

0801/203
0802/203
0803/203
BOOK-KEEPING
March/April 2025
Time: $2\frac{1}{2}$ hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

ARTISAN CERTIFICATE IN CLERK/TYPIST
ARTISAN CERTIFICATE IN SALESMANSHIP
ARTISAN CERTIFICATE IN STORE-KEEPING

BOOK-KEEPING

$2\frac{1}{2}$ hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of **FOURTEEN** questions in **TWO** sections; A and B.
Answer **ALL** the questions in **BOTH** sections in the answer booklet provided.
Candidates should answer the questions in English.*

This paper consists of 6 printed pages.

**Candidates should check the question paper to ascertain that
all the pages are printed as indicated and that no questions are missing.**

SECTION A (40 marks)

Answer ALL questions in this section.

1. Classify each of the following items as either an asset or liability.
 - (i) Prepaid rent expense. Δ (1 mark)
 - (ii) Accrued wages. \sim (1 mark)
 - (iii) Accrued commission income. Δ (1 mark)
 - (iv) Income received in advance. Δ (1 mark)
2. State **four** advantages of using a cheque to effect a cash transaction. (4 marks)
3. In each of the following transactions, state the account to be debited and the account to be credited.
 - (i) Started business with Kshs. 200,000 in the bank. (2 marks)
 - (ii) Converted a personal motor vehicle worth Kshs. 1,250,000 for business use. (2 marks)
4. State the meaning of each of the following terms:
 - (i) Gross profit; (2 marks)
 - (ii) Net profit; (2 marks)
5. State **four** causes of differences between the cash book balance and the bank statement balance. (4 marks)
6. State the **four** processes undertaken by the petty cashier in an imprest system. (4 marks)
7. The following are the assets and liabilities of Manumbe Traders as at 1 January 2024.

	Kshs.
Equipment	1,000,000
Bank	500,000
Bank loan	300,000

Prepare a general journal as at 1 January 2024. (4 marks)

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8. The following is a sales journal.

a	b	c	d

State the column represented by each of the letters:

- (i) a; (1 mark)
- (ii) b; (1 mark)
- (iii) c; (1 mark)
- (iv) d. (1 mark)
9. State two characteristics of the Last In First Out (LIFO) method of stock valuation. (4 marks)
10. State the information provided by each of the following ratios:
- (i) Current ratio; (2 marks)
- (ii) Gross profit mark up. (2 marks)

SECTION B (60 marks)

Answer ALL questions in this section.

11. (a) Explain each of the following documents:
- (i) invoice; (2 marks)
 - (ii) credit note; (2 marks)
 - (iii) debit note; (2 marks)
 - (iv) cash receipt. (2 marks)

- (b) The following errors were discovered in the books account of Malanga Traders as 31 December 2024.

- (i) Wages account had been undercast by Ksh. 40,500.
- (ii) An electricity bill for Ksh. 18,000 was discovered in the dustbin but had not been accrued.
- (iii) A sale of goods for Ksh. 85,000 to Mankind on credit had not been entered in the books.
- (iv) A cheque for Ksh. 215,000 received from Karanja had been entered in Karanja's account.
- (v) The sales account had been overcast by Ksh. 150,000.

Prepare a general journal to correct the errors above.

(7 marks)

12. (a) Explain three reasons for preparing financial statements in a business organisation.

(6 marks)

- (b) The following balances were extracted from the books of account of Zala Traders as at 31 December 2024.

	Ksh
Motor Vehicle	1,000,000
Fixtures and fittings	600,000
Stock (1 January 2024)	250,000
Debtors	450,000
Creditors	350,000
Purchases	800,000
Sales	2,750,000

Prepare a trial balance as at 31 December 2024.

(9 marks)

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3,000,000
250,000
600,000
450,000
2,750,000
51,050,000

13. (a) Highlight **four** benefits that may accrue to an organisation from maintaining a petty cash book. (8 marks)
- (b) Tungu traders uses material X_3 in its operations. The following information relates to the firm for the month of December 2024.

December	1	Purchased 100 units at Ksh. 20 each
	2	Purchased 200 units at Ksh. 30 each
	5	Issued 150 units
	7	Purchased 300 units at Ksh. 25 each
	9	Purchased 200 units at Ksh. 35 each
	20	Issued 200 units
	31	Issued 150 units

Prepare a stores ledger account using the Last In First Out (LIFO) method of stock valuation. (7 marks)

14. (a) The following transactions relate to Wasame traders during the month of February 2024.

February 2 Purchased goods for Ksh. 20,000 from Ondieki on credit
4 Sold goods for Ksh. 50,000 to Manyara on credit
10 Purchased goods for Ksh. 50,000 from Jane on credit
12 Sold goods for Ksh. 100,000 to Ali on credit
28 Sold goods for Ksh. 150,000 to Kajuka on credit

Prepare:

- (i) sales journal;
(ii) purchases journal;

(7 marks)

- January
- | | |
|----|---|
| 2 | Purchased goods for Ksh. 60,000 and paid by cheque. |
| 4 | Made cash sales for Ksh. 80,000. |
| 10 | Deposited Ksh. 60,000 from the cash till into the bank. |
| 25 | Received a loan of Ksh. 500,000. |
| 26 | Withdrew Ksh. 80,000 from the bank for office use. |
| 31 | Deposited all the cash into the bank except Ksh. 150,000. |

(8 marks)

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