

THE CASHBOOK

KCSE QUICK REVISION

*Compilation of Possible Questions in Business Studies
Likely to be Examined in KCSE.*

*A Special Analysis of Prediction Questions that may be Tested in KCSE from this
Topic in Form 3.*

BUSINESS STUDIES

SERIES 1

For Marking Schemes

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MWALIMU CONSULTANCY

CASH BOOK

The topic entails:

- Explaining meaning of cash book and the types of transactions recorded in the cash book.
- Discussing the purpose of a cash book
- Types of cash book when used and format
- Explain the concept contra-entry.
- Preparation of the various types of cash books.

1. The following cash book relates to Baraka enterprises

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2004				2004			
Jan 1	Bal. b/d	10,000		Jan 1	Bal b/d		15,000
Jan 10	Sales	18,500		Jan	Bank	12,000	
Jan 15	Cash		12,000	15	Jebet	6,000	
	Bal. c/d		3,000	Jan	Bal. c/d	10,500	
		28,500	15,000	20		28,500	15,000

State the transactions that took place on the above cashbook on the following dates

Jan 1
Jan 10
Jan 15
Jan 20

2. Identify **four** uses of the cash book.

3. The following transactions took place in the business of Kiprono during the first week of

Jan. 2003

Jan 1st Balance brought down
 Cash = Kshs12,000.00
 Bank= Kshs.35,000

Jan 2nd Sold an old piece of furniture for Kshs.8,000 cash

Jan 3rd Cash sales Kshs.10,000 paid directly to the bank

Jan 4th Purchased goods worth Kshs.20,000 , paid Kshs.5,000 cash and the balance

to be paid later

Jan 5th Kiprono took cash Kshs.1,500 for personal use

Jan 6th Bought goods worth Kshs.15,000 paying partly by cheque Kshs.10,000 and the balance in cash

Required: Prepare Kiprono's two column cash book for the month of January and balance it of

4. The following transactions relate to Kabelo Traders for the month of Dec. 2004.

2nd Dec cash sales shs.30,000

8th Dec. Banked shs.15,000

10th Dec. withdrew shs.10,000 from bank for office use

Prepare a cash book

5. Ondiko Traders had Kshs. 100000 cash in hand and Kshs.243000 cash at bank during the Month of March 2008. The following transactions took place in that month:

March 3 – paid rent Kshs.5000 cash

March 11- cash sales Kshs.14000

March 14-purchased equipment worth Kshs. 37000 paying by cheque

March 20- Deposited shs. 30000 into bank from cash till

March 31- Took Kshs. 10000 cash for personal use

Prepare Ondiko traders' two- column cash book for March 2008

6. Record the following transactions in a double column cash book of JABER traders and balance it off as at 12th June 2009:-

June 1: Balances : Cash shs.5500

Bank shs.18000 (Cr)

June 3: Purchases shs.4500 was made being paid by cheque shs.4000, balance later

June 7: Sold goods for cash shs.6000

June 12: took shs.7000 to bank

June 13: Credit purchases from Ombogo shs.3000

June 14: paid Alweny shs.1000 cash

7. State the meaning of the following terms as used in a cash book:

- a) Contra- entry
- b) Folio column

8. The following information was obtained from Laban traders during the month of February 2010

Feb. 4: goods returned by Otange traders amounted to kshs. 4 000, credit note no.214

8: Akamba traders returned goods worth kshs. 15 000 and was issued with credit note no.316

15: received goods worth ksh.6,000 from punch line traders. Credit note 510

28: goods returned by Viva traders' kshs. 9 600. Credit note no. 440

Prepare the relevant journal for Laban traders

9. Omondi had the following transaction in the year ending 30th June 2008:-

Shs

Debtors as at 1 st July 2007	113 000
Cash received from debtors in the year	651 500
Debtors as at 30 th June 2008	138 500
Bad debts in the year	1 700
Discounts allowed in the year	2 600
Cash sales	800 000

Calculate the total sales for the year

10. Give **three** documents from which information entered in cash receipts and cash payments Journals may be obtained

11. The following information was available for the year 2009:-

2009	Accrued rent	Prepaid rent
Jan 1	Shs.20,000	Shs.40,000
Dec 31	Shs.36,000	Shs.3400

Rent expense paid in the course of the year amounted to shs.121,200.

Prepare the rent account and show the amount charged to profit and loss account

12. On March 2007, Doris had cash in hand shs.87,000 and cash at bank shs.25,000. During this month, the following transactions took place:

March 2nd : Cash sales shs.60,000

3rd: Paid salaries shs.101,500 by cheque

7th : Received a cheque of shs.76,000 from Henry after allowing a cash discount of 5%

13th: Bought office furniture by cheque shs.86,000

17th: Settle marital account for shs.34,200 in cash having deducted shs.8,000 cash discount

20th: Received a cheque for shs.165,000 in respect for cash sales

22nd: Paid wages shs.25,000 in cash

24th: Withdrew shs.32,000 for bank for office use

25th : Withdrew shs.4,000 cash for personal use

29th: Received shs.17,000 cash from Alvin in settlement of his account less shs.1000 cash discount

31st : Deposited all the money into the bank except shs.24,600

Required: *Prepare a three column cash book duly balanced*

13. Enter the following transactions in the petty cash book of Makavale stores for the month of July 2009 using the following analysis columns: Telephone and postage; office stationery, traveling expenses and office expenses. The business operates the petty cash book on an imprest system of 4000/= replenished on weekly basis

July 1st – received a cheque from the cashier to start the imprest

1st – paid for taxi hire 250/= and 130/= for office cleaning

2nd – bought postage stamps for 210/= and a ball of string for use in the

office 100/=

3rd – postage of a parcel cost 100/= and paid a telephone bill 900/=

4th – purchased envelopes for 150/= and one ream of photocopying paper
500/=

5th – paid for bus fare 500/= and made a telephone call costing 50/=

6th – purchased a window cleaning cream for 250/= and bus fare 200/=

8th – Received a cheque to replenish the imprest

8th – bought various office stationary for 400/=

9th – purchased postage stamps for 210/= and paid 950/ telephone bill

10th – paid train fare 600/= and taxi fare 250/=

11th – paid for office cleaning 150/=

12th – purchased two reams of writing paper 600/= and office dusters

300/=

14th – obtained a cheque from the cashier to replenish the imprest

Required: Prepare the petty cash book for the two weeks

14. Mumji Enterprises maintain a petty cash book on an imprest system with weekly float of Kshs.40,000.

The following information relates to the week ended 7th June 2009:-

1st cash in hand was Ksh.7000

1st receives reimbursement from the chief cashier

1st paid wages Ksh.5500, bus fare Ksh.1250, Sugar sh.220 and stamps shs.150

2nd Bought stationery Ksh.5000

3rd Paid postage shs.200

4th Bought tea leaves shs.80 and shs.2000 for type writer repair

5th Bought coffee shs.340 and milk shs.800

7th Bought a ribbon for type writer shs.500, stencils shs.350 and bus fare shs.900

Required: - Prepare a petty cash book duly balanced on 7th June with the following columns.Traveling, Wages, Stationary, Postage, tea and miscellaneous

15. The following transactions relate to Furaha traders for the month of July,2008

July 1 : Balance brought down cash sh.16,250 and Bank Shs.19,847

July2 : Sold goods worth Shs.1,348 to Patel and received a calculator in exchange

- July 5** : Paid transport by cheque Shs.2,000
- July 6** : Issued a cheque to Kerio Traders setting an invoice for Shs.10,000 deducting 2% cash discount
- July 10:** Transfer Shs.15 000 from cash till to bank
- July 12:** Sold goods for cash Shs.12,000 less 2% cash discount
- July 13:** Sold goods to Onyango on credit worth Shs.15, 000
- July 14:** The owner of the business withdrew Shs.3000 in cash to buy a present for his daughter
- July 16 :** Received a cheque from Kuria Shs.2,500 less 5 % cash discount
- July 22 :** Bought furniture from Babu Traders on credit worth Shs.16,500 and cash discount of 10% if payment is made within 2 weeks
- July 24:** Withdrew cash from bank for office use Shs8,000
- July 26:** The owner brought into the business Shs.9,000 cash
- July 27:** Issued a cheque to Babu Traders for amount due
- July 28:** Sold goods to Kuria worth Shs.5,000 for Shs.3,800 and received payment by cheque
- July 30:** Banked all cash and remained with Shs.100 in the cash till

Required; Prepare Furaha Traders three column cash book for the month of July, 2008

- 16.** During the month of March 2010 the petty cashier of Nyangija distributors made the following payment after receiving an imprest of shs12, 000 from the general cashier.

March 3 traveling	3500
March 6 office expenses	1000
March 8 postage	1200
March 15 staff tea	800
March 19 stationery	2000
March 22 office expenses	800
March 24 staff tea	1000
March 26 sundry expenses	700
March 31 F. Benson a creditor	900

Required : Using the analytical columns below prepare a petty cash book of Nyangija distributors

- Traveling
- Office expenses
- Postage
- Stationery
- Staff tea
- Sundry expenses
- Ledger accounts

17. A petty cashier of Mugirango traders operates his petty cash book on an imprest system of sh. 2500. On 1 February 2009, he had cash in hand of Sh. 500 and was reimbursed the difference by the main cashier to restore his cash float. The following transactions took place during the same month of February 2009:

Feb 2nd paid taxi fare sh.150 and wages sh.250

4th Bought five reams of paper for sh.25 each and stamps for sh.30

7th Paid wages sh.250 and bought envelopes for sh.40

20th Bought tea for staff sh.70 and paid for water bills sh.56

28th Paid for electricity sh.80 and stamps sh.40

Required: Prepare a petty cash book using the following analysis columns;

- Wages
- Traveling
- Stationery
- Postage
- Miscellaneous

For Marking Schemes/Answers

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FOR THE FOLLOWING;

- ✓ **ONLINE TUITION**
- ✓ **REVISION NOTES**
- ✓ **SCHEMES OF WORK**
- ✓ **SETBOOKS VIDEOS**
- ✓ **TERMLY EXAMS**
- ✓ **QUICK REVISION KITS**
- ✓ **KCSE TOPICALS**
- ✓ **KCSE PREMOCKS**
- ✓ **TOP SCHOOLS PREMOCKS**
- ✓ **JOINT PREMOCKS**
- ✓ **KCSE MOCKS**
- ✓ **TOP SCHOOLS MOCKS**
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