



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY-APRIL 2025 SEMESTER

FOUNDATION CERTIFICATE

COURSE CODE: GUFC 005

COURSE TITLE: BASIC BOOK KEEPING SKILLS

DATE: APRIL 2025

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

- a) SECTION A IS **COMPULSORY**.
- b) SECTION B: ANSWER ANY OTHER **TWO** QUESTIONS.
- c) **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
- d) ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

- a) Explain the following source documents
 - i. Goods received note (GRN). [2 Marks]
 - ii. Goods remittance advise note. [2 Marks]
 - iii. Debit note. [2 Marks]
 - iv. Purchase order [2 marks]
 - v. Invoice [2 marks]
- b) Explain the elements in the financial statement [8 marks]
- c) Explain four books of original entry [8 marks]
- d) Explain the double entry concept [4 Marks]

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

- a) The following transactions relate to Mwewe wa kuku LIMITED
2025 March:

- 1 Balances as at bank Sh.3, 840,000 and Sh.2,400,000 cash in hand.
- 1 Paid rent amounting to Sh.240,000 in cash.
- 2 Made annual payment for internet amounting to Sh.38,400in cash.
- 4 Paid electricity expenses of Sh,24,000 in cash.
- 8 Sold goods and was paid in cash amounting to Sh.592,000.
- 10 Received payment of Sh.89,200through cheque Wayne Limited.
- 11 Deposited Sh.1,088,000 into the bank account from the business.
- 13 Made payment through cheque amounting TO Sh.2,220,500 to Coal Waters Ltd
- 20 Paid for advertisement amounting to Sh.115,200 in cash.
- 29 Sent a cheque for own use amounting to Sh.480,000
- 31 Drew a cheque for own use amounting to Sh.480,000
- 31 Deposited Sh.1,240,800 cash into the bank from the business.

Required:

- a) Ledger accounts to record the above information [10 Marks]
- b) A duly balanced trial balance [10 Marks]

Question three

- a) Define the term Accounting as an art and a Science [4 marks]
- b) State five accounting Principles [10 marks]
- c) Explain three reasons why businesses should prepare financial statements [6 Marks]

Question Four

- a) Explain the different classes of assets [10 Marks]
- b) Explain the different classes of Liabilities [6 marks]
- c) Explain two sources of capital for a business [4 Marks]

Question Five

Brian Barmouth is a sole trader. At 30 June 2000 the following balances have been extracted from his books:

	£
Sales	47,600.00
Purchases	22,850.00
Office expenses	1,900.00
Insurance	700.00
Wages	7,900.00
Rates	2,800.00
Heating and Lighting	1,200.00
Telephone	650.00
Discounts allowed	1,150.00
Opening stock	500.00
Returns inwards	200.00
Returns outwards	150.00
Premises	40,000.00
Plant and Machinery	5,000.00
Motor Vehicles	12,000.00
Debtors	12,500.00
Bank balance	7,800.00
Creditors	3,400.00
Loan-long term loan	10,000.00
Capital	60,000.00
Drawings for the year	4,000.00
Closing stock	550.00

- a) Trial balance to record the above information **[10 marks]**
b) Explain Five reasons why a trial balance may fail to balance **[10 marks]**