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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR**  
**FIRST YEAR, THIRD SEMESTER EXAMINATION**  
**FOR THE CERTIFICATE IN HOSPITALITY MANAGEMENT**  
**CHM 302 INTRODUCTION TO BOOKKEEPING**

Date: 7<sup>TH</sup> AUGUST 2024

Time: 11:30AM-1:30PM

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) Explain the needs of each of the following users of accounting information; (3 Marks)
- i) Government
  - ii) Shareholders
  - iii) Public
- b) Explain three qualities of good accounting information. (6 Marks)
- c) List four books of original entry. (4 Marks)
- d) State the meaning of each of the following source documents;
- i) Invoices (2 Marks)
  - ii) Credit note (2 Marks)
  - iii) The following trial balance was extracted from the books of Zero Traders as at 30<sup>th</sup> September 2023

DETAILS	DR Ksh	CR Ksh
Equipment	150,000	
Cash at bank	90,000	
Bank loan		50,000
Rent	30,000	
Sales		628,000
Accounts Payable		10,000
Accounts Receivable	16,000	
General expenses	22,000	
Drawings	19,000	
Purchases	200,000	
Inventory (1 October 2022)	13,000	
Capital		100,000
Furniture	140,000	
Salaries	25,000	
Stationery	23,000	
Cash in hand	60,000	
<b>TOTAL</b>	<b><u>788,000</u></b>	<b><u>788,000</u></b>

### Additional Information

As at 30<sup>th</sup> September 2023 inventory was valued at Ksh 7,500

### Prepare

- i) Income Statement for the year ended 30/09/2023 (8 Marks)
- ii) Statement of Financial Position as at 30/09/2023 (5 Marks)

### QUESTION TWO (20 MARKS)

- a) On 1<sup>st</sup> May 2024, Amani Retailers had Ksh 10,000 in cash and Ksh 41,000 in the bank account. During the month the following transactions took place:

<b>May 2024</b>	<b>4</b>	Paid electricity bill of Ksh 3,000 by cheque
	<b>9</b>	Received Ksh 24,000 in cash from Ann
	<b>12</b>	Deposited Ksh 30,000 of the cash into the bank account
	<b>18</b>	Bought goods for Ksh 15,000 paying by cheque
	<b>24</b>	Sold goods for Ksh 21,000 in cash
	<b>30</b>	The proprietor took Ksh 7,000 from the cash till for personal use

**Required:** Prepare a two column cashbook for the month of May 2024 (10 Marks)

- b) Explain any four forms of business organizations. (8 Marks)
- c) Differentiate between returns inwards and returns outwards. (2 Marks)

### QUESTION THREE (20 MARKS)

- a) Mady Enterprises maintains a petty cashbook on imprest system with a month cash float of Ksh 12,000. The amount used is reimbursed at the end of the month.

The following payments were made by the petty cashier in the month of June 2024

<b>June</b>		<b>Ksh</b>
<b>4</b>	Sugar	850
<b>8</b>	Printing papers	3,000
<b>12</b>	Postage stamps	300
<b>16</b>	Envelopes	1,600
<b>19</b>	Tea leaves	500
<b>22</b>	Data bundles	1,100
<b>28</b>	Milk	2,400
<b>30</b>	Pens	600

### **Required:**

Prepare a petty cashbook for the month of June 2024 using the following analysis columns

- Staff welfare
  - Stationery
  - Postage and communication (8 Marks)
- b) Highlight four type of errors that do not affect the balancing of the trial balance. (8 Marks)
  - c) Describe two uses of the trial balance. (4 Marks)

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

- a) The following balances were extracted from the books of account of Georgia Enterprises as at 31 December 2023

	<b>Ksh</b>
<b>Accounts Payable</b>	46,000
<b>Rent Expense</b>	80,000
<b>Accounts Receivable</b>	100,000
<b>Purchases</b>	600,000
<b>Sales</b>	900,000
<b>Bank loan</b>	154,000
<b>Capital</b>	400,000
<b>Cash at bank</b>	720,000

Prepare a trial balance as at 31<sup>st</sup> December 2023 (8 Marks)

- b) The following transactions relate to Kizito Traders for the month of July 2023

<b>July</b>	<b>8</b>	Sold goods for Ksh 98,000 to Peter on credit
	<b>10</b>	Bought goods for Ksh 49,000 from James on credit
	<b>12</b>	Peter returned goods worth Ksh 42,000
	<b>16</b>	Sold goods for Ksh 115,000 to Joyce on credit
	<b>29</b>	Joyce returned goods worth Ksh 20,000

Prepare the relevant journals to record the transactions above. (7 Marks)

- c) Explain each of the following accounting concepts;

- i) Accruals Concept
- ii) Going concern concept
- iii) Historical cost concept
- iv) Double Entry concept
- v) Consistency concept

(5 Marks)

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

- a) The following are transactions of Githurai Enterprises for the month of March 2023;

<b>March</b>	<b>1</b>	Balances on cash and bank were Ksh 13,400 and Ksh 142,840
	<b>2</b>	The following settled their accounts by cheque, each deducting a 5% discount Adhiambo Ksh 5,200 Wanjiru Ksh 32,000
	<b>4</b>	Paid rent for Ksh 16,000 by cheque
	<b>6</b>	The bank granted Githurai Enterprises a loan of Ksh 100,000 in form of a cheque
	<b>8</b>	Settled the following account balances by cheque, deducting a cash discount of 2 1/2% in each case Green Grocers Ksh 14,400 Mwingi Traders Ksh 32,000
	<b>12</b>	Mutheu settled her account of Ksh 1,800 by paying Ksh 1,760 by cheque
	<b>15</b>	Settled the wages bill of Ksh 11,600 in cash
	<b>20</b>	Sera a debtor, settled her account of Ksh 10,800 by paying Ksh 10,260 in form of a cheque
	<b>21</b>	Withdrew Ksh 8,000 from the bank account for business use
	<b>24</b>	Took Ksh 4,000 of cash for personal use
	<b>25</b>	Received Ksh 3,100 in cash from Pendo who had deducted Ksh 100 as discount
	<b>30</b>	Bought office furniture for Ksh 14,400 and paid by cheque
	<b>31</b>	Received a commission of Ksh 2,400 in form of a cheque.

#### **Required:**

Prepare Githurai Enterprises three column cashbook for the month of March 2023 (10 Marks)

- b) Explain THREE advantages of a partnership over a sole trader. (6 Marks)
- c) List any four errors which will affect the trial balance. (4 Marks)