

**SUBJECT: BOOK KEEPING**  
**CLASS: CHRM JAN 2015A –EVENING**  
**LECTURER: SAMUEL KIMANI**  
**DATE: 26<sup>th</sup> MAY 2015**  
**TIME: 2 ½ HRS**

**INSTRUCTIONS: Answer THREE questions.**

1. The following transactions were extracted from the books of Muchuma Enterprise for the month ended 31 October 2011:

2011

October:

- 3: Paid salaries and wages sh. 15,000 by cheque.
- 4: Cash sales sh. 68,000.
- 6: Paid rent sh. 40,000 by cash.
- 12: Received from Wadugu Grocers a cheque of sh. 56,000 as part payment.
- 15: Paid electricity sh. 15,000 by cash.
- 18: Paid Pasa Ltd. sh. 35,000 by cheque.
- 21: Sold goods to Wakopi Ltd. goods of sh. 54,000, on credit.
- 25: Bought more office equipment worth sh.85, 000 on credit from Office Suppliers Ltd.
- 26: Received cheque for sh. 35,000 from Wakopi Ltd.

Prepare:

- a). Accounts to record the transactions above.
- b). Balance off the accounts in a) above.

[TOTAL: 20 Marks]

2. The following trial balance was extracted from the books of Munyotu Kagane, a sole trader as at 31<sup>st</sup> October 2014:

	SHS.	SHS.
Capital		1,216,260
Drawings	128,800	
Sales		4,904,520
Purchases	3,726,060	
Debtors and Creditors	476,160	327,720
Rent and rates	52,800	
Electricity	14,800	
Salaries and wages	496,080	
Provision for doubtful debts ( 1 November 2009)		19, 560
Stock in trade (1 November 2009)	556,440	
Insurance	10,320	
General expenses	55,980	

Bank balance	90,000	
Cash in hand	4,920	
Motor vehicles at cost	580,000	
Provision for depreciation of motor vehicles ( 1 Nov. 2009)		216,000
Proceeds from sale of motor vehicle	115,000	
Motor vehicles expense	51,660	
Premise at cost	600,000	
Rent received		45,000

Additional information:

- Stock in trade as at 31 October 2010 was valued at sh. 593,040.
- Rates and insurance were prepaid to the extent of sh.2400 and sh. 2820 respectively.
- Electricity due as at 31 October 2010 amounted to sh. 6.000.
- The provision for doubtful debts is to be adjusted to 5% of debtors remaining after taking into account that sh. 20,160 of the debtors were to be regarded as bad.
- Rent receivable as at 31 October 2010 was sh. 15,000.
- Depreciation has been and is to be charged on motor vehicles at the rate of 20% per annum on the straight line basis. No depreciation is to be charged on premises.
- In November 2009, a motor vehicle which had been purchased for sh.160, 000 on 1 November 2009 was sold for sh. 115,000.

Required:

- Income statement for the year ended 31 October 2014
- Statement of financial position as at 31 October 2014

[TOTAL: 20 Marks]

- Explain each of the following accounting concepts:
    - Going concern
    - Accruals concept
    - Consistency
    - Dual aspect
    - Prudence concept

(10Marks)

- Mvuke Enterprise operates a petty cash book on an imprest system. The imprest amount is sh. 20,000. On 1 June 2014 the petty cashier had sh. 5,000 cash at hand.

During the month of June, the following transactions occurred:

June 2014

- Petty cashier was reimbursed by the accountant the balance cash to start the month with the required float of sh.20, 000.
- Bought snacks sh. 800 and paid postage sh. 1,500.

- “ 7: Paid Jane, a creditor sh. 900.  
 “ 7: Paid stationery sh. 2,200 and bought milk sh. 300.  
 “ 9: Bought air time sh. 500.  
 “ 13: Bought sugar sh. 220.  
 “ 16: Paid Ms. Kame a creditor sh. 2,000.  
 “ 22: Bought office Glue for sh. 800.  
 “ 24: Paid wages sh.1, 800.  
 “ 24: Paid electricity sh. 800 and water sh. 450.  
 “ 25: Paid wages sh. 2,400.  
 “ 26: Paid telephone sh. 900.  
 “ 29: Bought foolscaps sh. 520.

Prepare a petty cashbook with the following analysis columns:

- Postage and telephone.
- Stationery.
- Office tea and snacks.
- Water and electricity.
- Office repairs.
- Ledger.

(10Marks)

4. a). In the following transactions, determine the account to be debit and credit.

TRANSACTION	ACCOUNT TO BE DEBITED	ACCOUNT TO BE CREDITED
i. Bought Equipment from GM Motors on credit.		
ii. Received cheque from proprietor		
iii. Bought goods by cash		
iv. Purchases of office furniture by cheque.		
v. Withdrew some money from the bank for office use.		
vi. Sold goods for cash.		
vii. Received goods refunded by a customer.		
viii. Returned goods to a supplier.		
ix. Purchased more goods on credit.		
x. Banked extra cash.		

b). On 1 March 2015, Mjusi Traders had cash in hand of sh.125,000 and sh.350,000 at the bank. During the month, the following transactions took place:

2015	
March 2	Received a cheque for sh. 3840 from Okeyo as part payment of debt owed.
2	Paid the following by cash: Wali sh. 56,000 and Mbunga sh. 69,000.
4	Cash sales amounting sh.76,400
5	Paid salaries for sh.124, 000 in cash.
10	Aisha settled her account of sh.45, 000 by a cheque.
11	Following debtors settled their accounts by cheque; Kakulata sh. 45,500;

	Kalamu sh. 5,000.
12	Cash sales sh.75,300
16	Paid Kavius' loan of sh.120,000 by cheque.
20	Withdrew sh. 220,000 from the bank for office use.
25	Paid general expenses sh. 12,720 in cash.
28	Received a cheque of sh. 705,000 from Chebet after allowing
31	Banked all the cash except sh. 25,700.

Prepare a two column cash book duly balanced.

[TOTAL: 10Marks]

5. The following transactions relate to Rahat Traders for the month of March 2014.

2014

March 1. Bought goods on credit from Anne sh. 48,000.

“ 4. Sold goods on credit to Wali sh. 25,400; Walter sh. 34500; Wilbur sh. 5,600

“ 12. Bought goods on credit from Sema sh. 42,300.

“ 27. Sold goods on credit to Charity sh. 86,500; Caro sh. 56,000; Christine sh.5000.

“ 27. Returned goods worth sh.2500 to Anne.

“ 29. Returned goods to Sema sh. 1900.

“ 31. Wali returned goods to the business worth sh.4 500.

Prepare:

i) Purchases day book/purchases journal.

ii) Sales day/ sales journal.

iii) Returns outwards day book/Journal.

iv) Returns Inwards day book/Journal.

v) The cash book.

[TOTAL: 20 marks]