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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATIONS, 2022/2023 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATIONS
FOR THE DIPLOMA IN HOSPITALITY MANAGEMENT
DHM 1623- HOSPITALITY ACCOUNTING

Date: 26th July 2022

Time: 2.30pm-4.30pm

INSTRUCTION TO CANDIDATES:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) State and explain five branches of accounting. (5 marks)
- b) Discuss the components of a balance sheet. (5 Marks)
- c) The balance in Ouma's business bank account as at 1st June 2021 was Shs. 4,000. The cash as at that day was Shs. 1,000. The following transactions took place in the month of June 2021:

June 2: Paid rent by cheque Shs. 1,000
June 3: Cash Sales Shs. 1,000
June 4: Paid for electricity cash Shs. 500
June 8: Received from credit customers payment by cheque as follows:
Musau Sh. 2,000
Onyango Sh. 4,000
Juma Sh. 3,000
June 12: Paid telephone bill by cheque Sh. 3,000
June 15: Cash sales Sh. 15,000
June 16: Deposited Sh. 12,000 to the bank account
June 20: Paid suppliers by cheque as follows:
Njoroge Sh. 1,000
Kamau Sh. 3,000
Otieno Sh. 2,000
June 22: Drew Sh. 2,000 from the bank for office use
June 25: Cash purchases Sh. 1,500
June 28: Drew for personal use Sh. 500 cash

Required:

- i. Prepare a Two-column cashbook. (10 Marks)
- ii. Prepare the relevant Ledger accounts. (7Marks)

iii. Extraxt a trial balance.

(3Marks)

QUESTION TWO (20 MARKS)

a) Njoroge's trial balance as at 31st December 2021 is as follows:

	Dr. (Sh.)	Cr. (Sh.)
Cash in hand	295	
Debtors	12,300	
Purchases	92,100	
Return inward/outward	550	307
Carriage inwards	215	
Creditors		9,370
Stock(1st January 2021)	23,910	
Motor vehicles	4,100	
Office Equipment	6,250	
Carriage outwards	309	
Sales		130,900
Capital		22,535
Cash at bank	3,115	
Motor Expenses	1,630	
Insurance	492	
Office Expenses	1,377	
General expenses	284	
Rent	2,970	
Telephone Charges	405	
Salaries & Wages	12,810	
	163,112	163,112

Additional information:

The closing stock as at 31st December 2021 was valued at Sh. 27,475

Required:

- Prepare Income statement as at 31st December 2021 (10 Marks)
- Prepare statement of financial position as 31st December 2021 (10 Marks)

QUESTION THREE (20 MARKS)

- State and Explain the main uses of journals (4 Marks)
- Explain the following concepts:
 - Money measurement concept. (2 Marks)
 - Accounting period concept. (2 marks)
 - Convention of conservatism. (2 Marks)
 - Accrual concept. =-+ n(2 Marks)
- The following transactions were extraxed from the books of Bethany for the month of April 2022.

April 1: Purchased motor vehicle on credit from ABC motors for sh. 80,000
April 2: Purchased machinery on credit for sh. 100,000 from Machinery Limited.
April 5: Purchased office furniture from XYZ for sh. 25,000
April 7: Sold part of the furniture to Wambua for sh. 5,000

Record the above transactions in the general journal. (8 Marks)

QUESTION FOUR (20 MARKS)

- a) Define an income statement and give its main purpose (2 Marks)
b) The following transactions took place in the month of January 2021

Jan 1: Mr. Khan started business with cash Sh. 50,000
Jan 2: He purchased furniture for Sh. 10,000
Jan 3: He purchased goods for cash Sh. 30,000
Jan 5: He sold goods for cash Sh. 40,000
Jan 6: He paid salaries for cash Sh. 5,000

Prepare a ledger accounts and balance them off at the end of the month. (10 Marks)
c) Discuss the reasons as to why accounting standards are needed. (8Marks)

QUESTION FIVE (20 MARKS)

- a) Differentiate between book keeping and accounting (4 marks)
b) The books of Mwajuma had the following transactions in the Month of August 2021
August 1: Credit Purchases: Betty Sh. 2,500, Mathew Sh. 1,450, Adam Sh. 3,550
August 5: Credit Sales: David Sh. 4,100, Winnie Sh. 3,400, Ben Sh. 2,700
August 7: Credit Purchases: Tom Sh. 1,470, Betty Sh. 350, Mathew Sh. 1,900
August 9: Goods Returned to: Betty Sh. 350, Mathew Sh. 500
August 10: Goods Returned by: Winnie Sh. 250, Ben Sh. 300
August 12: Credit Purchases: Tom Sh. 1,860, Betty Sh. 2,500, And Mathew Sh. 800
August 15: Credit Sales: Winnie Sh. 1,500, David Sh. 2,200
August 18: Goods Returned to: Tom Sh. 200, Mathew Sh. 100
August 25: Goods Returned by: Winnie Sh. 180

Record the transactions in the following journals:

- i. Sales Journal. (5 Marks)
ii. Purchases Journal. (5 Marks)
iii. Return Outward Journal. (3 Marks)
iv. Return Inward Journal. (3Marks)