



CLASS: CHRM MOD 2 EVENING
END OF SEMESTER EXAMINATIONS
SUBJECT: ACCOUNTING AND CONTROL
LECTURER: KIMANI SAMUEL K.N.
JANUARY – MAY 2018 SEMESTER.

TIME: 2^{1/2} HOURS.

INSTRUCTIONS: ANSWER ALL QUESTIONS.

QUESTION 1

a). The following transactions were extracted from the books of Muchuma Enterprise for the month ended 31 October 2017:

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.
- 21: Sold goods to Wakopi Ltd. for sh. 54,000, on credit.
- 26: Received cheque for sh. 35,000 from Wakopi Ltd.

Prepare:

- a). Accounts to record the transactions above. **(12Marks).**
- b). Trial balance as at 31, October 2017. **(8Marks)**

QUESTION 2

The following trial balance was extracted from the books of Munyotu Kagane, a sole trader as at 31st October 2017:

| | SHS. | SHS. |
|-------------------------------------------|-----------|-----------|
| Capital | | 1,446,220 |
| 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 | | 19, 560 |

| | | |
|-------------------------------------------------------------|-----------------------|-----------------------|
| 2016) | | |
| Stock in trade (1 November 2016) | 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. 2016) | | 216,000 |
| Proceeds from sale of motor vehicle | 115,000 | |
| Motor vehicles expense | 51,660 | |
| Premise at cost | 600,000 | |
| Rent received | | 45,000 |
| TOTALS | <u>6959020</u> | <u>6959020</u> |
| | | |
| | | |

Additional information:

- Stock in trade as at 31 October 2017 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 2017 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 2017 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.

Required:

- Income statement for the year ended 31 October 2017 **(10Marks).**
- Statement of financial position as at 31 October 2017 **(10Marks).**

QUESTION3

- 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

1: Petty cashier was reimbursed by the accountant the balance cash to start the month with the required float of sh.20, 000.

6: 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.
- Wages
- Ledger.

(10Marks)

QUESTION 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. | | |

(10Marks).

- b). On 1 March 2017, 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:

| | |
|---------|--------------------------------------------------------------------------------------------|
| 2017 | |
| 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. |
| | |
| 31 | Banked all the cash except sh. 25,700. |
| | |

Prepare a two column cash book duly balanced.

(10Marks).

QUESTION 5

The following transactions relate to Rahat Traders for the month of March 2018.

2018

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.

(20Marks).