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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR**  
**FOR THE DIPLOMA IN HOSPITALITY MANAGEMENT**  
**DHM 1623: HOSPITALITY ACCOUNTING**

Date: 20<sup>th</sup> April, 2022  
Time: 8.30 am – 10.30am

**INSTRUCTIONS TO CANDIDATES**

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

**QUESTION ONE (30 MARKS)**

- a) Explain four qualities of a useful accounting information (4 Marks)
- b) The following transactions belongs to Bidii enterprises for the month of March 2019:

March 2019:

- 1- Started a business with shs 16000 in the bank.
- 2- Bought a motor van paying by cheque 6400.
- 5- Bought office fixtures 900 on credit from old ltd.
- 8- Bought a motor van on credit from Carton cars ltd 7100.
- 12- Took 180 out of the bank and put it into the cash till.
- 15- Bought office fixtures paying by cash 120.
- 19- Paid Cartons cars ltd by cheque 7100.
- 21- A loan of 500 cash is received from B. Berry .
- 25- Paid 400 of the cash in hand into the bank account.
- 30- Bought more fixtures paying by cheque 480.

Required:

- i) Enter the above transactions in the ledger accounts and balance them off (10 Marks)
- ii) Draw a trial balance as at 31<sup>st</sup> March 2019 (6 Marks)
- c) Complete the gaps below (4 Marks)
- | ASSETS | LIABILITIES | CAPITAL |
|--------|-------------|---------|
| 15000  | 5000        | -       |
| 10000  | 3000        | -       |
| 13000  | -           | 11000   |
| -      | 8500        | 15500   |
- d) Explain materiality in relation to financial statements and state two factors affecting the assessment of materiality (6 Marks)

**QUESTION TWO (20 MARKS)**

- a) Discuss the users of accounting information (6 Marks)
- b) The following transactions were extracted from the books of Nyota ltd for the month of January 2019.

**JANUARY 2019:**

1- Balances brought forward

Cash 24000 (Debit)

Bank 38400 (Debit)

1- Paid rent 2400

2- Made payment for telephone and postage by cash 384.

4 – Paid by cash for sundry expenses 240.

8 – Sold goods and was paid by cash 59200.

10- Received payment by cheque from Mukari 3840.

11- Deposited cash into the bank 28800.

13 – Payment by cheque was made to Ropege 20250.

20 – Paid for advertisement in cash 1152.

29 – Sent a cheque to Waumini 7200

31 – Drew a cheque for own use 4800.

31 – Paid 12480 cash into the bank.

**Required:** Enter the above transactions in a two column cash book and balance it off.

(14 Marks)

**QUESTION THREE (20 MARKS)**

a) The following trial balance belongs to Mali mali enterprises as at 30 September 2019

	DR	CR
Capital		49675
Drawings	28600	
Cash	112	
Bank	4420	
Debtors	38100	
Creditors		26300
Stock (30 Sep 2018)	72410	
Motor van	5650	
Office equipment	7470	
Sales		391400
Purchases	254810	
Return inwards	2110	
Return outwards		1240
Carriage outwards	2850	
Motor van expenses	1490	
Rent	8200	
Telephone charges	680	
Wages and salaries	39600	
Insurance	745	
Office expenses	392	
Sundry expenses	216	
	<b><u>468615</u></b>	<b><u>468615</u></b>

Additional information;

Stock as at 30 September 2019 was 89400.

**Required:**

i) Prepare income statement for the year ended 30<sup>th</sup> September 2019

(10 Marks)

ii) Prepare statement of financial position as at that date.

(10 Marks)

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

- a) Differentiate between the following;
  - i) Debt note and credit note (2 Marks)
  - ii) Return inwards and return outwards (2 Marks)
  - iii) Carriage inwards and carriage outwards (2 Marks)
- b) Explain clearly the meaning of the following terms as used in accounting
  - i) Objectivity (3 Marks)
  - ii) Consistency (3 Marks)
  - iii) Prudence (3 Marks)
- c) Explain the meaning and importance of bank reconciliation. (5 Marks)

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

- a) The audit of books of D.Kamau 's for the year ended 31 December 2019 revealed the following errors.
  - i) A sale of goods worth sh 59 to E. George has been completely omitted from the books.
  - ii) A purchase of goods of shs 44 from C. Simons was entered in error in C. Simpsons account
  - iii) A purchase of a machine of sh 2000 is debited to purchases account.
  - iv) The sales account is overcast by shs 200 as well as the wages account.
  - v) A sale of sh 98 to J. Kamau was entered in the books as shs 89.

Required: By means of journal entries, correct the above errors (10Marks)

- b) Define a book of original entry and give a comprehensive view of all book of original entry (10 Marks)