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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
DIPLOMA IN HOSPITALITY MANAGEMENT
DHT 025 – INTRODUCTION TO ACCOUNTING

Date: 9th December, 2024
Time: 8.30am –10.30am

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

a) The following transactions relates to M crash enterprises in the month of November 2016

- 1/11/2016 Started business with Kshs, 50,000 in the bank.
- 2/11/2016 Bought motor van paying by cheque kshs.12, 000.
- 5/11/2016 Bought Fixtures kshs.4, 000 on credit from Office Masters Ltd.
- 8/11/2016 Bought a van on credit from Motor Cars Ltd kshs.8, 000.
- 12/11/2016 Took kshs.1, 000 out of the bank and put it into the cash till.
- 15/11/2016 Bought Fixtures paying by cash kshs.600.
- 19/11/2016 Paid Motor Cars Ltd by cheque kshs.8000.
- 21/11/2016 A loan of kshs.10, 000 cash is received from J Marcus.
- 25/11/2016 Paid kshs.8, 000 of the cash in hand into the bank account.
- 30/11/2016 Bought more Fixtures paying by cheque kshs.3, 000.

Required:

Post the above transactions to the ledger account, balance off the accounts and prepare a trial balance at

30/11/2016 (20 marks)

b) State and explain the various users of accounting information (10marks)

QUESTION TWO (20 MARKS)

a) The following are summarized transactions of Bruno Company for the month of September 2016

September 1: Started a business by depositing kshs 60,000 in a company bank account

September 3: Purchased land for kshs.21, 000 in cash

September 5: Purchased a building at a price of kshs. 36, 000, paying kshs 15,000 in cash and incurred a liability of kshs.21, 000.

September 10: Sold part of land for a price of kshs.6, 000 collectible within three months.

September 14: Purchased office equipment on credit for kshs 5,400.

September 20: Received kshs 1,500 as partial collection of kshs.6, 000 accounts receivable.

September 30: Paid kshs 3,000 on the accounts payable.

Required

Show the effect of the above transactions on the Accounting equation, clearly showing the total assets, total liabilities and capital and overall equation. (10 Marks)

b) Explain clearly, in terms which a non- accountant would understand the following accounting terms;

i) The going concern concept

ii) The prudence concept

iii) The consistency concept

iv) The Matching concept

(10 Marks)

QUESTION THREE (20 MARKS)

Jane graduated from the university with a degree in business administration. She decided to put in practice the skills acquired during the four year programme. Jane invested shs.2.5million in a business January 2016; she planned to start under business name Jane limited. During the month she carried out the following transactions:

January 2016	Transaction
2	Bought office furniture by cheques shs. 150,000
3	Bought machinery shs 750,000 on credit from Planners Ltd
5	Bought a motor van paying by cheques shs 600,000
8	Sold some of the office furniture (defective) to John for shs 60,000 on credit
15	Paid part of the amount owing to Planners ltd shs.350, 000 by cheques
23	Received the amount due from John shs.60, 000 in cash
31	Bought more machinery by cheques shs 28, 000
31	Paid salaries Kshs.12, 000 office secretary

Required

Prepare journal entries to record the above transactions.

QUESTION FOUR (20 MARKS)

On December 1, 2015 KWUST LTD cash book showed debit balance of cash kshs 1,550 and bank kshs 13,575. During the month of December the following business was transacted

Date(2015)	Transactions
1/Dec	Purchased office computer for cash kshs 750, cash sales of kshs 315
1/Dec	Deposited cash kshs 500 to bank
4/Dec	Received from Hassan cash for kshs 2,550 in part payment of his account
6/Dec	Paid by cheque for purchases worth kshs 1,005
8/Dec	Deposited into bank cash received from Hassan in full settlement of his account
10/Dec	Received from Khan cash for kshs 790 in full settlement
12/Dec	Sold merchandise to Divas for kshs 1,500 who paid by cheque deposited into bank.
16/Dec	Paid Salman kshs 920 by cheque
27/Dec	Paid to Gulzar by cheque kshs 650
30/Dec	Paid salaries by cheque kshs 1750
31/Dec	Deposited into bank the money from Khan

Required: prepare a two column cashbook and balance it.

QUESTION FIVE (20 MARKS)

- a) Define the term financial statement and explain the various types of financial statements commonly prepared. (10 Marks)
- b) The following balances were obtained from the books of accounts of business C as at 31/12/2016

Item	kshs
Premises	60,000
Furniture	10,000
Cash in hand	5,000
Stock	20,000
Debtors	3,000
Capital	30,000
2year bank loan	25,000
Trade Creditors	25,000

Required: Prepare the statement of financial position of business C as at 31/12/2016, clearly showing the non-current assets, current assets, long term liabilities and current liabilities. (10 Marks)