



Kasarani Campus  
Off Thika Road  
Tel. 2042692 / 3  
P. O. Box 49274, 00100  
NAIROBI  
Westlands Campus  
Pamstech House  
Woodvale Grove  
Tel. 4442212  
Fax: 4444175

**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FIRST YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN HOSPITALITY MANAGEMENT**  
**DHM 1623-HOSPITALITY ACCOUNTING**

Date: 14<sup>th</sup> April 2023  
Time: 11.30am - 1.30Pm

**INSTRUCTION TO CANDIDATES:**

**ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) Classify the following items into non-current and current asset; current liabilities and capital. Premises, office equipment, debtors, fixtures and fittings, cash, stock, bank- overdraft, goodwill, accrued, expenses, prepaid expenses and initial investments to start the business. ( 5 marks)
- b) Calculate capital from the following:  
Mort vehicle sh.25,000, debtors sh.6,500, creditors sh.3,600, stock sh.3,700, cash at bank sh.2,500, and bank loan sh.6,000. (5 marks)
- c) Differentiate between discount received and discount allowed and explain their accounting treatment in the books of account. (5 marks)
- d) Explain using relevant examples matching and revenue realization principles. (5 marks)
- e) You are to enter the following information in the original books of accounts books/ journals.

2022

July	1	Credit purchases from: K Hill shs3800; M Norman shs500; N Senior shs106
"	3	Credit sales to: E Rigby shs510; E Phillips shs246; F Thompson shs356.
	5	Credit purchases from: R Morton shs200; J Cook shs180; D Edwards shs410; C Davies shs66.
"	8	Credit sales to: A Green shs307; H George shs250; J Ferguson shs185.
"	12	Returns outwards to: M Norman shs30; N Senior shs16.
"	14	Returns inwards from: E Phillips shs18; F Thompson shs22.
"	20	Credit sales to: E Phillips shs188; F Powell shs310; E Lee shs420.
"	24	Credit purchases from: Ferguson shs550; K Ennevor shs900.
"	31	Returns inwards from: E Phillips shs27; E. Rigby shs30.
"	31	Returns outwards to: J Cook shs13; C Davies shs11.

(10 marks)

## **QUESTION TWO (20 MARKS)**

The following balances were extracted from the books of Kalasha a sole proprietor on 31 December 2022

- Sales shs 400,000
- Purchases shs 350,000
- Sales returns shs 5,000
- Purchases returns shs 6,200
- Opening stock at 1 January 2022 shs 100,000
- Provision for doubtful debts shs 800
- Wages and salaries shs 30,000
- Rates shs 6,000
- Telephone shs 1,000
- Shop fittings at cost shs 40,000
- Van at cost shs 30,000
- Debtors shs 9,800
- creditors shs 7,000
- Bad debts shs 200
- Capital shs 179,000
- Bank balance shs 3,000
- Drawings shs 18,000
- (i) Closing stock at 31 December 2022 shs 120,000.
- (ii) Accrued wages shs 5,000.
- (iii) Rates prepaid shs 500.
- (iv) The provision for doubtful debts to be increased to 10 per cent of debtors.
- (v) Telephone account outstanding shs 220.
- (vi) Depreciate shop fittings at 10 per cent per annum, and van at 20 per cent per annum, on cost.

### **Required**

- a) Income statement for the year ended 31 December 2022 (14 marks)
- b) Statement of financial position as at 31 December 2022 (6 marks)

## **QUESTION THREE (20 MARKS)**

- a) Explain five qualities that a good accounting information should possess in order to be useful to the users (8 marks)
- b) The accounting profession has for a long time relied on certain accounting conventions to guide accounting practice. Yet the application of the same conventions has been the source of criticism of the quality and relevance of information contained in financial reports.

Some of these conventions include:

- i. The business entity principle.
- ii. The historical cost principle.
- iii. The going concern principle.
- iv. The prudence concept.
- v. The consistency concept.

### **Required:**

For each of the above principles . Explain the meaning of each. (10 marks)

#### **QUESTION FOUR ( 20 MARKS)**

You are to enter the following transactions, completing the double entry in the books for the month of May 2022.

2022

- May      1          Started business with shs2,000 in the bank.
- “ 2          Purchased goods shs175 on credit from M Rooks.
- “ 3          Bought furniture and fittings shs150 paying by cheque.
- “ 5          Sold goods for cash shs275.
- “ 6          Bought goods on credit shs114 from P Scot.
- “ 10        Paid rent by cash shs15.
- “ 12        Bought stationery shs27, paying in cash.
- “ 18        Goods returned to M Rooks shs23.
- “ 21        Let off part of the premises receiving rent by cheque shs5.
- “ 23        Sold goods on credit to U Foot for shs77.
- “ 24        Bought a motor van paying by cheque shs300.
- “ 30        Paid the month's wages by cash shs117.
- “ 31        The proprietor took cash for himself shs44.

**Required;** prepare the ledgers

(12 marks)

Balance off the ledgers

(5 marks)

Prepare a trial Balance

(3 marks)

#### **QUESTION FIVE (20 MARKS)**

- a) Explain five errors that may not be disclosed by a trial balance (10 marks)
- b) Explain five accounting concepts/principles of accounting (10 marks)