

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATION

**RESIT/SUPPLEMENTARY / SPECIAL EXAMINATIONS EXAMINATION FOR
THE AWARD OF CERTIFICATE IN HOSPITALITY AND TOURISM
MANAGEMENT**

CHTM 00601: BASIC ACCOUNTING IN HOSPITALITY

STREAMS: CHTM (Y1S1)

TIME: 2 HOURS

DAY/DATE: MONDAY 3/5/2021

2.30 P.M - 4.30 P.M.

INSTRUCTIONS:

- Answer ALL the questions in Section A and any other two in Section B.
- Do not write anything on this question paper.

SECTION A: (30 MARKS)

1. Define the following terms as used in accounting:

- | | |
|--------------------------|-----------|
| i. Going concern | (2 marks) |
| ii. Consistency | (2 marks) |
| iii. Accrual concept | (2 marks) |
| iv. Historical principle | (2 marks) |

2. With relevant examples, explain the following elements of financial statements.

- | | |
|-----------------|-----------|
| i. Assets | (2 marks) |
| ii. Liabilities | (2 marks) |
| iii. Capital | (2 marks) |
| iv. Expenses | (2 marks) |
| v. Creditors | (2 marks) |

3. Caroline had the following transactions for the month ended 31st October 2020.

- i. Started business by depositing a cheque of Kshs.20,000 into business bank account.
- ii. Bought goods for resale by cheque for Kshs.6000
- iii. Paid rent Kshs.2000 by cheque
- iv. Sold goods for Kshs.5000 receiving payments by cheque
- v. Bought furniture Kshs.20,000 on credit from Chuka suppliers.
- vi. Settle a debt of Kshs.8000 by cheque.

Required: Pass the journal entries of the above transactions and post to the ledger accounts. (12 marks)

SECTION B

4.

- a. The following transactions relating to ABC enterprises occurred in the month of July 2016

- July 1: The proprietor deposited capital of kshs 164100
- July 2: Received a cheque from Mwangi worth kshs 4750
- July 4: Cash sales amounted to shs 12,000
- July 6: Paid rent by cash shs 2050
- July 7: Banked shs 750 of the cash held by the business
- July 15: Cash sales paid directly into the bank kshs 7350
- July 24: Paid cheque to S. Kimani kshs 415
- July 29: Withdrew cash from bank for business use kshs 1800
- July 31: Paid wages in cash kshs 7700

Required: A fully balanced two column cashbook (12 marks)

- b. Explain in details any 4 users of accounting information (8 marks)

- 5. Wafula operates a daily business at chuka . the trial balance for the period ended 31/12/2020 is as shown below.

	DR '000'	CR '000'
Motor vehicle	3000	

Furniture	2000	
Stock 1/1/2020	2000	
Purchase	7000	
Sales		15000
Return inwards	1000	
Return outward		500
Carriage inwards	500	
Carriage outwards	500	
Bad debt	1000	
Debtors	3000	
Provision for bad and doubtful		
Debt		200
Rent	1000	
Electricity	700	
Salaries	500	
Drawings	500	
Capital		7000
	22700	22700

Additional information

- a) Stock as at 31/12/2017 was sh. 3,000,000
- b) Provision for bad and doubtful debt is to be set at 10% of debtors.

Required

- a) Trading, profit and loss account for the year ended 31/12/2020 (10 marks)
- b) Balance sheet as at 31/12/2020 (10 marks)

6.

- a) Explain 5 errors that do not affect the trial balance (10 marks)
- b) Explain in detail 5 desirable characteristics of financial statement (10 marks)

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