

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF CERTIFICATE IN HOSPITALITY AND TOURISM MANAGEMENT

CHTM 00601: BASIC ACCOUNTING

STREAMS: CHTM

TIME: 2 HOURS

DAY/DATE: TUESDAY 03/12/2019

2.30 PM – 4.30 PM

INSTRUCTIONS:

- **Answer Question One and any other Two Questions**
- **Do not write anything on the question paper**

Question One

(a) State and explain any 5 users of accounting information. [10 marks]

(b) The following trial balance was extracted from the books of Wamujomba traders as at 31 Dec 2018.

	Dr (sh)	Cr (sh)
Stock (1 Jan 2018)	50,000	
Free hold premises	240,000	
Bills receivable	30,000	
Purchase	280,000	
Salaries & wages	35,000	
Sales		520,000
Fixtures & fittings	25,000	
Discount allowed	7,500	
Discount received		4,500
Plant & machinery	140,000	
Rates	5,600	
Advertising	10,400	
Insurance	3,800	
General expenses	7,200	
Provision for bad debts		1,800
Debtors	60,000	

Bills payable		15,000
Creditors		43,000
Cash	2,400	
Bank overdraft		18,600
Drawings	6,000	
Capital		300,000
	<u>902,900</u>	<u>902,900</u>

Additional information:

- (i) Provide a depreciation for plant and machinery at 10% p.a and fixtures and fittings at 15%
 - (ii) Provision for bad debts is to be adjusted at 4% of debtors
 - (iii) Closing stock was valued at sh. 60,000
- Required:
- (i) Prepare a statement of income for the year ended 31 December 2018. [10 marks]
 - (ii) Prepare a statement of financial position as at 31 December 2018. [10 marks]

Question Two

- (a) State and explain any three objectives of accounting information. [6 marks]
- (b) The following information relates to J.M enterprises for the month ended 30th Nov 2017.
 - Nov 1: started a business by depositing sh. 800,000 into the business bank account.
 - Nov 3: purchased land for sh. 520,000 paying by cheque
 - Nov 5: Purchased a building for sh. 260,000 by cheque
 - Nov 17: purchased tools and equipment's worth sh. 138,000 on credit
 - Nov 20: sold some of the tools and equipment's at a price equal to their cost of sh. 18,000 on credit.
 - Nov 25: received a cheque of sh. 6,000 in partial collection of accounts receivable for tools and equipment
 - Nov 30: paid a cheque of sh. 20,000 in partial payment of accounts payable

Required:
 Show the effect of the above transactions on the accounting equation. [14 marks]

Question Three

- (a) State and explain the qualitative characteristics of accounting information. [10 marks]

- (b) On 1st October, 2017 Chuka traders had sh. 75,000 in hand and sh. 270,000 at bank during the month, the following transactions took place:

October 2: cash sales sh. 55,000

October 3: bought stationery in cash sh 20,000

October 8: paid Walubengo, a creditor sh. 100,000 by cheque in full settlement of his account after deducting 10% cash discount.

October 15: paid salaries in cash sh. 50,000

October 20: received a cheque from kwetu enterprises of sh. 70,000 after allowing a cash discount of sh. 10,000

October 25: Anyango, a debtor paid her account of sh. 80,000 by cheque

October 30: deposited all the cash into the bank account

Required:

A three-column cashbook to record the above transactions. [10 marks]

Question Four

- (a) State and explain any five features of accounting. [10 marks]

- (b) Explain any five branches of accounting. [10 marks]
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