	Cheque	8,800	182,800	
	11	A. Dailey	34,900		147,900
	20	R. Mason	3,300		144,600
	22	Cheque		7,300	151,900
	31	Credit transfer: J Walters		5,400	157,300
	31	Bank charges	2,200		155,100

You are required to:

i) Write the cashbook up to date, and state the new balance as on 31 December 2002, and

ii) Draw up a bank reconciliation statement as on 31 December 2002. **(9 marks)**

12. Donald Brown, a sole trader, extracted the following trial balance on 31 December 2013.

	Ksh	Ksh
Gross Profit		180,000
Salaries	30,000	
Equipment	100,000	

Provision for depreciation on equipment		20,000
Rent	40,000	
Accounts payable		25,000
Accounts receivable	32,000	
Furniture at cost	150,000	
Provision for depreciation on furniture		15,000
Bank overdraft		36,000
Drawings	18,000	
Cash in hand	70,000	
Insurance	16,000	
General expenses	24,000	
Capital		190,000
Commission received		<u>14,000</u>
	<u>480,000</u>	<u>480,000</u>

Additional information:

- a) As at 31 December 2013,
  - Insurance paid in advance was Ksh 1,000;
  - Rent owing was Ksh 3,200.
- b) Depreciation is provided as follows:
  - Equipment-Ksh 12,000
  - Furniture- Ksh 17,000

Required:

- i) Income statement for the year ended 31 December 2013;
- ii) Balance sheet as at 31 December 2013.

13(a) Fundi Enterprises had balances brought forward: Cash Ksh 23,000; Bank Ksh 475,600 as at 1 March 2014. During the month, the following transactions took place:

March 4	Cash sales £980.
March 8	H Hankins, a debtor settled his account of Ksh 7,700 by cheque and received a cash discount of Ksh 300.
March 10	Bought fixtures paying by cash Ksh 65,000
March 15	Paid Taylor his accounts of Ksh 36,000 by cheque and received a cash discount of 2 ½ per cent.
March 20	Took Ksh 50,000 out of the cash till and paid it into the bank account.
March 24	Withdrew Ksh 100,000 cash from the bank for business use.

Prepare a three column cash book for March 2014.

**(9 marks)**

- b) The following transactions relate to Sana Traders for the month of November 2013:

November 3      Sold goods Ksh 51,000 on credit to Rigby.  
 November 6      Sold goods Ksh 24,600 on credit to Phillips.  
 November 10     Rigby returned goods worth Ksh 3,000.  
 November 21     Sold goods Ksh 35,600 on credit to Thompson.  
 November 27     Phillips returned goods worth Ksh 2,700.  
 November 28     Sold goods Ksh 18,800 on credit to Phillips.

Enter the above transactions in the relevant journals. **(6 marks)**

- 14 (a) Jua Kali Enterprises has four workers. The following information relates to the workers for the month of June 2013:

Staff Number	Name	No. of hours worked	Pay rate (Ksh)
01	M. Norman	150	15
02	K. Hill	120	16
03	F. Powell	100	12
04	E. Lee	160	10

Additional information:

- i) PAYE deducted per month at the rate of 20%;
- ii) NSSF to be deducted at Ksh 130 per month;
- iii) Each employee contributes Ksh 200 per month to Sacco Ltd.

Prepare payroll for June 2013. **(9 marks)**

- b) The following balance sheet relates to the business of Balozi Enterprises as at 31 December 2013.

	Ksh		Ksh
<u>Fixed Assets</u>		Capital	250,000
Equipment	240,000	<u>Long term liabilities</u>	
<u>Current Assets</u>		Bank loan	180,000
Stock	40,000	<u>Current liabilities</u>	
Debtors	70,000	Creditors	40,000
Bank	100,000		
Cash	<u>20,000</u>		
	<u>470,000</u>		<u>470,000</u>

During the first week of January 2014, the following transactions took place:-

- i) Received cash Ksh 22,000 from a debtor;
- ii) Paid bank loan Ksh 30,000 by cash;
- iii) Proprietor bought equipment valued Ksh 45,000 for business use;
- iv) Paid a creditor Ksh 6,000 by cheque.

Prepare a new balance sheet after the above transactions have been completed. **(6 marks)**