



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF HOSPITALITY AND TOURISM MANAGEMENT

DEPARTMENT OF HOSPITALITY MANAGEMENT

UNIVERSITY ORDINARY EXAMINATION

2018/2019 ACADEMIC YEAR

**SECOND YEAR SECOND SEMESTER EXAMINATION FOR, DIPLOMA IN
HOSPITALITY MANAGEMENT**

DHM 066 – FINANCIAL ACCOUNTING IN HOSPITALITY

DURATION: 2 HOURS

DATE:

TIME:

Instructions to candidates:

1. Answer question One and Any Other Two questions
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION ONE (30 MARKS)

- a) Enter the following transactions in the accounts of Meka traders and extract a trial balance as at 31st May 2006 (20 marks)
- 2006
- May 1 started the business with capital in cash of £250
- May 2 bought goods on credit from the following persons: D. Ellis £54; D. Booth £76; C. Mendez £87; L. Lowe £64; K. Gibson £25
- May 4 sold goods on credit to: C. Bailey £43; B. Hughes £62, H. Spencer £176
- May 6 paid rent in cash £12
- May 9 Bailey paid his account by cheque £43
- May 10 H. Spencer paid £150 by cheque
- May 12 we paid the following by cheque: K. Gibson £25; D. Ellis £54
- May 15 paid carriage by cash £23
- May 18 bought goods on credit from C. Mendez £43; D. Booth £110
- May 21 sold goods on credit to B. Hughes £67
- May 31 paid rent by cheque £18
- b) Describe five users of financial statements, stating why each is interested in the statements (5 marks)
- c) Give the purposes of any five journals used in accounting (5 marks)

SECTION B - ANSWER ANY TWO QUESTIONS IN THIS SECTION

QUESTION TWO (20 MARKS)

- a) The following information was extracted from the books of B. Swift for the year 2015. Prepare his balance sheet as at that date (10 marks)

	£
Cash in hand	20
Furniture and fittings	500
Capital	2000
Creditors	910
Cash at bank	1510
Net profit for the year	800
Debtors	680
Stock	300
Drawings	700

- b) Highlight four reasons why profits are calculated in a business (4 marks)
- c) Describe three ledgers used in accounting (3 marks)
- d) Explain three causes of depreciation (3 marks)

QUESTION THREE (20 MARKS)

- a) From the following trial balance of C. Worth, after his first year’s trading, draw up a trading , profit and loss account for the year 2017 (15 marks)

C. Worth
Trial balance as at 30 June 2017

	Dr	Cr
Sales		28,794
Purchases	23,803	
Rent	854	
Lighting & heating expenses	422	
Salaries & wages	3,164	
Insurance	105	
Buildings	50,000	
Fixtures	1,000	
Debtors	3,166	
Sundry expenses	506	
Creditors		1,206
Cash at bank	3,847	
Drawings	2,400	
Vans	5,500	
Motor running expenses	1,133	
Capital		65,900
Totals	95,900	95,900

- b) Describe five accounting concepts (5 marks)

QUESTION FOUR (20 MARKS)

- a) Write up a two-column cashbook for a marketing agency from the following details and balance it off as at end of the month (20 marks)

2018

- May 1 started business with capital in cash £100
- May 2 paid rent by cash £10
- May 3 F. Lake rent us £500 paid by cheque
- May 4 we paid Mckenzie by cheque £65
- May 5 cash sales £98
- May 7 N Miller paid us by cheque £62
- May 9 we paid B. Burton in cash £22
- May 11 cash sales paid direct to the bank £53
- May 15 G Morres paid us in cash £65
- May 16 we took £50 out of the cash till and paid it into the bank account

May 19 we repaid F. Lake £100 by cheque
May 22 cash sales paid direct to the bank £66
May 26 paid motor expenses by cheque £12
May 30 withdrew £100 cash from the bank for business use
May 31 paid wages in cash £97