



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, 2023/2024 ACADEMIC YEAR**  
**FIRST YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN HOSPITALITY MANAGEMENT**  
**DHM 1623: HOSPITALITY ACCOUNTING**

Date: 7<sup>th</sup> December 2023

Time: 11:30am-1.30pm

**INSTRUCTIONS TO CANDIDATES:**

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

**QUESTION ONE (30 MARKS)**

- a) Define accounting and highlight the objectives of accounting to users of financial accounting information. (6 Marks)
- b) The Queens had not been keeping complete books of accounts the following balances were obtained for 30 June 2023

	Shs
Motor vehicle	250,000
Creditors	90,000
Loan	100,000
Debtors	140,000
Furniture and Equipment	195 ,000
Cash in hand	5,000
Cash at Bank	104,000
Stock	105,000

- i) Using the accounting equation calculate the value of capital (4 marks)
- ii) Prepare statement of financial position (4 marks)
- c) Highlight the importance of statement of financial position (4 marks)
- d) Financial statements are prepared to be used by users. Identify and explain THREE characteristics of accounting information. (6 marks)
- e) Explain any THREE source documents used in accounting (6 marks)

**QUESTION TWO(20 MARKS)**

- a) State five rules of double entry. (5 marks)
- b) The following transactions relate the business of Moses for the month of May 2023
- May 1. Started business with Sh 75,000 in the bank
- May 3. Bought goods on credit from Gabriel Sh 40,000
- May 4. Sold goods worth sh 34,000 and money deposited directly into the bank
- May 10. Sold goods on credit to Sally Sh 30,000
- May 14. Paid wages by cheque Sh 7,500
- May 17. Paid rent by cheque sh 7,000
- May 20. Received cheque of Sh 30,000 from Sally
- May 26. Paid Gabriel Sh 32,000 by cheque

**Required**

- i) Ledger accounts and balance off the accounts (10 marks)  
 ii) Trial balance as at 31 May 2022 (5 Marks)

**QUESTION THREE (20 MARKS)**

The following Trial balance was extracted from books of Kansas Events supplies Enterprises as at 30 June 2023

	Debit	Credit
	Sh	Sh
Opening Stock 1 July 2022	142,080	
Purchases	693,120	
Sales		1,116,000
Salaries and wages	231,720	
Rent	18,240	
Insurance	30,000	
Motor expenses	39,840	
Office expenses	12,960	
Lighting and heating expenses	9,960	
General expenses	18,840	
Buildings	345,000	
Motor vehicles	108,000	
Computers	60,000	
Furniture	21,000	
Debtors	233,760	
Creditors		103,860
Cash at bank	41,500	
Short term loan		100,000
Drawings	72,000	
Capital		758,160
	<b>2,078,020</b>	<b>2,078,020</b>

Closing Stock at 30 June 2023 Sh 176,760

**Required**

- i) Statement of profit and loss for the year ended 30 June 2023 (10 marks)  
 ii) Statement of Financial Position as at 30 June 2023 (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Highlight four features of the cash book (4 marks)
- b) Salim who runs a small cereals shop had the following transactions for the month of June 2023
- Jun 1 Balance brought forward cash Sh 30,000 debit and Bank Sh. 95,000 debit
  - Jun 2 Cash sale Sh 31,000
  - June 2 Bought goods for Sh 55,000 cheque
  - Jun 3 Deposited Sh 50,000 from cash till into the bank
  - Jun 4 Received Sh 19,400 cheque from Ben a debtor
  - Jun 5 Paid for postage stamps cash Sh 8,000
  - Jun 6 Bought office equipment by cheque sh 31,000
  - Jun 7 Paid Robert by cheque Sh 9,400
  - Jun 9 Withdrew Sh 15,000 cash from bank for business use
  - Jun 12 Cash sale Sh 43,000

- Jun 13 Paid wages in cash Sh 40,000
- Jun 20 Received Sh 17,400 cheque from Brown a debtor.
- Jun 28 Paid general expenses in cash Sh 3,500
- Jun 29 Took Sh 15,000 cash for personal use
- Jun 30 Paid insurances by cheque Sh 32,000

**Required**

- Two column cash book (10 marks)
- c) Differentiate the following terms
  - i) Revenue and Capital (2 marks)
  - ii) Assets and expenses (2 marks)
  - iii) Current liabilities and non-current liabilities (2 marks)

**QUESTION FIVE (20 MARKS)**

- a) Identify and explain any THREE books of original entry (6 marks)
- b) The following information relates to the business of Karundu Enterprises for the month of June 2023
  - June 2 Credit sales to Dock Sh 24,000, Ryan Sh 12,600, Soul Sh 9,400 and Trip Sh 10,700
  - June 4 Credit Purchases from Clerk Sh 21,600, Lock Sh 32,200, Turner Sh 6,400, Rill sh 13,000
  - June 6 Credit sales to Coates Sh 18,200, Job sh 20,300, Mann sh 9,900
  - June 18 Credit purchases from Top Sh 23,000, Gray Sh 31,000, Low Sh 40,500, Able Sh 18,000
  - June 20 Credit sales to Uphill Sh 39,000
  - June 30 Credit sales to Kane Sh 30,200
  - June 31 Credit Purchases from Turner Sh 17,400, Burns Sh 23,000

**Required**

- i) Sales Day book (4 marks)
- ii) Purchases Day book (4 marks)
- c) Explain the following concepts and conventions used in accounting
  - i) Going concern Concept (2 marks)
  - ii) Accrual concept (2 marks)
  - iii) Money Measurement concept (2 marks)