



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**FIRST YEAR EXAMINATION FOR THE AWARD OF THE**  
**DIPLOMA IN LAW**  
**SECOND SEMESTER, 2021/2022**  
**(FEBRUARY – JUNE, 2022)**

**DLAW 0126: BOOK KEEPING AND ACCOUNTING**

**STREAM: DLAW 1 S2**

**TIME: 2 HOURS**

**DAY: TUESDAY, 12:00 – 2:00 P.M.**

**DATE: 31/05/2022**

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**INSTRUCTIONS**

- 1. Do not write anything on this question paper.***
- 2. Answer Question ONE [Compulsory] and any other TWO Questions.***
- 3. Illustrate your answer with relevant cases and statutory provisions where applicable.***

**QUESTION ONE**

- a) Explain any FIVE accounting concepts and principles as applied in accounting **(10 marks)**
- b) Explain the qualitative characteristics of financial statements in relation to international accounting standards (IAS). **(6 Marks)**
- c) Explain the Purposes of a bank reconciliation statement. **(4 Marks)**
- d) H Jumps has the following assets and liabilities as on 30 November 2002: Creditors Sh.39,500; Equipment Sh.115,000; Motor vehicle Sh.62,900; Stock Sh.61,500; Debtors Sh.57,700; Cash at bank Sh.72,800 and Cash in hand Sh.400.
- Compute the balance on the capital account as at 30 November 2002.
- During the first week of December 2002, Jump:
- Bought extra equipment on credit for Sh.13, 800.
  - Bought extra stock by cheque Sh.5, 700.

- c. Paid creditors by cheque Sh.7, 900.
- d. Received from debtors Sh.8, 400 by cheque and Sh.600 by cash.
- e. Put in an extra Sh.2, 500 cash as capital.

**Required:**

- a. Determine the capital as at 1<sup>st</sup> May 2020. **(3Marks)**
- b. Draw up a balance sheet after the above transactions have been completed. **(6 Marks)**

**QUESTION TWO**

- a) Explain any FIVE source documents used in recording transactions. **(5 Marks)**
- b) From the general ledger shown below draw a three-column cashbook and balance it off. **(10 Marks)**

2021

Mar 1 Balances brought forward: Cash Sh.230; Bank Sh.4, 756.

“ 2 The following paid their accounts by cheque, in each case deducting 5 percent  
Discounts: R Burton Sh.140; E Taylor Sh.220; R Harris Sh.800.

“ 4 Paid rent by cheque Sh.120.

“ 6 J Cotton lent us Sh.1, 000 paying by cheque.

“ 8 We paid the following accounts by cheque in each case deducting a 2 ½ per cent cash discount: N Black Sh.360; P Towers Sh.480; C Rowse Sh.300.

“ 10 Paid motor expenses in cash Sh.44.

“ 12 H Hankins pays his account of Sh.77, by cheque Sh.74, deducting Sh.3 cash discount.

“ 15 Paid wages in cash Sh.160.

“ 18 The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: C Winston Sh.260; R Wilson & Son Sh.340; H Winter Sh.460.

“ 21 Cash withdrawn from the bank Sh.350 for business use.

“ 24 Cash Drawings Sh.120.

“ 25 Paid T Briers his account of Sh.140, by cash Sh.133, having deducted Sh.7 cash discount.

“ 29 Bought fixtures paying by cheque Sh.650.

“ 31 Received commission by cheque Sh.88.

**QUESTION THREE.**

- a) **Discuss** the Errors that don't affect the trial balance **(5 Marks)**
- b) A cashier in a firm starts with Sh.2, 000 in the month of March (that is the cash float). In the following week, the following payments are made:

	Sh.	
1 <sup>st</sup> March – bought stamps for	80	
2 <sup>nd</sup> March – paid bus fare for		120

2 <sup>nd</sup> March – cleaning materials	240
3 <sup>rd</sup> March – bought fuel	150
3 <sup>rd</sup> March – cleaning wages	300
4 <sup>th</sup> March – bought stamps	200
4 <sup>th</sup> March – paid L. Thompson (creditor)	400
5 <sup>th</sup> March – fuel costs	150

On the 5<sup>th</sup> of March the cashier requested for a refund of the cash spent and this amount was reimbursed back. (10 Marks)

**QUESTION FOUR.**

a) Explain the following terms:

- i. Assets (1 Mark)
- ii. Liabilities (1 Mark)
- iii. Intangible assets (1 Mark)
- iv. Equity capital (1Mark)
- v. Ledger ( 1 mark)

b) Write up the following transactions in the books of S Pink and draw a trial balance. (10Marks)

2020

March	1	Started business with cash Sh.1, 000.
“	2	Bought goods on credit from A Cliks Sh.296.
“	3	Paid rent by cash Sh.28.
“	4	Paid Sh.1, 000 of the cash of the firm into a bank account.
“	5	Sold goods on credit to J Simpson Sh.54.
“	7	Bought stationery Sh.15 paying by cheque.
“	11	Cash sales Sh.49.
“	14	Goods returned by us to A Cliks Sh.17.
“	17	Sold goods on credit to P Lutz Sh.29.
“	20	Paid for repairs to the building by cash Sh.18.
“	22	J Simpson returned goods to us Sh.14.
“	27	Paid a Cliks by cheque Sh.279.
“	28	Cash purchases Sh.125.
“	29	Bought a motor vehicle paying by cheque Sh.395.
“	30	Paid motor expenses in cash Sh.15.
“	31	Bought fixtures Sh.120 on credit from R west.

**QUESTION FIVE:**

From the following trial balance of P Boones draw up a trading and profit and loss account for the year ended 30 September 2002, and a balance sheet as at that date. ( 15 Marks)

	Dr	Cr
	Sh.	Sh.
Stock 1 October 19x8		23,680
Carriage outwards		2,000
Carriage inwards	3,100	

Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		
186,000		
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	
Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors	17,310	
Cash at bank		4,820
Drawings	12,000	
Capital		
126,360		
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	<u>332,890</u>	<u>332,890</u>