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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FOR THE CERTIFICATE IN HOSPITALITY MANAGEMENT
CHM 301: INTRODUCTION TO BOOK KEEPING

Date: 13TH APRIL 2023

Time: 11:30AM- 1:30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Identify four types of business transactions. (4 Marks)
- b) Name and explain five users of financial information. (5 Marks)
- c) Name four documents used to record accounting entries. (4 Marks)
- d) Record the transaction below in a journal entry;
On 28th Jan 2019 Serena hotel purchased Machinery worth 100000 Ksh on credit. (3 Marks)
On 29th FEB 2020 Abc company borrowed Ksh. 300,000. (3 Marks)
On Feb 28, 2019, Purchased furniture worth Ksh. 7,000 in cash. (3 Marks)
- e) Explain Five advantages of cashbook. (5 Marks)
- f) Name three general types of cash book. (3 Marks)

QUESTION TWO (20 MARKS)

- a) Explain the term incomplete records. (3 Marks)
- b) Jane is a small business trader recent auditing revealed that she maintains incomplete records. State four reason why many small traders maintain incomplete records. (4 Marks)
- c) Explain four similarities between a cashbook and a journal. (4 Marks)
- d) In bookkeeping some errors do not affect the balancing of the trial balance. Name Six errors that do not affect the trial balance. (6 Marks)
- e) Petty cash book is very useful in tracking small expenditure of the company cash. Name three types of petty cash systems. (3 Marks)

QUESTION THREE (20 MARKS)

- a) John and sons ltd had the following transactions for the month of May 2020. Prepare simple petty cash book. (6 Marks)
May 2 Cheque received for Ksh 800 to open the book.
May 3 Postage paid Ksh. 60.
May 6 Paid taxi hire of travelling salesman Ksh. 200.
May 8 Paid wages Ksh. 125.
May 13 Telegram sent to Delhi Ksh. 40.
May 17 Cart hire paid on commodities bought Ksh. 60.
- b) Explain the following terms; (3 Marks)
Unpresented Cheques
Uncredited deposits
Bank charges
- a) Name three types of business ownership. (3 Marks)
- b) State and explain five objectives of accounting. (5 Marks)
- c) Explain three circumstances when a bookkeeper makes a debit entry. (3 Marks)

QUESTION FOUR (20 MARKS)

- a) Define what is a bank reconciliation. (3 Marks)
- b) State and Explain Five Reasons for the Difference Between Bank Statement and Company's Accounting Record. (5 Marks)
- c) We have various ledger accounts maintained in a company. State four types of ledger accounts. (4 Marks)
- d) A company sometimes receives back goods sold from their customers. State THREE reasons for sales return. (3 Marks)
- e) Differentiate between accrual and prepayments giving examples of each. (5 Marks)

QUESTION FIVE (20 MARKS)

- a) B Kelly has a business that has been trading for some time. You are given the following information as at 31.12.2002

	Ksh
Buildings	11,000
Furniture & Fittings	5,500
Motor Vehicles	5,800
Stocks	8,500
Debtor	5,600
Cash a bank	1,500
Cash in hand	400
Creditors	2,500
Capital	30,800
Loan	5,000

- Prepare a Balance Sheet as at 31 December 2001. (7 Marks)
- b) Explain five characteristics of a sole trader. (5 Marks)
- c) Cash basis accounting records incomes only when the money is received, and expenses only when they get paid. What are the main types of businesses that prefer to maintain cash basis accounting? (5 Marks)
- d) Briefly explain the following terms; (3 Marks)
 - i) Assets
 - ii) Liabilities
 - iii) Income.