

1902/203
1908/203
BOOK-KEEPING AND ACCOUNTS
November 2021
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL
CRAFT CERTIFICATE IN SALES AND MARKETING
CRAFT CERTIFICATE IN HUMAN RESOURCE MANAGEMENT
MODULE II

BOOK-KEEPING AND ACCOUNTS

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of 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 (32 marks)

Answer ALL the questions in this section.

1. Fill in the missing figures in the following table.

	Capital Ksh	Fixed assets Ksh	Current assets Ksh	Liabilities Ksh
(i)	40,000	50,000	<u>10,000</u>	20,000
(ii)	60,000	80,000	10,000	<u>30,000</u>
(iii)	150,000	<u>155,000</u>	25,000	30,000
(iv)	<u>30,000</u> 30,000	68,000	42,000	56,000

(4 marks)

2. The following transactions relate to Twiga Traders for the month of January 2021.

January 4 Bought goods for Ksh 62,000 from Paul on credit.

10 Paid for Ksh 45,000 to Paul by cheque

Enter the transactions in the relevant accounts.

(4 marks)

3. State **four** uses of a general journal in an organisation.

(4 marks)

4. The following information relates to Dama Traders for the month of May 2021.

	Ksh
Uncredited cheques	18,200
Unpresented cheques	74,600
Balance as per adjusted cash book	38,400

Prepare a bank reconciliation statement.

(4 marks)

5. The following information relates to Wendo Traders for the year ended 31 December 2020.

	Ksh
Inventory (1 January 2020)	48,000
Inventory (31 December 2020)	65,900
Sales	1,340,000
Purchases	850,000

Prepare a trading account for the year ended 31 December 2020.

(4 marks)

6. The following costs were incurred by Pitto Manufactures during the month of July 2021.

	Ksh
Repairs of delivery van	130,000
Raw materials	400,000
Rent of warehouse	80,000
Factory power	220,000

Determine:

- (i) Total production cost;
(ii) Total sales and distribution cost. (4 marks)
7. Juma, an employee is paid at the rate of Ksh 40 per unit produced. During the month of September 2020, he produced 186 units. Calculate his gross wage. (4 marks)
8. Identify the journal in which each of the following transaction would be entered.
(i) Purchase of equipment;
(ii) Sale of goods on credit;
(iii) Purchase of goods on credit;
(iv) Return of goods to suppliers. (4 marks)
9. State the meaning of each of the following terms.
(i) Idle time;
(ii) Overtime. (4 marks)
10. Outline two features of capital expenditure. (4 marks)

SECTION B (68 marks)

Answer ALL questions from this section.

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

- (i) Accruals concept;
- (ii) Historical cost concept;
- (iii) Prudence concept;
- (iv) Consistency concept.

(8 marks)

(b) On 1 January 2021, Tuma Traders had Ksh 18,000 in cash and Ksh 52,000 in the bank.

The following transactions took place during the month:

- January 4 Received a Ksh 60,000 in cash from Dan.
- 8 Paid rent for Ksh 15,000 by cheque.
- 12 Withdrew Ksh 20,000 from the bank for personal use.
- 16 Deposited Ksh 41,000 from the cash till into the bank.
- 24 Sold goods for Ksh 38,000 in cash.
- 31 Bought furniture for Ksh 22,000 and paid by cheque.

Prepare a two column cash book for January 2021.

(7 marks)

12. (a) The following balances were extracted from the books of account of Georgia Enterprises as at 31 December 2020.

	Ksh	
Accounts payable	46,000 ✓	
Rent expense	80,000 ✓	
Accounts receivables	100,000 X	
Purchases	600,000	
Sales	900,000 X	
Bank loan	154,000 ✓	
Capital	400,000	1126
Cash at bank	720,000 X	1,720,000

Prepare a Trial balance as at 31 December 2020.

(8 marks)

(b) The following transactions relate to Swendo Traders for the month of July 2021.

- July 8 Sold goods for Ksh 98,000 to Peter on credit.
10 Bought goods for Ksh 49,000 to James on credit.
12 Peter returned goods worth Ksh 42,000.
16 Sold goods for Ksh 115,000 to Joyce on credit.
29 Joyce returned goods worth Ksh 20,000.

Prepare the relevant journals to record the transactions above.

(7 marks)

13. (a) Explain four differences between piece rate method and time rate method of labour remuneration. (8 marks)

(b) The following balances were extracted from the books of account of Flora Traders as at 31 December 2020.

	Ksh
Equipment	190,000
Bank overdraft	70,000
Accounts payable	40,000
Accounts receivable	60,000
Inventory	120,000
Cash in hand	80,000
Capital	?
Bank loan	180,000
Furniture	110,000

K560,000

Prepare a statement of financial position as at 31 December 2020.

(7 marks)