



**MURANG'A UNIVERSITY COLLEGE**

*(A CONSTITUENT COLLEGE OF JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY)*

**UNIT CODE : DHM1212**

**DEPARTMENT : HOSPITALITY**

**COURSE TITLE : DIPLOMA IN HOSPITALITY MANAGEMENT**

**UNIT TITLE : ACCOUNTING IN HOSPITALITY**

**ACADEMIC YEAR: 2014/15**

**SEMESTER/TERM/SESSION: YEAR 2, SEMESTER 1**

**DATE: 20<sup>th</sup> AUGUST 2015**

**Instructions.**

**Answer question one and any other two questions.**

## QUESTION ONE

The following transactions relate to KLM Traders for the month ended 31<sup>st</sup> January 2015.

Jan.	1	Started business with capital in cash	Ksh. 25,000
	2	Bought goods on credit from the following	
		Persons:	
		Lukas	5,400
		Patrick	8,700
		Lucy	2,500
		Millicent	7,600
		Mary	6,400
	3.	Sold goods on credit to:	
		Jackson sh.4,300.	
		Virginia sh.6,200,	
		Kamau sh.17,600	
	7	Paid rent sh.1,200 in cash	
	10	Jackson paid us his account by cheque Ksh. 4,300.	
	11	Kamau paid us sh.15,000 by cheque.	
	13	We paid the following by cheque	
		✓ Lucy	Ksh.2,500
		✓ Lukas	Ksh.5,400
	16	Paid carriage outwards by cash Ksh. 2,300	
	19	Bought goods on credit from:	
		Lukas	Ksh. 4,300
		Millicent	Ksh.11,000
	22	Sold goods on credit to Kungu Ksh. 6,700	
	31	Paid rent by cheque Ksh. 1,800	

### **Prepare:**

- Ledger account to record the above transactions.
- Balance the accounts as at 31 January 2015.
- Extract a trial balance as at 31<sup>st</sup> January 2015.

(30 marks)

## Question Two

a) Define the following terms as used in accounting

- (i) Assets
- (ii) Capital
- (iii) Liabilities
- (iv) Debtors
- (v) Creditors
- (vi) Book-keeping
- (vii) Accounting
- (viii) Purchases
- (ix) Sales

(10marks)

b) Classify each of the following items as either assets, liabilities or capital.

- (i) Office machinery
- (ii) Drawings
- (iii) Fixtures and fittings
- (iv) Net Profit
- (v) Motor vehicles
- (vi) Bank loan
- (vii) Stock
- (viii) Accruals
- (ix) Bank overdraft
- (x) Prepayments

(10 marks)

## Question Three.

a) ABC Traders had the following items in the balance sheet as at 31 January,2015.

	Shs
Capital	500,000
Creditor	30,000
Building	300,000
Stock	35,000
Debtors	2500
Bank	192,500

During the first week of February 2015 the following transactions took place.

February 1: bought a motor vehicle Sh. 180,000/= paying for it by cheque.

February 2: borrowed sh. 100,000/= from D. Omino and received a cheque for the amount.

February 3: paying a Creditor sh. 14,000/= by cheque

February 4: received a cheque for sh. 2,000/= from a debtors

February 5: bought some goods on credit for sh.10, 000/=

February 6: bought shop fittings for sh.42, 000/= paying for them by cheque.

Prepare a statement of financial position (balance sheet) as at February 6, 2015

(8 Marks)

(b) The following balances were extracted from the books of XYZ Traders as at December, 2014

	Ksh.
Stock	30,000
Capital	210,000
Drawings	83,000
Loan from Angaka	100,000
Cash in hand	4,000
Cash at Bank	12,000
Trade creditors	90,000
Trade Debtors	120,000
Fixtures and fittings	75,000
Shop premises	200,000
Carriage outwards	11,000
Carriage inwards	16,000
General expenses	7,000
Wages	52,000
Rent	24,000
Lighting and heating	19,000
Returns outwards	8,000
Purchases	405,000
Sales	662,000

**Required**

A trial balance as at 31 December, 2014.

(12 marks)

#### QUESTION FOUR.

(a) Explain five reasons why an organization should maintain proper accounting records. (10 marks).

(b). The following information relate to Jax Enterprises for the month of September 1992.

Sept. 1 Cash in hand sh. 1536, Bank overdraft sh. 5922.  
,, 2 Received a loan from Aura of sh. 60,000 by cheque.  
,, 5 Withdrew cash from bank for business use sh. 1500.  
,, 6 Paid for electricity sh. 2619 by cheque.  
,, 9 Sold goods for cash sh. 5040.  
,, 14 Issued cheque of sh. 5625 to Baiko in full settlement of his account of sh. 5850.  
,, 16 Mori settled his account of sh. 5100 by cheque deducting 5% cash discount.  
,, 20 Bought goods for cash sh. 936.  
,, 26 Bank charges sh. 330  
,, 29 Sold office typewriter for sh. 1750 in cash at its book value.  
,, 30 Withdrew sh. 1800 in cash for private use.

#### Required

Three Column Cash Book. (10 Marks).

THE END