

CHUKA



UNIVERSITY

COLLEGE

UNIVERSITY EXAMINATIONS

**FIRST YEAR EXAMINATION FOR THE AWARD OF
CERTIFICATE IN ECOTOURISM & HOSPITALITY MANAGEMENT**

CERT 0010: BASIC ACCOUNTING

STREAMS: CERT. (ECOTORISM) Y1S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 13/12/2012

8.30 A.M – 10.30 A.M.

INSTRUCTIONS:

ANSWER ALL QUESTIONS

QUESTION ONE: (30 MARKS)

- (i) Accounting is the systematic way of keeping business records that are used for decision making. Discuss the users of accounting information. [10 marks]
- (ii) In accounting there are several accounting principles or concepts that guide accounting. In this view, discuss the various accounting principles. [10 marks]
- (iii) A trial balance helps to prove that double entry rule was well done in the ledger.
 - (a) What are the errors affecting trial balance? [5 marks]
 - (b) Outline errors not affecting trial balance. [5 marks]

QUESTION TWO: (40 MARKS)

- (i) Write up the accounting equation. [2 marks]

- (ii) The following information relate to Daima traders. Liabilities, capital and assets on 31/12/2011.

Item	Amount (KSh)
Capital	395,000
Motor vehicle	100,000
Land	200,000
Fitting/Furniture	40,000
Stock	30,000
Debtors	45,000
Cash	10,000
Bank	80,000
Loan (i.e. 1yr)	90,000
Bank overdraft	40,000
creditor	30,000

Required:

Prepare Daima traders Balance sheet as at 31/12/2011. [8 marks]

QUESTION THREE:

Kainda started business on 1st Jan. 2011 with Sh.1,500,000 in bank and cash in hand Sh.40,000. His transactions for the month of January were:

2011		
Jan	1	Bought stock worth Sh.50,000 by cheque.
	2	Purchased office equipment by cheque Sh.30,000.
	4	Withdrew Sh.25,000 from bank and kept in the office safe.
	7	Purchased stationery Sh.600 in cash.
	8	Sold good worth Sh.8,000 to Odiek on credit.
	18	Bought stock worth Sh.32,000 on credit from Joe
	25	Received a cheque of Sh.4,500 from Odiek.
	27	Purchased stationery Sh.200 in cash.
	29	Paid Joe Sh.24,000 by cheque.
	30	Received cash Sh.2,000 from Odiek.

Required:

- (i) Record the above transactions in the relevant ledger accounts. [10 marks]
- (ii) Balance the accounts on 31st Jan. 2011 and extract a trial balance as at that date. [10 marks]

QUESTION FOUR:

On 1 Sept. 2011, Igonyi had Sh.55,000 in hand and Sh.250,000 at bank.
During the month, the following transactions took place:

September	2	Cash sales banked Sh.35,260.
	3	Bought ribbons in cash Sh.4,500.
	8	Paid Wangila, a creditor Sh.94,000 by cheque in full settlement of his account after deducting 6% cash discount.
	12	Received a cheque for Sh.58,800 from Wetu after allowing her a cash discount of Sh.1200.
	15	Paid salaries Sh.34,000 in cash.
	25	Withdrew Sh.50,000 from bank for office use.
	28	Onyango, debtor paid her account of Sh.75,000 by cheque less 10% cash discount.
	30	Deposited all the cash into bank except Sh.13,700.

Required:

Prepare a three column cash book and balance it off.

[10 marks]
