

COUNCIL OF LEGAL EDUCATION



DIPLOMA IN LAW (PARA-LEGAL STUDIES)

KENYA SCHOOL OF LAW  
LIBRARY

**BOOK-KEEPING & ACCOUNTING I**

MONDAY 16<sup>TH</sup> MAY, 2011

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
- (d) Show all your workings

PLEASE TURN OVER

## QUESTION ONE

(a) Differentiate between the following terms as applied in book keeping.

- (i) Double entry and single entry
- (ii) Returns outwards and returns inwards
- (iii) Provision for depreciation and provision for bad debts
- (iv) Accounts receivable and bills receivable

{6 marks}

(b) Explain at least THREE main causes of depreciation of non-current assets using relevant examples. {6marks}

(c) From the following trial balance of Kimani firm prepare trading, profit and loss account and balance sheet as at 31 December 2007:

Kimani		
	Dr sh '000	Cr sh '000
Sales		400,000
Purchases	350,000	
Sales returns and purchase returns	5,000	6,200
Stock	100,000	
Provision for bad debts		800
Wages and salaries	30,000	
Rates	6,000	
Telephone	1,000	
Shop fittings at cost	40,000	
Vans at cost	30,000	
Debtors and creditors	9,800	7,000
Capital		179,000
Bank balance	30,000	
Drawings	18,000	
	593,000	593,000

Closing stock on 31 December 2007 120 million

Accrued expenses were 5 million

Provision for bad debts to be increased to 10% of debtors

Telephone accounts outstanding shs.220,000

Depreciate shop fittings at 10% p.a. Van at 20%

{13 marks}