



OFFICE OF THE DEPUTY VICE CHANCELLOR
ACADEMICS, RESEARCH AND STUDENT AFFAIRS

UNIVERSITY EXAMINATIONS

2024 /2025 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER MAIN EXAMINATION

**FOR THE DIPLOMA IN HOTEL AND
HOSPITALITY**

COURSE CODE: DSTE 023

COURSE TITLE: INTRODUCTION TO ACCOUNTING

DATE: 22ND APRIL 2025

TIME: 2 TO 5 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 4 PRINTED PAGES

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MAIN EXAM

DSTE 023: INTRODUCTION TO ACCOUNTING

STREAM: DHM

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

QUESTION ONE

- (a) Describe the objectives of accounting given that it is a field concerned analysis and reporting of financial transactions pertaining to a business. (8 Marks)
- (b) Differentiate the following accounting conventions:
 - (i) Conservatism (3 Marks)
 - (ii) Consistency (3 Marks)
- (c) The following information relates to Unga Millers Enterprises for the year ended 31st December 2024;

	Amount (\$)
Purchases	25,400
Opening stock	9,500
Sales	78,000
Carriage outwards	500
Sales returns	3,000
Wages	10,000
Advertising expenses	500
Repairs and maintenance	100
Travel expenses	50
Rent expenses	500
Freight in	20
Telephone expenses	100
Insurance expenses	500
Milage allowances	1,500
Office supplies	1,000
Depreciation	4,500
Interest expenses	2,000
Miscellaneous expenses	100
Interest income	1,200
Dividends received	620
Return outwards	300

Additional information;

- (i) The closing inventory amounted to \$8,500
- (ii) Telephone expenses were accruing by \$200
- (iii) Insurance had been prepaid by \$150

Required; Prepare the income statement for the year ended 31st December 2024 (16 Marks)

QUESTION TWO

Accounting standards are written statements by accounting regulatory bodies thereby consisting of rules and guidelines. In view of this statement, elaborate on the following;

- (a) The nature of these accounting standards (8 Marks)
- (b) Justify the fact that firms operating in the modern world are in dire need of accounting standards (12 Marks)

QUESTION THREE

- (a) Explain the benefits that will accrue to enterprises that maintains a petty cash book (10 Marks)
- (b) Using the following transactions relating to the month of January 2025 as provided by XYZ company limited, prepare petty cashbook with analytical columns for postage and stationary, miscellaneous expenses, refreshments, travel, telephone and internet expenses (10Marks)

1 st January; Cash received for petty cash expenses	\$9,250
1 st January; Petty cash balance	\$750
5 th January; Postage paid	\$500
8 th January; Miscellaneous expenses	\$200
11 th January; Drinking water	\$500
14 th January; Taxi fare	\$300
17 th January; Tea and refreshments	\$1,000
20 th January; Telephone bill	\$1,000
22 nd January; Miscellaneous expenses	\$800
24 th January; Postage paid	\$500
25 th January; Travel expenses	\$2,000
26 th January; Stationary expenses	\$700
27 th January; Internet expenses	\$1,500
29 th January; Pens and envelopes	\$500

QUESTION FOUR

Write brief notes regarding the following adjustments done prior to preparation and presentation of financial statements;

- (a) Provision of bad and doubtful debts (4 Marks)
- (b) Depreciation (4 Marks)
- (c) Prepaid expenses (4 Marks)
- (d) Accrued expenses (4 Marks)
- (e) Drawings in form of cash and stock (4 Marks)

QUESTION FIVE

- (a) Elucidate the common causes of variation given the balances as per the cashbook and bank statement in most organizations (10 Marks)
- (b) JPN & Company has a balance of \$20,000 as per bank statement as on 31st March 2021. The company has provided the following transactions;
 - i. Three cheques of \$1000, \$1500, \$1750 were deposited in the bank on 30th December 2021 but were recorded in the bank statement on January 2022.

- ii. A cheque of \$1000 was issued on 31st December 2021, was not processed.
- iii. A dividend of \$500 on stocks was credited to the bank account, but not recorded in the cash book.
- iv. A direct deposit of \$600 was made in a bank account by a customer, which was not recorded in the cash book.
- v. Bank charges of \$60 were entered only in the bank statement.
- vi. Balance as per cash book on 31st December 2021 was \$22,210.

Required; Prepare the bank reconciliation statement as at 31st December 2021 (10 Marks)