

**SUBJECT: BOOK KEEPING AND ACCOUNTS**  
**LECTURER: GEORGE OGUDA**  
**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

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**(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  |

Prepare trading statements for the above Enterprise.

**(6 marks)**

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

**(3 marks)**

| Assets   | Capital  | Liabilities |
|----------|----------|-------------|
| Ksh      | Ksh      | Ksh         |
| 800,000  | a) _____ | 140,000     |
| b) _____ | 700,000  | 400,000     |
| 440,000  | 160,000  | c) _____    |

4. New look company had a Ksh.16000 in cash and a bank overdraft of Ksh.9000 as at 1 January 2015. The following transactions took place during the month of January 2015.

January 4 Received Ksh. 48000 in cash from Ann ,a debtor.

8. Deposit Ksh 40000 of office cash into the business bank account.

12 sold goods for Ksh.90000 in cash

16 bought machine for 32000 paying by cheque

20 withdrew Ksh 4000 from the bank for personal use.

28 paid wages of 5000 in cash.

Prepare a two column cash book for the January 2015.

**(7 marks)**

5. (a) State and Explain any source document of books of account used by your accountant in your Organisation..

**(6 marks)**

(b) State and explain the users of accounting information which had been prepared by your Company.

**(6Marks)**

6). Explain each of the following accounting concepts:

i). Going concern

ii). Accruals concept

iii). Consistency

iv). Prudence concept

. **(8Marks)**

### 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; **(9 marks )**
- ii) Balance sheet as at 31 December 2013. **(6 marks)**

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 NEW LOOK Traders for the month of November 2016:
  - November 3 Sold goods Ksh 50,000 on credit to Milka.

|             |                                           |
|-------------|-------------------------------------------|
| November 6  | Sold goods Ksh 29,600 on credit to Tracy. |
| November 10 | Milka returned goods worth Ksh 4,000.     |
| November 21 | Sold goods Ksh 38,600 on credit to Moses. |
| November 27 | Tracy returned goods worth Ksh 4,700.     |
| November 28 | Sold goods Ksh 19,800 on credit to Milka. |

Enter the above transactions in the relevant journals.

**(6 marks)**

14.. XYZ Enterprise operates a petty cash book on an imprest system. The imprest amount is sh. 30,000. On 1 June 2015 the petty cashier had sh. 5,000 cash at hand.

During the month of June, the following transactions occurred:

June 2015

1: Petty cashier was reimbursed by the accountant the balance cash to start the month with the required float of sh.30, 000.

6: Bought snacks sh. 700 and paid postage sh. 1,800.

“ 7: Paid Jane, a creditor sh. 900.

“ 7: Paid stationery sh. 2,000 and bought milk sh. 300.

“ 9: Bought air time sh. 500.

“ 13: Bought sugar sh. 400.

“ 16: Paid Ms. Kame a creditor sh. 2,000.

“ 22: Bought office Glue for sh. 700.

“ 24: Paid wages sh.1, 600.

“ 24: Paid electricity sh. 800 and water sh. 450.

“ 25: Paid wages sh. 2,200.

“ 26: Paid telephone sh. 1000.

“ 29: Bought foolscaps sh. 700.

Prepare a petty cashbook with the following analysis columns:

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

**( 15Marks)**