MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF HOSPITALITY AND TOURISM

DEPARTMENT OF HOSPITALITY AND TOURISM

UNIVERSITY ORDINARY EXAMINATION

2020/2021 ACADEMIC YEAR

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

DHM 066– HOSPITALITY ACCOUNTING

DURATION: 2 HOURS

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) Outline four objectives of accounting in hospitality establishments. (4marks)

b) Fill in the blank spaces (3marks)

Capital (Shs)	Assets (Shs)	Liabilities (Shs)
600,000	-	280,000
-	1,200,000	530,000
490,000	760,000	-

c) The following details were extracted from the books of Juma traders on the 31st December 2020.

	Shs.		Shs.
Creditors	1,206	Fixtures	1,000
Capital	65,900	Net profit	2,973
Cash at bank	3,847	Debtors	3,166
Buildings	50,000	Motor vehicles	5,500
Stock	4,166	Drawings	2,400

Prepare a statement of financial position for Joma traders as at that date (8marks)

d) Given the following:
i) Accruals
ii) Prepaid expenses
iii) Depreciation
iv) Bad debts

a) Explain the meaning of each (4marks)

b) Explain how each should be treated both in the balance sheet and income statement

(7marks)

e) Highlight four reasons for calculating profit in a hotel (4marks)

SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

QUESTION TWO (20 MARKS)

a) From the following transactions prepare a cash book for Baraka traders as at 30th September 2020. (10marks)

Date

1st September	Proprietor puts capital into the bank account for the business amounting to sh.940
2nd sept	Received cheque from Boni worth sh. 115
4th sept	Cash sales sh.102
6th sept	Paid rent by cash sh.35
7th sept	Banked sh. 50 of the cash held by business
15th sept	Cash sales paid direct into the bank sh.40
23rd sept	Paid sh. 277 to s. willis by cheque
29th sept	Withdrew cash from bank for business use sh.120
30th sept	Paid wages in cash sh. 119

b) Describe the three ledges used in accounting, stating the purpose of each. (6marks)

c) Distinguish between discount allowed and discount received, stating how each should be treated while preparing a three column cashbook. (4marks)

QUESTION THREE (20 MARKS)

a) The following transactions relate to R. Graham for the year ended 30th September 2009. Prepare his income statement for the year. (10marks)

<u>Sh</u>

Stock (1st Oct 2008)	2368
Carriage outwards	200
Carriage inwards	310
Return inwards	205
Return outwards	322
Purchases	18,600
Sales	11,874
Salaries and wages	3862
Rent	304
Insurance	78
Motor expenses	664
Office expenses	216
Lighting and heating expenses	166
General expenses	314

Stock as at 30th September 2009 was valued at £ 2946 .

b) Explain five users of financial statements, stating clearly why each has an interest in the statements (10marks)

QUESTION FOUR (20 MARKS)

a) From the following information extracted from the books of B. Jackson, prepare a trial balance.

Sh   (10marks)

	Sh
Cash in the bank	3876
Drawings	2050
Sundry expenses	1202
Rent	576
Debtors	4577
Carriage outwards	326
Cash in hand	120
Capital	12,844
Creditors	3045
Carriage inwards	234
Returns inwards	440
Motor expenses	664
Fixtures and fittings	600
Motor vehicles	2400
Returns outwards	355
Salaries and wages	2447
Purchases	11,556
Stock 30th April 2021	4998
Sales	18,600
Stock(1st May 2020)	3776

b) John opened a restaurant on 1st January 2020, depositing sh.200, 000 into his business bank account. During the year, he took a business Van valued at 180,000 for personal use. The net profit for the year ended 31st December 2020 was 300,000.

Calculate his net capital as at 31st Dec 2020.   (4marks)

c) Explain any three accounting concepts clearly.   (6marks)