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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FOR THE CERTIFICATE IN HOSPITALITY MANAGEMENT
CHM 302: INTRODUCTION TO BOOKKEEPING

Date: 9TH AUGUST 2023

Time: 11:30AM-1:30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Discuss three types of business ownership. **(6 Marks)**
- b) Accounting is defined as the process of identifying, measuring and reporting economic information to the users of this information to permit informed judgment. Identify six other objectives of accounting. **(6 Marks)**
- c) Rainbow Hotel had the following transactions for the month of May year 2020.

Required: Write up the journals for the following transactions. **(6 Marks)**

2020

- May 1 Started business with Ksh 20,000 in the bank.
May 2 Purchased goods Ksh17,500 on credit from Jane.
May 3 Bought furniture and fittings Ksh15,000 paying through the bank.
May 5 Sold goods for cash Ksh 27,000.
May 6 Bought goods on credit Ksh11,400 from Njoroge Traders.
May 10 Paid rent by cash Ksh 15,000.

Identify and explain six users of accounting information. **(6 Marks)**

- d) State six main errors that do not affect the trial balance. **(6 Marks)**

QUESTION TWO (20 MARKS)

- a) Describe three types of petty cash systems. **(6 Marks)**
- b) Cashbook is primary book where transactions regarding cash receipts and payments are recorded in chronological order of dates. Discuss six advantages of maintaining a cash book for a business. **(6 Marks)**
- c) Happy land hotel Hotel had the following petty cash transactions for the month of May 2021

Required: Prepare a simple petty cash book. **(8 Marks)**

- May 2 Cash received for Ksh 10,000 to open the book.
May 3 Postage paid Ksh. 500.
May 6 Paid taxi hire of travelling salesman Ksh. 1,000.
May 8 Paid wages Ksh. 1,250.
May 13 Telegram sent to Dubai Ksh. 400.
May 17 Cart hire paid on commodities bought Ksh. 600.
May 19 Stationary purchased Ksh. 1,200.
May 25 Travelling expenses Ksh. 2,000.

QUESTION THREE (20 MARKS)

- a) The following transactions were recorded at Emory Hotel.
Required: Prepare the trial balance of Emory Hotel from the available balances as on date 31.01.22, which as follows: **(7 Marks)**

Particulars	Amount
Loans	2,000,000
Capital	3,000,000
Profit(Income)	200,000
Motor vehicles	3,000,000
Debtors	1,000,000
Telephone expenses	100,000
Land	1,000,000
Furniture	100,000

- b) Identify three circumstances in accounting where we record a debit entry. **(3 Marks)**
c) Discuss any three main similarities between a cash book and a journal. **(6 Marks)**
d) Assets has two major classifications. State the two major classifications and give example of each. **(4 Marks)**

QUESTION FOUR (20 MARKS)

- a) The following details for the year ended 31 March 2020 are available. Draw up the trading profit and loss account of Skyscraper Hotel for the year 2020.
- | | |
|-----------------------|--------|
| Stocks: 1 April 2020 | 15,000 |
| Returns inwards | 1,300 |
| Returns outwards | 2,800 |
| Purchases | 53,000 |
| Carriage inwards | 1,100 |
| Sales | 93,000 |
| Stocks: 31 March 2020 | 14,000 |
| Salaries | 5,000 |
- (7 Marks)**
- b) Identify Four main types of transactions in business accounting. **(4 Marks)**
c) State four documents used to record entries in Bookkeeping. **(4 Marks)**
d) Briefly explain the following terms; **(5 Marks)**
- i) Assets
 - ii) liabilities
 - iii) Income
 - iv) Expenses
 - v) Capital

QUESTION FIVE (20 MARKS)

- a) Verona Hotel started the business on April 1, 2023. Below are the transactions for the Hotel. You are the bookkeeper.

Required:

Prepare a single column Cash-book using the information given below:

<u>Date</u>	<u>Transaction</u>
2023	
1 st April	The owner Jane deposited 100,000 in bank as capital for the hotel.
3 rd April	Purchased stationery for ksh 1,000
4 th April	Goods bought for cash worth ksh 12,000
5 th April	paid office expenses ksh 7,000
7 th April	Sold goods worth Ksh.12,000
15 th April	Paid for advertisement Ksh 5,000
21 st April	Jane withdrew cash of Ksh. 10,000 for personal expenses

30th April Paid the salaries to staff for the month of April amounting to ksh 20,000.

(7 Marks)

- b)** Jane is a small business trader recent auditing revealed that she maintains incomplete records
State five limitations of maintaining incomplete records. **(5 Marks)**
- c)** Identify five subsidiary books of accounts. **(5 Marks)**
- d)** A sales return is a product returned to the business by the customer. Identify three reasons
that may lead to a sales return. **(3 Marks)**