

THE KENYA SCHOOL OF LAW



DIPLOMA IN LAW (PARA-LEGAL STUDIES)

2ND YEAR TERM I EXAMINATION



BOOK KEEPING AND ACCOUNTING II – DPS 200

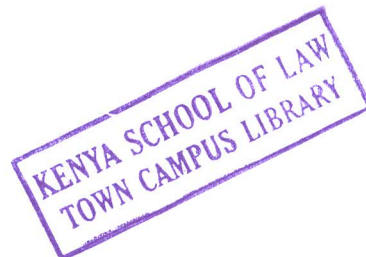
1ST AUGUST, 2016

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:

- (a) Using legal terms of your choice, explain the use of any five source documents, including the principal components of each document. (5 Marks)
- (b) (i) What are the main causes of differences between the cash book bank balance and bank statement balance? (5 Marks)
- (ii) Explain the main uses of control accounts. (4 Marks)
- (c) J. Njuguna maintains a petty cash book on imprest system. The imprest is Shs.30,000. The following transactions took place in April, 2014.

April 1 Received imprest form the cashier of Ksh.30,000
April 3 Bought postage stamps of Shs. 2,000
April 6 Paid Sh. 4,000 for Peter's account in purchases ledger
April 7 Bought stationery of Shs. 5,000
April 8 Paid travelling allowance to S. Otieno, an employee Sh.4000.
April 10 Paid window cleaning expenses Shs. 6000
April 12 Paid Lenancies account in purchases ledge Shs. 5,000
April 14 Paid subscription for trade association Shs.2000
April 18 Received Shs. 30,000 from cashier
April 19 Paid S. Otieno for travelling expenses Shs. 10,000
April 22 Bought electric light bulbs Shs. 2,000
April 24 Paid Lenancies accounts in the purchase ledger Shs. ,2500
April 26 Paid travelling expenses Shs.1,000
April27 Paid for sugar, tea and milk Shs. 3,000

Required:

- (i) Enter the transactions into a petty cash book under analysis column; postage and stationery, travelling expenses, cleaning expenses, sundries and ledger column.
- (ii) Balance the cashbook showing the reimbursement required to restore the imprest and the balance brought forward as at 1st May, 2014.

(11 Marks)

Question Two:

On 30th April, the cash book of Ahmed Mwanaume showed a debit balance of Shs. 35,000. His bank statement for April showed a credit balance of Shs. 41,750 on the same day.

- (i) The bank deducted Shs. 1,250 being cheque book and ledger fees. Also the bank had paid his landlord for office rent of Shs. 10,000; motor insurance Shs. 8,750 as per his standing order. Ahmed did not enter those into cash book.
- (ii) On 15th April, the bank credited his account with Shs. 2,500 being dividends on shares held in Wanawake Enterprises by Ahmed and also Shs. 2,500 being quarterly interest on fixed deposit. All these were unknown to Mwanaume.
- (iii) A debtor paid Shs. 5,000 directly in to Mwanaume's bank account, a fact unknown to him.
- (iv) The following cheques paid out to creditors did not appear on the bank statement sheet: