



**TECHNICAL UNIVERSITY OF MOMBASA**  
***Faculty of Business & Social Studies***

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN HOTEL AND INSTITUTIONAL MANAGEMENT  
(DHIM)

**BAC 2330: HOSPITALITY ACCOUNTING**

END OF SEMESTER EXAMINATIONS

**SERIES:** APRIL 2015

**TIME:** 2 HOURS

**INSTRUCTIONS:**

- This paper consists of Sections **A** and **B**.
- Section **A** is **Compulsory**. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room.
- Cheating leads to disqualification.
- *This paper consists of Five printed pages.*

## SECTION A (Compulsory) 30 Marks

### QUESTION 1

- a) The following transactions relate to Power Shop. Enter the information in ledger accounts and prepare a Trial Balance as at 31<sup>st</sup> January 2012

Jan.	1 <sup>st</sup>	Started business with sh. 35,000 in cash
	2 <sup>nd</sup>	Put sh. 28,000 of cash into the bank
	4 <sup>th</sup>	Bought goods on credit from: Judah sh. 3,600; Samson sh. 3,400
	5 <sup>th</sup>	Bought stationery on credit from Sparrow Ltd sh. 1,900
	6 <sup>th</sup>	Sold goods on credit to: Walter sh. 900; Paul sh. 1,600
	8 <sup>th</sup>	Paid rent by cheque sh. 1,500
	11 <sup>th</sup>	Paid salaries in cash sh. 1,200
	14 <sup>th</sup>	Returned goods to Judah sh. 400; Samson sh. 600
	15 <sup>th</sup>	Bought equipment by cheque sh. 7,000
	18 <sup>th</sup>	Received loan from Henry by cheque sh. 6,000
	21 <sup>st</sup>	Received cheques from Walter sh. 900 and Paul sh. 1,500
	30 <sup>th</sup>	Received a further loan from Henry sh. 2,000

(20 marks)

- b) Discuss any **FIVE** roles Accounting plays in a Hospitality organization.

(10 marks)

## SECTION B (Answer any TWO questions) 40 Marks

### QUESTION 2

- a) Record the following items in the Journal, post to personal account and transfer totals to the General ledger

2013

Dec.	1 <sup>st</sup>	Credit purchases from: Hill sh. 38,000; Norman sh. 50,000
	3 <sup>rd</sup>	Credit Sales to: Ruth sh. 51,000; Felix sh. 24,600
	5 <sup>th</sup>	Credit purchases from Moses: sh. 20,000; David sh. 6,600
	8 <sup>th</sup>	Credit sales to: Grace sh. 30,700; George sh. 25,000
	12 <sup>th</sup>	Returns outwards to: Norman sh. 3,000; Hill sh. 1,600
	14 <sup>th</sup>	Returns inwards from P. Ruth sh. 1,800; Felix sh. 4,200
	24 <sup>th</sup>	Credit purchases from: Faith sh. 55,000; Elsie sh. 90,000
	31 <sup>st</sup>	Returns inwards from: Grace sh. 2,700; George sh. 3,000
	31 <sup>st</sup>	Returns outwards to: Moses sh. 1,300; David sh. 1,100

- b) For comparability purposes, accountants must adhere to some rules/concepts. Discuss any **FOUR** of these rules.

(8 marks)

### QUESTION 3

a)

Cashbook							
Dr.		£		Cr.		£	
<b>2010</b>				<b>2010</b>			
July	1	Bal. b/d	237,900	July	5	Blake	1,500
	7	Grace	1,580		12	Gray	43,300
	16	Silvia	9,300		16	Steve	8,800
	28	Brown	30,700		29	Orange Club	5,700
	30	Black	<u>62,400</u>		30	Bal. c/d	<u>283,300</u>
			<b><u>356,100</u></b>				<b><u>356,100</u></b>

BANK STATEMENT				
		Dr	Cr.	Balance
<b>2010</b>				
July	1	Bal. b/d		237,900
	7	Cheque		253,700
	8	Blake	1,500	238,700
	16	Cheque		248,000
	17	Gray	4,330	204,700
	18	Steve	8,800	195,900
	28	Cheque		226,600
	29	Standing order	4,400	222,200
	30	Trade credit: John		231,200
	30	Bank charges	7,000	224,200

#### Required:

From the above information prepare:

- i) Un updated cashbook. (6 marks)
  - ii) A Bank Reconciliation Statement as on 31<sup>st</sup> July 2010. (8 marks)
- b) State any **SIX** reasons as to why the bank balance according to the above **TWO** statements differ. (6 marks)

#### QUESTION 4

- a) The following is a Trial Balance of Saviour as at 31<sup>st</sup> May 2009. Draw up a Trading, and Profit and Loss Account for the Year ended 31<sup>st</sup> May 2009 and a Balance Sheet as at that date. **(15 marks)**

	<b>Dr.</b>	<b>Cr.</b>
Stock (1 <sup>st</sup> May 2008)	181,600	
Sales		923,400
Purchases	691,850	
Carriage inwards	4,200	
Carriage outwards	15,700	
Returns outwards		6,400
Salaries	102,400	
Rent & rates	30,150	
Communication expenses	6,240	
Commissions payable	2,160	
Insurance	4,050	
Sundry expenses	3,180	
Buildings	200,000	
Debtors	143,200	
Creditors		81,600
Fixtures	28,500	
Cash at bank	29,700	
Cash in hand	1,150	
Drawings	76,200	
Capital	<u>          </u>	<u>508,880</u>
	<b><u>1,520,280</u></b>	<b><u>1,520,280</u></b>

Stock as at 31<sup>st</sup> May 2009 was sh. 223,900.

- b) Write brief notes on the Accounting Equation. **(5 marks)**

## QUESTION 5

a) From the following information, prepare a Three Column Cashbook.

2013

July	1 <sup>st</sup>	Bal. b/d cash 10,200; Bank sh. 220,600
	3 <sup>rd</sup>	Received money from the following by cheque less 5% discount: James sh.100,000; Simon sh. 21,000
	3 <sup>rd</sup>	Cash sales paid directly into bank sh. 13,200
	5 <sup>th</sup>	Paid rent by cheque sh. 8,600
	6 <sup>th</sup>	Paid the following by cheque less 2.5% discount: Jim 40,000; Karen sh. 22,000
	8 <sup>th</sup>	Withdrew cash from bank for business use sh. 20,000
	10 <sup>th</sup>	Cash sales sh. 18,200
	12 <sup>th</sup>	Paid wages by cash sh. 25,000
	20 <sup>th</sup>	Bought fixtures by cheque sh. 35,000
	24 <sup>th</sup>	Received a loan of sh. 15,400 from Dorcas
	30 <sup>th</sup>	Cash sales sh. 12,700
	31 <sup>st</sup>	Bought stationery by cash sh. 850

**(14 marks)**

b) Discuss the importance of a cashbook to an organization.

**(6 marks)**