

**CHUKA**



**UNIVERSITY**

**COLLEGE**

**UNIVERSITY EXAMINATIONS**

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

**CERT 0011: BASIC ACCOUNTING**

**STREAM: CERT (ECOTOURISM)**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 19/4/2011**

**8.30A.M. - 10.30 A.M.**

---

**INSTRUCTIONS:**

Answer All questions.

1. On 1<sup>st</sup> April 2001, the statement of financial position of Karim was as follows:-

	Kshs.
Bills payable	18,000
Creditors	8,900
Capital	34,000
Cash	19,500
Debtors	11,400
Office Equipment	30,000

Vikas completed the following transactions during April 2001.

- (i) Paid rent for his office Ksh.600 cash
- (ii) Received a cheque for Ksh.3,000 from debtors
- (iii) Paid creditors Ksh.3,500 cash
- (iv) Purchased furniture for Ksh.5,000 cash
- (v) Credit sales to customers Ksh.7,000
- (vi) Paid electricity Ksh.400 and telephone Ksh.750 cash
- (vii) Withdrew Ksh.700 for personal use in cash

Required:

- (a) Journalize the above and open the ledger accounts. [6 marks]

- (b) Post the above transactions into the ledger and balance off the accounts. [15 marks]
- (c) Extract a trial balance [4 marks]
- (d) Explain the uses of journals as a book of original entry. [5 marks]

2. The following balances were extracted from the books of Mr. Kipila, a sole trader, on 30<sup>th</sup> June 2002.

	Shs.
Capital	80,000
Drawings	6,000
Plant and machinery as at 1 <sup>st</sup> July 2001	20,000
Additional plant and machinery as at 1 <sup>st</sup> January 2002	5,000
Stock on 1 <sup>st</sup> July 2001	15,000
Purchases	82,000
Returns inward	2,000
Furniture and fixtures	5,000
Sundry debtors	20,000
Carriage outward	500
Freight and duty	2,000
Trade expenses	800
Printing and stationery	4,600
Rent, rates and taxes	4,600
Sundry creditors	10,000
Sales	120,000
Return outwards	1,000
Postage and tax	800
Provision for doubtful debts	800
Rent for premises sublet during the year	1,600
Insurance	700
Salary and wages	21,300
Cash in hand	26,700

Additional information

- (i) Stock of 30<sup>th</sup> June 2002 was valued at Ksh.14,000.

Required:

- (a) Trading, Profit and loss account for the year ended 30<sup>th</sup> June 2002. [14 marks]
- (b) Balance sheet as at June 2002. [7 marks]

3. (a) On March 2003, Ksh.10,000 was handed to Paul, a Petty Cashier, to meet the disbursement for the month. The following expenses were recorded:-
- March 1<sup>st</sup>, cleaning KSh.375; telephone Ksh.250, meals Ksh.580, stationery Ksh.600, bus fare Ksh.320.
  - March 7<sup>th</sup> Postage Ksh.500, telephone Ksh.600, stationery Ksh.570.
  - March 11<sup>th</sup>, Bus fare Ksh.1,100, meals Ksh.2,300, postage KSh.1,000, telephone Ksh.500.
  - March 15<sup>th</sup>, telephone Ksh.1,200, bus fare Ksh.600, meals Ksh.550.
  - March 21<sup>st</sup> Telephone Ksh.450, stationery 980, postage Ksh.750, meals Ksh.400.
  - March 28<sup>th</sup> Bus fare Ksh.500, postage Ksh.300.

Required:-

Prepare the petty cash book and balance it as on 31<sup>st</sup> March then restore the imprest. [10 marks]

- (b) K. Muli's bank statement showed a credit balance of Ksh.3,250 on 30<sup>th</sup> September 2003. The cash book balance at the same date did not agree with it. On investigation, the following differences came to light:-
- (i) A standing order Ksh.130 for fire insurance premium had been paid by the bank on 27<sup>th</sup> September 2003, but this was not recorded in the cash book.
  - (ii) The following cheques issued to suppliers were not presented for payment by 30<sup>th</sup> September.
    - M. Midinyu Ksh.1,650
    - C. Bori Ksh.450
    - P. Mengo Ksh.600

- (iii) The bank collected Ksh.1,500 dividend for and on behalf of the trader on 29<sup>th</sup> September, no entry was made in the cash book.
- (iv) Cheque totaling Ksh.1,750 were deposited on 28<sup>th</sup> September, out of these cheques totaling Ksh.1,500 were not credited until 2<sup>nd</sup> October 2003.
- (v) A cheque paid for advertising on 22<sup>nd</sup> September for Ksh.290 had been entered in the cash book as Ksh.920.

Required:

Bank reconciliation statement showing the balance as per the cash book.  
[10 marks]

---