

Name SCAN Index No. \_\_\_\_\_

1902/203

1908/203

BOOK KEEPING AND ACCOUNTS

June/July 2015

Time: 3 hours



Candidate's Signature \_\_\_\_\_

Date \_\_\_\_\_

THE KENYA NATIONAL EXAMINATIONS COUNCIL

**CRAFT CERTIFICATE IN SALES AND MARKETING  
CRAFT CERTIFICATE IN HUMAN RESOURCE MANAGEMENT  
MODULE II**

BOOK KEEPING AND ACCOUNTS

3 hours

**INSTRUCTIONS TO CANDIDATES**

*Write your name and index number in the spaces provided above.*

*Sign and write the date of the examination in the spaces provided above.*

*This paper consists of FOURTEEN questions in TWO sections; A and B.*

*Answer ALL the questions in both sections in the spaces provided in the question paper.*

*Maximum marks to each part of a question are as indicated.*

*Do NOT remove any pages from this question paper.*

*Candidates should answer the questions in English.*

**For Examiner's Use Only****Section A**

Question	1	2	3	4	5	6	7	8	9	10	TOTAL SCORE
Candidate's Score											

**Section B**

Question	11	12	13	14	TOTAL SCORE
Candidate's Score					

**GRAND TOTAL**

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**This paper consists of 17 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

**SECTION A (40 marks)***Answer ALL the questions.*

1. Identify the accounting concept applicable in each of the following statements:

- (i) Provision for doubtful debts of Ksh 4,000 is made.
- (ii) Amount of rent charged in the income statement is Ksh 64,000 while the amount paid for the period totalled Ksh 70,000.
- (iii) A stapler bought for Ksh 240 to be used for more than one year the organisation is treated as an expenses for that period. (3 marks)

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2. Record the following transactions in the ledger accounts:

March 4 Proprietor deposited Ksh 30,000 into a business bank account from personal resource.

4 Bought furniture for Ksh 15,000 on credit from Peter. (4 marks)

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3. State the source documents in each of the following transactions:

- (i) Credit Purchases from Juma.
- (ii) Goods returned by Charity, a customer.
- (iii) Cash sales.

(3 marks)

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4. State **four** items that may appear in the bank statement but not in the cash book for the same period. (4 marks)

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5. The following information relates to the business of Akiba Enterprises for the year 2013:

	Ksh
Inventory: 1 January 2013	22,000
31 December 2013	36,000
Purchases	394,000
Sales returns	10,000
Carriage inwards	6,000
Sales	740,000

- (i) Prepare a trading account for the year ended 31 December 2013.
- (ii) The management intends to change the business if it realizes a gross profit of less than Ksh 200,000. Advise the management based on the results in (i) above.

(5 marks)

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6. Classify each of the following costs as either fixed or variables:

- Rent
- Labour costs
- Raw materials
- Insurance

(4 marks)

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7. Atieno is employed to work for 6 days a week for 8 hours a day. The normal rate of pay is Ksh 300 per hour. Overtime is paid at one and a half times of the normal rate.

During the first week of March 2014, Atieno worked for 56 hours:

- (i) Calculate her total earnings for the week.
- (ii) Atieno had been promised a promotion if her weekly total earnings were above Ksh 19,000.

Based on the results in (i) above, advise the management on the action to take. (5 marks)

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8. Define each of the following terms as used in accounting:

- (i) Float
  - (ii) Petty cash
- (4 marks)

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9. From the list of cost provided below, identify the capital expenditure items and revenue expenditure items.

- (i) Construction of office building
  - (ii) Painting of office building after five years.
  - (iii) Purchase of stationery
  - (iv) Purchase of a motor vehicle.
- (4 marks)

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10. Identify the books of original entry in which each of the following transaction would be recorded:

- (i) Credit sales to Daniel
- (ii) Payment for motor expenses
- (iii) Cash sales
- (iv) Credit purchases from Zaidi

(4 marks)

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**SECTION B (60 marks)**

*Answer ALL the questions.*

11. The following trial balance was extracted from the books of Haria Enterprises as at 30 November, 2013

	Dr Ksh	Cr Ksh
Revenue		780,000
Rent	48,000	
Equipment	390,000	
Accounts payable		24,000
Insurance	20,000	
General expenses	30,000	
Bank loan		100,000
Accounts receivable	28,000	
Furniture	260,000	
Discounts allowed	4,000	
Cash in hand	220,000	
Bank overdraft		12,000
Capital		142,000
Drawing	36,000	
Electricity	22,000	
	<u>1,058,000</u>	<u>1,058,000</u>

Prepare:

- (a) An income statement for the year ended 30 November, 2013.
- (b) A statement of financial position as at 30 November, 2013.

(15 marks)



12. (a) Feta Traders had Ksh.16,000 in cash and a bank overdraft of Ksh 9,000 as at 1 January, 2014. The following transactions took place during the month of January 2014.

- January 4 Received Ksh. 48,000 in cash from Ann, a debtor.
- 8 Deposited Ksh.40,000 of the office cash into the business bank account
- 12 Sold goods for Ksh. 90,000 in cash.
- 16 Bought equipment for Ksh.32,000 paying by cheque
- 20 The proprietor withdrew Ksh.4,000 from the bank for personal use.
- 28 Paid wages of Ksh. 12,000 in cash.

Prepare a two column cash book for January 2014. (8 marks)

(b) The following transactions relate to the business of Keta Enterprises for the month of December, 2013:

- December 5 Sold goods for Ksh 17,000 on credit to Peris.
- 9 Bought goods for Ksh 26,000 on credit from Wate
- 12 Bought goods for Ksh 2,900 on credit from Nganga.
- 16 Peris returned goods for Ksh 3,000.

Enter the transactions above in the relevant journals. (7 marks)

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13. (a) Banda Enterprises has four employees whose gross earnings for the month of February 2014 are as follows:

Amos	29,000
Judith	40,000
Kevin	36,000
Harr iet	18,000

Additional information

- (i) Pay As You Earn (PAYE) is at the rate of 30%.
- (ii) Each employee contributes Ksh 400 to NSSF.
- (iii) NHIF deductions are made at 2% of gross earnings.

- I Prepare the payroll for the month of February 2014.
- II The firm has Ksh 140,000 in cash available for salaries. The firm has arranged with the bank for an overdraft facility incase of deficit in the salary bill. Based on calculations in (i) above, advise the management on whether to take the overdraft or not. (9 marks)

- (b) Explain **three** functions of accounting to an organization. (6 marks)

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14. (a) The following is the statement of financial position of Bella Enterprises as at 31 December 2013.

	Ksh	Ksh
Non current assets		160,000
Current assets:		
Inventory	40,000	
Accounts receivable	20,000	
Cash	<u>120,000</u>	<u>180,000</u>
		<u>340,000</u>
Capital		260,000
Accounts payable		80,000
		<u>340,000</u>

During the month of January 2014, the following transactions took place:

- (i) Bought goods for Ksh 15,000 on credit.
- (ii) The proprietor brought in equipment valued at Ksh 30,000 for business use.
- (iii) Paid Ksh 12,000 to a creditor in cash
- (iv) Received Ksh 10,000 in cash from a debtor.

Prepare a statement of financial position as at 31 January 2014.

(8 marks)

- (b) The following information relates to Nzola Enterprises for the year 2013.

	Ksh
Purchase of raw material	548,000
Factory rent	66,000
Direct labour	118,000
Depreciation of factory machinery	22,000
Inventory of raw materials (1 January 2013)	34,000
Inventory of raw materials (31 December 2013)	19,000
Direct expenses	25,000
Factory insurance	16,000

Prepare a manufacturing account for the year ended 31 December, 2013.

(7 marks)