1805/105
FOUNDATIONS OF ACCOUNTING
March/April 2025
Time: 3 hours

THE KENYA NATIONAL EXAMINATIONS COUNCIL

CRAFT CERTIFICATE IN SOCIAL WORK AND COMMUNITY DEVELOPMENT

MODULE I

FOUNDATIONS OF ACCOUNTING

3 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.*
Maximum marks for each part of a question are as indicated.
Candidates should answer the questions in English.

This paper consists of 5 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 the questions in this section.

1. The following balances were obtained from the books of Ham Entreprises as at 31st December, 2023

	Ksh.
Inventory	310,000
Accounts payable	160,000
Equipment	250,000
Bank overdraft	112,000
Accounts receivable	40,000

310000
40000
350000
314000

Determine:

(i) Total assests;
(ii) Total liabilities;
(iii) Capital. (5 marks)

2. Identify the accounting concept that suits each of the following statements:

(i) A provision is made for doubtful debts.
(ii) The business is assumed to continue operating into foreseeable future.
(iii) A transaction id debited and credited in the relevant accounts. (3 marks)

3. State the source document used in each of the following transactions:

(i) Goods returned by a customer;
(ii) Goods bought on credit;
(iii) Payment of goods through the bank. (3 marks)

4. The following transactions relate to Zako Traders for the month of October 2023.

October 4 Bought goods for Ksh. 9,200 from Otta on credit.
8 Bought goods for Ksh 4,900 from Tom on credit.
30 Bought goods for Ksh. 5,600 from Peter on credit.

9200
4900
14100
5600
19700

Prepare a purchases journal. (4 marks)

5. State the ledger in which each of the following accounts is found.

(i) Sales account;

(ii) Debtors account;
(iii) Rent account;
(iv) Creditors account. (4 marks)

6. State the meaning of each of the following errors.

(i) Error of original entry;
(ii) Error of commission. (4 marks)

7. Identify the financial statement in which each of the following items is found.

(i) Purchases;
(ii) Drawings;
(iii) Accounts payable;
(iv) Opening inventory. (4 marks)

8. State the meaning of each of the following terms as used in the cash book.

(i) Folio; (2 marks)
(ii) Centra entry. (2 marks)

9. The petty cash book of Tata Traders has the following analysis columns.

Stationery
Travelling
Ledger

38600
4200

State the column in which each of the following payments should be recorded.

(i) Juma a creditor; ?? ledger
(ii) Bus fare; Travelling
(iii) Foolscaps; Stationery
(iv) Pens. Stationery (4 marks)

10. The following information relates to the creditors of Mara Enterprises for the month of January 2024.

	Ksh.
Balance (1 January 2024)	4,200
Total cash paid	38,600
Balance (31 January, 2024	1,800

Determine the total credit purchases. (5 marks)

8000
7000
15000 /2
1000
16000

8000 /2
9000.

SECTION B (60 marks)

*Answer **ALL** the questions in this section.*

11. (a) Explain **three** qualities of good accounting information. (6 marks)

(b) The following information relates to Samah Entreprises for the year ended 31st December, 2023.

	Ksh.
Gross profit	1,160,000
Rent expense	420,000
Commission received	146,000
Discounts allowed	26,000
Discounts received	41,000
Salaries	322,000
Repairs	168,000

40000
18000
58000
65000
63000

Prepare an income statement for the year ended 31 December 2023.

(9 marks)

12. (a) Explain **three** uses of a trial balance. (6 marks)

(b The following errors were revealed in the books of account of Hosana Traders on 31 December, 2023.

(i) Rent expense of Ksh. 18,000 had been credited in the rent income account.
(ii) Purchase of equipment of Ksh. 40,000 had been debited in purchases account.
(iii) Payment of wages for Ksh. 5,000 had only been entered in the cash book.
(iv) Receipt of Ksh. 4,500 in cash from Juma had been recorded in the books as Ksh. 5,400.

Prepare a general journal to correct the errors above. (9 marks)

13. (a) Explain **three** uses of an invoice. (6 marks)

(b) On 1 January 2024, Nicco the petty cashier of Tuum Enterprises had a cash balance of Ksh. 1,400. On the same day, he was given additional Ksh. 9,600 by the main cashier. He made the following payments during the month 2024.

1347000
936000
411000

1160000
146000
1306000
41000
1347000

420
26
446
322
768
168
936

			Ksh.
January 4	Photocopying papers	stationeries	2000
6	Sugar	Staff welfere	940
12	Taxis.	Travelling	1200
18	Foolscaps	Stationeries	1960
24	Tea leaves	Staff welfare	600
26	Bus fare	Travelling	1500
30	Milk	Staff welfare	1080

Prepare a petty cash book using the following analysis columns.

Stationery
Travelling
Staff welfare (9 marks)

14. (a) Explain **three** uses of books of original entry. (6 marks)

(b) The following information relates to Gohi Traders for the year 2023.

Receipts	Ksh.
Debtors	96,000.
Cash sales	243,000
Creditors	34,000
Cash purchases	64,000
Rent	120,000
Insurance	38,000

Additional information

Balances as at 31 December	2022	2023
	Ksh	Ksh
Inventory	28,900	32,400
Debtors	9,000	6,200
Creditors	15,200	20,000
Equipment	25,000	21,000

Prepare an income statement for the year ended 31 December, 2023. (9 marks)

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