



Kasarani Campus
Off Thika Road
P. O. Box 49274, 00101
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN HOSPITALITY MANAGEMENT
DHM 1623:HOSPITALITY ACCOUNTING

Date: 12th April 2024
Time: 8.30am-10.30am

INSTRUCTIONS TO CANDIDATES:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Identify and explain three branches of accounting . (6 Marks)
- b) Gabriel runs a small restaurant in the outskirts of the city had the following transactions for the month of September 2023
- Sep 1 Balance brought forward cash Sh 40,000 debit and Bank Sh. 105,000 debit
 - Sep 2 Cash sale Sh 42,000
 - Sep 2 Bought goods for Sh 45,000 cheque
 - Sep 4 Deposited Sh70,000 from cash till into the bank
 - Sep 5 Paid for postage stamps cash Sh 4,400
 - Sep 6 Received Sh 22,000 cheque from Galileo
 - Sep 6 Bought office equipment by cheque sh 50,000
 - Sep 7 Paid James by cheque Sh 16,200
 - Sep 9 Withdrew Sh 20,000 cash from bank for business use
 - Sep 12 Cash sale Sh 35,000
 - Sep 13 Paid wages in cash Sh 45,000
 - Sep 28 Bought stationery cash Sh 3,500
 - Sep 29 Took Sh 12,000 cash for personal use
 - Sep 30 Paid for permit by cheque Sh 10,000

Required

- Two column cash book (10 marks)
- c) Highlight Four importance of Statement of profit or loss (4 marks)
- d) Financial statements help users to make economic decisions. Identify THREE external users and explain how these statements is useful to them. (6 marks)
- e) List four sources of revenue in hospitality industry (4 marks)

QUESTION TWO(20 MARKS)

The following Trial balance was extracted from books of Southern Hotel Suit as at 31 December 2023

	Debit	Credit
	Sh	Sh
Stock 1 January 2023	118,400	
Carriage inwards	7,000	
Carriage outwards	8,500	
Return inwards	10,250	
Purchases	1,039,680	

Sales		1,764,000
Salaries and wages	180,000	
Rent	120,000	
Insurance	20,900	
Motor expenses	33,300	
Office expenses	60,800	
Lighting and heating expenses	58,000	
General expenses	15,700	
Motor vehicles	610,000	
Computer	70,000	
Furniture and equipment	157,500	
Debtors	94,500	
Creditors		86,550
Cash at bank	486,020	
Drawings	60,000	
Capital		1,300,000
	3,150,550	3,150,550

Stock at 31 December 2023 is Sh 147,300

Required

- a) Statement of profit or loss for the year ended 31 December 2023 (10 marks)
b) Statement of Financial Position as at 31 December 2023 (10 marks)

QUESTION THREE (20 MARKS)

- a) Briefly describe the four stages of accounting cycle (4 marks)

The following transactions relate the business of Mutuku who started the Restautrant business in 1st July 2023.

July 1. Started business with Sh 100,000 in the bank and Sh 50,000 cash

July 2. Bought stationery by cash Sh 5,000

July 3. Bought goods on credit from Wafula Sh 60,000

July 4. Sold goods for cash sh 54,000

July 5. Deposited Sh 90,000 cash into the bank account

July 7. Bought a computer by cheque Sh 30,000

July 8. Paid water expenses by cash Sh 1,000 and electricity sh 1,200 cash

July 10. sold goods on credit to Karanja Sh 31,500

July 14. Paid wages by cheque Sh 12,000

July 17. Paid rent by cheque sh 5,000

July 20. Received cheque of Sh 30,000 from Karanja

July 26. Paid Wafula Sh 48,000 by cheque

Required

- i.) Ledger accounts and balance off the accounts (12 marks)
ii.) Trial balance as at 31 July 2022 (4 Marks)

QUESTION FOUR (20 MARKS)

- a) The owner of Kanzas Club has not been keeping accounts using double entry system and he has been financing his business randomly. He has provided you with the following balances as at 31 December 2023 and you are required to calculate the capital of the business using accounting equation (4 marks)

	Shs
Motor vehicle	575,000
Creditors	207,000
Loan	230,000
Debtors	322,000
Furniture and Equipment	450,000
Cash in hand	11,000
Cash at Bank	240,000
Stock	242,000

- b) Consider the following transactions for January 2023
- 1 Jan Kirong Started a business with cash Sh 500,000 in the business bank account
- 10 Jan Bought furniture Sh.230,000 paying by cheque
- 15 Jan Bought goods Sh 200,000 paying by cheque
- 20 Jan Sold goods by cash Sh 50,000
- 26 Jan Sold Goods on credit to Tiana Sh 210,000
- 31 Jan Received cheque Sh 60,000 from Tiana
- For each of the above transactions identify which account will increase and which account will reduce. (6 marks)
- c) Highlight four features of a cashbook (4 marks)
- d) Explain any THREE source documents used in accounting (6 marks)

QUESTION FIVE (20 MARKS)

- a) Financial statements are prepared to be used by users. Identify and explain THREE characteristics of accounting information. (6 marks)
- b) The following information relates to the business of Barak Hospitality supplies Enterprises for the month of May 2022
- May 1: Credit purchases from Kevin sh.30,800; Norman sh.5000; Senior sh 1006.
- May 3: Credit sales to: Riggy sh 5010; Philips sh. 2046; Tom sh 3056
- May 5: Credit Purchases from: Martin sh. 2000; James sh. 1080; Edwards sh.1040; Davies sh.606
- May 8: Credit sales to: Green sh.3070; George sh. 2050; Felix sh. 1085.
- May 12: Return outwards to: Norman sh.300; Senior sh 106.
- May 14: Return inwards from: Philips sh. 108; Tom sh.202
- May 20: Credit sales to: Philips sh. 1088; Peris sh.3010; Lee sh 4020.
- May 24: Credit Purchases from: Felix sh. 5050; Eleanor sh 9000.
- May 31: Return inwards from: Philips sh. 207; Riggy sh.300
- May 31: Return outwards to James sh. 103 Davies Sh. Sh. 101

Required:

Prepare the following.

- i.) Purchases Journal (day book) & purchases Account (4 Marks)
- ii.) Sales Journal (day book) & sales Account (4 Marks)

Differentiate the following terms used in accounting

- i.) Non-Current Assets and Non-Current Liabilities (2 marks)
- ii.) Accrual concept and Matching concept (2 marks)
- iii.) Going concern and Prudence concepts (2 marks)