

COUNCIL OF LEGAL EDUCATION



DIPLOMA IN LAW (PARA-LEGAL STUDIES)

KENYA SCHOOL OF LAW  
LIBRARY

**BOOK-KEEPING & ACCOUNTING II**

MONDAY 4<sup>TH</sup> OCTOBER, 2010

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) Briefly describe the following documents commonly used in business transactions.

- Purchase credit note
- Credit note
- Debit note

{6 marks}

- (ii) Miss Wambua, a motor car dealer, had the following transactions in the month of August:

August	1	Bought a car from K. Omari and paid for it by cheque	Ksh.204,000
	3	Sold a car on credit to Mr. Kiprono	Ksh.252,000
	10	Bought office typewriter from Okalo	Ksh.9,000
	20	Sold a car to a Marenya on credit	Ksh.240,500
	21	Bought a car from Wangwe on credit	Ksh.212,500
	21	Sold a car to Lena Laboso and received spot cash	Ksh.297,500
	31	Bought additional machine from Mukuna on credit	Ksh.11,200

#### Required:

Assist Miss Wambua with relevant entries in the subsidiary books and post them to cash book balance.

{6 marks}

- (b) (i) Explain **FOUR** main causes of differences between the bank balance and the cash book balance.

{4marks}

- (ii) What are the main benefits of maintaining control accounts.

{3marks}

- (c) Some book-keeping errors are said to affect the agreement of a trial balance while others do not. Explain **THREE** main examples of each.

{6 marks}

### QUESTION TWO

Mark Oduor is a sole trader in a business known as Oddy Traders. He keeps his petty cash on an Imprest System, amount being Kshs.20,000. The following are petty cash transactions for the month of March, 2009.