


KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

SPECIAL EXAMINATIONS
FIRST YEAR EXAMINATION FOR THE AWARD OF THE
DIPLOMA IN LAWS
SECOND SEMESTER, 2021/2022
(FEBRUARY - JUNE, 2022)

DLAW 0126: BOOK KEEPING AND ACCOUNTING

STREAM: Y1 S2

TIME: 2 HOURS

DAY: TUESDAY, 8:00 – 10:00 A.M.

DATE: 26/07/2022

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 (25 marks)

a) Explain the following:

- i) Accounting (2 Marks)
- ii) Book-keeping (2 Marks)
- b) Explain any FIVE accounting concepts and principles as applied in accounting (5 marks)
- c) Explain the qualitative characteristics of financial statements in relation to international accounting standards (IAS). (6 MARKS)
- d) 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 st March – bought stamps for	80	
2 nd March – paid bus fare for	120	
2 nd March – cleaning materials	240	
3 rd March – bought fuel	150	

3 rd March – cleaning wages	300
4 th March – bought stamps	200
4 th March – paid L. Thompson (creditor)	400
5 th March – fuel costs	150

On the 5th of March the cashier requested for a refund of the cash spent and this amount was reimbursed back.

Required:

Prepare a detailed petty cash book showing the balance to be carried forward to the next period and the relevant expense accounts, as they would appear on the General Ledger.(10 Marks)

QUESTION TWO

a) Explain any three source documents used in recording transactions. (3 Marks)

b) DLaw has the following assets and liabilities as on 31 April 2020:

	Sh.
Creditors	15,800
Equipment	46,000
Motor Vehicle	25,160
Stock	24,600
Debtors	23,080
Cash at bank	29,120
Cash in hand	160

During the first week of May 2020 Moody:

- i. Bought extra equipment on credit for Sh.5, 520.
- ii. Bought extra stock by cheque Sh.2, 280.
- iii. Paid creditors by cheque Sh.3, 160.
- iv. Debtors paid Sh.3, 360 by cheque and Sh.240 by cash.
- v. Moody put in extra Sh.1, 000 cash as capital.

Required:

- a. Determine the capital as at 1st May 2020. (5 Marks)
- b. Draw up a balance sheet after the above transactions have been completed. (7 Marks)

QUESTION THREE.

a) Explain the causes of differences between cash and bank balances. (5 Marks)

b) 2020

- 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.

Required:

Draw a three column cash-book.

(10 Marks)

QUESTION FOUR.

a) Explain the errors that are not affecting the trial balance. (6 marks)

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

(10 Marks)

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.

	Dr Sh.	Cr 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
	<u>332,890</u>	<u>332,890</u>	