

1902/203
1908/203
BOOK KEEPING AND ACCOUNTS
July 2022
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

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

BOOK KEEPING AND ACCOUNTS

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of **FOURTEEN** questions in **TWO** sections; **A** and **B**.
Answer **ALL** the questions in both sections in the answer booklet provided.
Show all your working.
Candidates should answer the questions in English.*

This paper consists of 6 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 questions in this section.

1. Outline **four** uses of accounting information in an organization. (4 marks)
2. State the source document used in recording each of the following transactions:
 - (i) credit sales;
 - (ii) goods returned by customer;
 - (iii) cash paid by a customer;
 - (iv) cash deposited into a bank account.(4 marks)

3. The following information relates to Tuba Traders for the month of July 2021.

	Ksh
Bank balance as per cash book	53,400
Standing order payment	15,000
Bank charges	6,100
Direct deposit by customer	22,000

Prepare an adjusted cash book. (5 marks)

4. State **four** advantages of piece rate method of remuneration. (4 marks)
5. Outline **four** types of errors that do not affect the balancing of a trial balance. (4 marks)
6. The following information relate to Twiga Traders on 31 December 2021.

	Ksh
Inventory (1 January 2021)	116,000
Inventory (31 December 2021)	320,000
Sales	2,140,000
Purchases	1,160,000

Prepare trading account for the year ended 31 December 2021. (4 marks)

7. Outline **four** types of entries that can be made in general journal. (4 marks)

8. The following balances were obtained from the books of account as at 31 December 2021:

	Ksh
Inventory	44,000
Accounts payable	26,000
Bank overdraft	18,000
Accounts receivable	30,000

Calculate:

- (i) total current assets;
- (ii) total current liabilities.

(4 marks)

9. Balance off each of the following accounts as at 31 December, 2021.

Bank Account			
		Ksh	Ksh
1/12	Bal b/d	60,000	22/12 Otieno 48,000
8/12	Sales	28,000	

Paul (creditor) Account			
		Ksh	Ksh
28/12	Cash	4,000	1/12 Bal b/d 6,000

Capital Account			
		Ksh	Ksh
			1/12 Bal b/d 169,000
24/12	Equipment	92,000	

Equipment Account			
		Ksh	
24/12	Capital	92,000	
29/12	Cash	14,000	

(4 marks)

10. Outline **three** uses of a trial balance.

(3 marks)

SECTION B (60 marks)

Answer ALL questions in this section.

11. (a) The following information relates to Honda Limited for the year ended 31 December 2021.

	Ksh
Hire of factory machinery	340,000
Depreciation of factory building	52,000
Purchase of raw material	1,100,000
Direct wages	260,000
Factory power	95,000
Raw materials (1 January 2021)	36,000
Raw materials (31 December 2021)	43,000
Wages of factory sweeper	110,000

Prepare a cost statement for the year ended 31 December 2021, showing:

- Prime cost
- Factory overhead
- Cost of production

(8 marks)

- (b) The following balances relates to Flora Traders as at 31 December 2021:

	Ksh
Accounts payable	150,000
Inventory	130,000
Bank loan	215,000
Capital	962,000
Accounts receivable	30,000
Cash	267,000
Fixed assets	900,000

Prepare a statement of financial position as at 31 December 2021.

(7 marks)

12. (a) Explain **three** differences between capital expenditure and revenue expenditure.

(6 marks)

- (b) Vena Retailers operates petty cash on imprest system with a monthly cash float of Ksh 15,000. Reimbursement is made at the end of the month. The following payments were made during the month of August 2021:

Date		Ksh
2021	4 Detergents	1,600
	9 Sugar	480
	12 Soap	380
	18 Bus fare	2,400
	24 Milk	1,100
	28 Taxi	3,200
	30 Otieno, a creditor	3,900

Prepare a petty cash book using the following analysis columns:

- (i) cleaning;
- (ii) travelling;
- (iii) staff welfare;
- (iv) ledger.

(9 marks)

13. (a) The following transactions relates to Boton Traders for the month of October 2021.

October	3	Bought goods for Ksh 4,000 on credit from Mary.
	8	Bought goods for Ksh 12,000 on credit from Daudi.
	12	Returned goods worth Ksh 1,200 to Daudi.
	18	Bought goods fro Ksh 40,000 on credit from Paulo.
	22	Returned goods worth Ksh 400 to Mary.

Enter the transactions above in the relevant journals.

(7 marks)

- (b) The trial balance of Amani Enterprises prepared as at 31 December 2021 did not balance. On investigations, the following errors were revealed:

- (i) Sales day book had been overcast by Ksh 13,000.
- (ii) Purchases of goods for Ksh 40,000 from Tom had been entered in the personal account of Thomas.
- (iii) Payment of motor expenses of Ksh 10,000 had been entered in motor vehicles account.
- (iv) Cash receipt of Ksh 4,000 from Peter had only been entered in the cash book.

Prepare journal entry to correct the errors above.

(8 marks)

14. (a) Explain the accounting information needs of the following users:

- (i) management;
- (ii) lenders;
- (iii) government;
- (iv) employees.

(8 marks)

(b) The following information relates to Kwendo Traders for the year ended 31 December 2021:

	Ksh
Gross profit	717,900
Discounts allowed	6,100
Discount received	9,400
Commission received	20,000
Stationery	110,000
Insurance	18,000
Carriage outwards	44,000
Rent	280,000
General expenses	66,000

Prepare an income statement for the year ended 31 December, 2021 .

(7 marks)

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