

1902/203
1908/203
BOOK KEEPING AND ACCOUNTS
July 2023
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. State the financial statement in which each of the following entries are found:

- (i) salaries;
- (ii) opening inventory;
- (iii) accounts receivable;
- (iv) capital.

(4 marks)

2. The following information relates to Bara Traders for the month of July 2022.

	Ksh
Updated cash book balance	141,900
Unpresented cheques	32,000
Uncredited cheques	59,300

Prepare a bank reconciliation statement.

(4 marks)

3. State **four** advantages of time rate method of labour remuneration.

(4 marks)

4. List **four** books of original entry.

(4 marks)

5. The following balances were obtained from the books of account of Harry Retailer as at 31 December 2022.

	Ksh
Equipment	164,000
Bank loan	220,000
Accounts payable	70,000
Cash	110,000✓
Inventory	40,000

Determine the

- (i) Total assets
- (ii) Total liabilities;
- (iii) Capital.

(4 marks)

6. State the accounts to be debited and account to be credited in each of the following transactions:

- (i) Returned goods worth Ksh 6,400 to Pama.
- (ii) Paid rent Ksh 6000 in cash.

(4 marks)

7. List **four** errors that may not affect the agreement of a trial balance. (4 marks)
8. State the meaning of each of the following documents:
- (i) Invoice (2 marks)
- (ii) Credit note (2 marks)
9. The following costs were incurred by Kutok Traders during the year 2022

	Ksh
Rent	360,000
Wages	92,000
Insurance	120,000
Repairs	40,000

Determine the

- (i) Total fixed cost
- (ii) Total variable cost. (4 marks)
10. During the year ended 31 December 2022, Pesa traders paid Ksh.118,000 for electricity. As at 31 December 2022, the amount of electricity outstanding was Ksh 4,000. Prepare an electricity expenses account. (4 marks)

SECTION B (60 marks)

Answer ALL questions in this section.

11. (a) Explain **three** qualities of good accounting information. (6 marks)
- (b) On 1 May 2022, Amani Retailers had Ksh 10,000 in cash and Ksh 41,000 in the bank account.
During the month, the following transactions took place:

May

- 2021 4 Paid electricity bill of Ksh 3,000 by cheque
9 Received Ksh 24,000 in cash from Ham
12 Deposited Ksh 30,000 of the ash into the bank account
18 Bought goods for Ksh 15,000 paying by cheque
24 sold goods for the Ksh 21,000 in cash.
30 The proprietor took Ksh 7,000 from the cash till for personal use.

Prepare a two column cash book for the month of May 2022. (9 marks)

12. (a) Explain **three** features of capital expenditure. (6 marks)
- (b) The following information relates to Kakan Traders for the year ended 31 December 2022:

	Ksh
Commissions received	42,000
Returns inwards	14,000
Purchases	956,000
Rent	64,000
Sales	1,732,000
Discounts allowed	10,000
Carriage inwards	18,000
Carriage outwards	22,000
Inventory - 1 January 2022	128,000
31 December 2022	171,000

Prepare an income statement for the year ended 31 December 2022. (9 marks)

13. (a) The following transactions relates to Hardy Traders for the month of July 2022:

July

- 4 Sold goods for Ksh 10,000 to Jerry on credit
- 9 Bought goods for Ksh 10,000 from Peter on credit
- 15 Sold goods for Ksh 12,000 to Dan on credit.
- 29 Bought good for Ksh 24,000 from Ann on credit.

Prepare the relevant journals.

(6 marks)

(b) Mady Enterprises maintains a petty cash book on imprest system with a month cash float of Ksh 112,000. The amount used is reimbursed at the end of the month.

The following payments were made by the petty cashier in the month of June 2022.

June	Ksh
4 Sugar	850
8 Printing papers	3000
12 Postage stamps	300
16 Envelops	1600
19 Tea leaves	500
22 Data bundles	1100
28 Milk	2400
30 Pens	600

Prepare a petty ash book for the month of June 2022 using the following analysis columns:

- staff welfare;
- stationery;
- postage and communication.

(9 marks)

14. (a) Explain each of the following accounting concepts:

- (i) Money measurement concept;
- (ii) Historical cost concept;
- (iii) Prudence concept.

(6 marks)

(b) The following balances were extracted from the books of account of Petty Traders as at 1 January 2023.

	Ksh
Furniture	80,000
Cash	50,000
Bank overdraft	140,000

During the month, the following transactions took place:

January

- 5 Bought furniture for Ksh 20,000 paying by cheque
- 18 Deposited Ksh 18,000 of the cash into the bank account.
- 28 Paid rent for Ksh 12,000 in cash.

Enter the information above in the relevant ledger accounts.

(9 marks)

THIS IS THE LAST PRINTED PAGE.