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

Date: 6th December 2022
Time: 11.30am-1.30pm

INSTRUCTION TO CANDIDATES:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Explain TWO types of accounts. (4Marks)
- b) Describe the following accounting statements
- i. Ledgers (3marks)
 - ii. Journals. (3marks)
 - iii. Income statement (3marks)
 - iv. statement of financial position (3marks)
- c) The following transaction to Best Sales (K) Ltd for the month of March 2016;
- March 1: Started business with Sh. 800,000 in the bank.
- March 2: Bought goods on credit from the following persons
- Ndichu- Sh. 76,000
- Omolo- Sh. 27,000
- Tina- Sh. 56,000
- March 5: Cash sales Sh. 87,000
- March 6: Paid wages in cash Sh. 14,000
- March 7: Sold goods on credits to
- Emma-Sh.35, 000
- Jane- Sh. 42,000
- Juma- Sh. 72,000

March 9: Bought goods for cash Sh. 46,000
 March 10: Bought goods on Credits from
 Omolo- Sh. 57,000
 Ndebu-Sh. 98,000
 March 12: Paid wages in cash Sh.465, 000
 March 13: Sold on credit to: Jane- Sh. 32,000 ,Juma- Sh. 23,000
 March 15: Bought fix tires on credit from Beta Ltd Sh. 50,000
 March 17: Paid Omolo by cheque Sh. 84,000
 March 18: Returned goods to Ndebu Sh.20, 000
 March 24: Jane returned some of goods sold to her Sh.11, 000
 March 31: Bought a motor van paying by cheque Sh. 400,000

Required:

Record the above information into

- i. Purchases journal. (4 Marks)
- ii. Sales journal. (4 Marks)
- iii. Cash payment and cash receipt journal. (6 Marks)

QUESTION TWO (20 MARKS)

a) The following transactions relates to KIOO enterprises in the month of November 2021

1/11/2021 Started business with Kshs, 50,000 in the bank.
 2/11/2021 Bought motor van paying by cheque kshs.12, 000.
 5/11/2021 Bought Fixtures kshs.4, 000 on credit from Office Masters Ltd.
 8/11/2021 Bought a van on credit from Motor Cars Ltd kshs.8, 000.
 12/11/2021 Took kshs.1, 000 out of the bank and put it into the cash till.
 15/11/2021 Bought Fixtures paying by cash kshs.600.
 19/11/2021 Paid Motor Cars Ltd by cheque kshs.8000.
 21/11/2021 A loan of kshs.10, 000 cash is received from J Marcus.
 25/11/2021 Paid kshs.8, 000 of the cash in hand into the bank account.
 30/11/2021 Bought more Fixtures paying by cheque kshs.3, 000.

Required:

- i. Post the above transactions to the ledger account and balance off the accounts (10marks)
 - ii. Prepare a trial balance at 30/11/2021 (4marks)
- b) L Stokes sets up a new business. Before he actually sells anything he has bought motor vehicles of Ksh3,000, premises of Ksh7,000, stock of goods Ksh2,000. He still owes Ksh800 in respect

of them. He had borrowed Ksh4,000 from D Evans. After the events just described and before trading starts, he had Ksh300 cash in hand and Ksh600 cash at bank.

You are required to calculate the amount of his capital.

(6 Marks)

QUESTION THREE (20 MARKS)

- a) State three limitation of a trial balance (6marks)
- b) Discuss **three** source documents. (6marks)
- c) From the following data from Mbiu traders construct a trading account for the year ended 31 March 2015. (8 Marks)

	ksh
Sales	13,221
Purchases	8,787
Inventory as at 1 April 2014	3,241
Inventory as at 31 March 2015	2,359
Returns inwards	674
Returns outwards	563
Carriage inwards	321

QUESTION FOUR (20 MARKS)

- a) Differentiate between Petty Cash Book and Cash book .(5mks)
- b) Write up A three-column cashbook from the following details and balance off

March 2022

1. Balances brought forward: Cash Sh.230; Bank Sh.4,756.
2. The following paid their accounts by cheque, in each case deducting 5 percent discounts: R Burton Sh.140; E Taylor Sh.220; R Harris Sh.800.
4. Paid rent by cheque Sh.120.
6. J Cotton lent us Sh.1,000 paying by cheque.
8. We paid the following accounts by cheque in each case deducting a 2 ½ per cent cash discount: Black Sh.360; P Towers Sh.480; C Rowse Sh.300.
10. Paid motor expenses in cash Sh.44.
12. H Hankins pays his account of Sh.77, by cheque Sh.74, deducting Sh.3 cash discount.
15. Paid wages in cash Sh.160.
18. The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: C . Winston Sh.260; R Wilson & Son Sh.340; H Winter Sh.460.
21. Cash withdrawn from the bank Sh.350 for business use.
24. Cash Drawings Sh.120.
25. Paid T Briers his account of Sh.140, by cash Sh.133, having deducted Sh.7 cash discount.
29. Bought fixtures paying by cheque Sh.650.
31. Received commission by cheque Sh.88 (15marks)

QUESTION FIVE (20 MARKS)

- a) Discuss the following concepts and their implications in the preparation of financial statements.
- i. Consistency concept (3Marks)
 - ii. Separate Entity concept (3Marks)
 - iii. Materiality concept (3Marks)
 - iv. Realization concept (3Marks)
- b) Discuss FOUR characteristics of accounting information. (8Marks)