



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2016/2017

FIRST YEAR SECOND SEMESTER EXAMINATION FOR
CERTIFICATE IN BUSINESS ADMINISTRATION

CITY CAMPUS- DAY

ACB 0011: ELEMENTS OF BOOK KEEPING

Date: 6th June, 2017

Time: 2.00 – 5.00pm

INSTRUCTIONS:

- Answer Question ONE and any other THREE.

QUESTION ONE

State and explain any five errors that do not affect trial balance (10mks)

The following details were extracted from the books of Kulobain June 2014

Purchases	40, 675
Return inward	680
Wages	8,480
Fuel & Power	4,730
Carriage on sales	3,200
Carriage on purchases	2,040
Opening stock	5,760
Salaries	1,500
General expenses	3,000
Insurance	600
Sales	98,780
Rent	9,000

Additional information

Closing stock was sh.6,800

Salaries due was 1,500 & insurance prepaid sh.170

Rent receivable shs.1,000

Required

Prepare the trading profit and loss account for the year ended June 2009

(10mks)

Distinguish between accrual basis of accounting and cash basis of accounting

(5mks)

QUESTION TWO

The following transactions were derived from the books of Detox limited for the month of January 2015

January 1st Started a business with Ksh.5,000 in cash

January 2nd Bought goods worth Ksh 2,000 from Hamadi

January 3rd Sold goods worth Ksh.15,000 on credit to Damali

January 6th Bought a vehicle worth Ksh 5,000 in cash.

January 10th Purchase a motor vehicle worth Ksh.6,000 through a cheque

January 15th Sold a furniture for Ksh.2000 receiving a cheque

Draw a ledger account to record the above transaction and balance them off (10mks)

From the above information extract a trial balance

5mks

QUESTION THREE

a. The following information was derived from Kakuzi ltd

Credit sales	200,000
Discount allowed	20,000
Bad debt written off	70,000
Interest charged to customers	2,000
Credit purchases	400,000
Discount received	10,000
Interest charged by suppliers	5,000
Discount disallowed	2,000
Bad debts recovered	2,500

Required

i. Debtors control Account

ii. Creditors control Account

(8mks)

b. State five users of accounting information and their informational needs

(7mks)

QUESTION FOUR

J Njuguna maintains a petty cash book on imprest system, the imprest being Kshs.30,000. The following transactions took place in the month of April 2000

1 Received imprest from the cashier of 30,000

3 Bought postage stamps of 2,000

6 Paid sh. 4,000 for peter's account in purchases ledger

- 7 Bought stationery kshs.5,000
8 Paid travelling allowance to S.Otieno an employee sh.4,000
10 Paid window cleaning expenses sh.6,000
12 Paid Lenana account in the purchasing ledger sh.5,000
14 Paid subscription for trade association sh.2,000
17 Paid office cleaning expenses sh.2,000
18 Received sh.30,000 from the Cashier
20 Paid S Otieno for travelling expenses 10,000
22 Bought electric light bulbs sh.2,000
25 Paid Lenana's account for purchasing ledger sh.2,500
26 Paid travelling expenses sh.1,000
28 Paid for sugar,tea and Milk kshs. 3,000

Required

Enter the transactions into the petty cash book under the following analysis columns:postage and stationery, travelling expenses, cleaning expenses ,sundries and ledger column and balance it off. (15mks)

QUESTION FIVE

Mr k. kamanda started a business on 1st May 2013 with Capital of sh.7,000 with which he opened a bank account for his business. During the month the following transaction took place.

- 1stMay bought shop furniture for 20,000 by cheque
2nd purchased good worth sh.950 by cheque
4th Sold goods on cash 2,700
11th Sold goods by cheque for sh.600 less discount of sh. 20
12th Sold goods for sh.200 and banked the proceed immediately

13th Received sh.600 cash from debtors

18th Paid sh.800 cash to creditor after deducting 5% cash discount

20th Paid creditors 700 less 5% discount by cheque

21st Paid rent for Sh 200 in cash

23rd Paid delivery expenses by cash sh.50

24th Received 250 in cash from debtors less 2% discount

25th Withdrew a cheque of sh. 200 for personal use and another sh.320 for business use

30th Paid sh.300 to creditors by cash less 3% discount

Required

Prepared a relevant cashbook to record the above transaction and balance it off
(15mks)

QUESTION SIX

- I. State and explain any five principles of accounting that must be observed in preparation of Accounting statement. (10mks)
- II. State any 4 classification of account (5mks)