

THE KENYA SCHOOL OF LAW



DIPLOMA IN LAW (PARA-LEGAL STUDIES)

1ST YEAR TERM III EXAMINATION



BOOK KEEPING & ACCOUNTING I (DPS-108)

26th OCTOBER 2020

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)

- i. Explain the following classes of accounts:
- Personal account (1 mark)
 - Real account (1 mark)
 - Nominal account (1 mark)
- ii. Identify and explain atleast **FOUR (4)** users of accounting information in a law firm. (4 marks)

b) Differentiate between the following terms implied in accounting:

- Carriage inwards and returns inwards. (1 mark)
- Prepaid expenses and accrued income (1 mark)
- Bad debts and provision for bad debts (1 mark)

c) Jane Mwhaki opened a small business in Gikomba on 1st October 2019. Her transactions for the month of October were as follows:

October 2	-	Opened a bank account and deposited shs. 150,000, paid by cheque
2	-	Paid rent in cash shs 13,000
3	-	Purchased goods for shs 160000 from Mareva and Company on credit
4	-	Sold goods for shs. 260,000 cash
5	-	Banked shs. 230,000
9	-	Purchased office furniture for shs 150,000 paid by cheque
11	-	Purchased goods for shs. 130,000 from Mwango Drapers and paid half of the amount by cheque
12	-	Sold goods worth shs. 126,000 on credit to Mbaya exporters.
13	-	Mbaya Exporters returned goods worth shs 16000
16	-	Received a cheque of shs. 60,000 from Mbaya exporters
19	-	Purchased goods on credit from S. Omolo
21	-	Sold goods of shs. 15000 on credit to BX Boutique
23	-	Paid Marwa and Company shs. 144,000 in full settlement of the amount owned to them by cheque
24	-	Withdrew cash shs. 16,000 for personal use.
26	-	Bought goods shs. 18,000 and paid by cheque
27	-	BX Boutique paid by cheque shs. 13,500 in full settlement of other debt
28	-	Paid by cheque Mwango Drappers debt
31	-	Paid salaries shs. 15,000 and water bill shs 1700 by cheque

Required: Relevant entries to the ledger and extract her trial balance as at 31st October 2019. (15 marks)

Question 2 (a)

- (i) Distinguish between revenue and capital expenditure (3 marks)
- (ii) What are the advantages of the following methods of depreciation:
- Straight line (2 marks)
 - Reducing Balance (2 marks)

b) Madam Awino's trial balance for the year ended 31/12/18 is as follows:

	Dr	Cr
	sh'000	sh'000
Land and buildings	15,000	
Sales		40,000