

THE KENYA SCHOOL OF LAW



KENYA SCHOOL OF LAW
TOWN CAMPUS LIBRARY

DIPLOMA IN LAW (PARA-LEGAL STUDIES)

1ST YEAR TERM III EXAMINATION

BOOK KEEPING & ACCOUNTING I

9TH APRIL, 2015

DURATION: 2 HOURS

Instructions to Candidates

- (a) Answer Question **ONE** and **ANY OTHER THREE** Questions
- (b) Question **ONE** carries **25 Marks**
- (c) All other questions carry **15 Marks** each

PLEASE TURN OVER

Question One:

Ouma Musa carries on a business dealing with the sale of household goods. Its total balances for the year ended 31st December, 2013 are as follows:

	Dr. '000'	Cr. '000'
Motor Vehicles	3,000	
Fixtures	2,000	
Stock at 1.1.13	1,000	
Sales		15,000
Purchases	7,000	
Rent	1,000	
Salaries and Wages	1,000	
Electricity	500	
Telephone	400	
Motor vehicle expenses	500	
Discounts	600	500
Returns	1,000	500
Debtors	4,000	
Creditors		3,000
Cash	2,000	
Bad debts	500	
Provision for bad debts		500
Drawings	1,000	
Capital		<u>6,000</u>
	<u>25,500</u>	<u>25,500</u>

Additional information:

Rent outstanding at the end of the year amount is Shs. 200,000

Salaries and wages paid in advance amount to Shs. 10,000

Accrued electricity is Shs.50,000

Prepaid telephone bills is Shs. 100,000

Stock as at 31st December, 2013 amounted to Shs. 3,000,000

Provision for bad and doubtful debts is to be set at 10% of debtors

Depreciation is to be provided on motor vehicles and fixtures at 10% and 20th respectively on cost.

Required

- a) Income Statement and Balance Sheet (statement of financial position) as at 31st December, 2013
(20 Marks)
- b) Explain the main branches of accounts and their relevance to legal profession.
(5 marks)