



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

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN HOTEL & INSTITUTIONAL MANAGEMENT  
(DHIM M12/S12)

**BAC 2330: HOSPITALITY ACCOUNTING**

END OF SEMESTER EXAMINATIONS

**SERIES:** APRIL 2014

**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) Enter the following transactions in the accounts; balance off and extract a Trial Balance.  
2009

May	1 <sup>st</sup>	started business with sh. 20,000 in the bank
	2 <sup>nd</sup>	Bought goods on credit from Shaw sh. 9,000
	5 <sup>th</sup>	Sold goods for goods sh. 1,800
	6 <sup>th</sup>	We returned goods to Shaw sh. 400
	8 <sup>th</sup>	Bought goods on credit from Hughes sh. 1,900
	10 <sup>th</sup>	Sold goods on credit to Wood sh. 3,900
	12 <sup>th</sup>	Sold goods fro cash sh. 2,100
	18 <sup>th</sup>	Took sh. 3,000 of the cash and paid it into the bank.
	21 <sup>st</sup>	bought machinery, by cheque sh. 5,500
	22 <sup>nd</sup>	Sold goods on credit to Moore sh. 2,200
	23 <sup>rd</sup>	Wood returned goods to us sh. 1,400
	25 <sup>th</sup>	Moore returned goods to us sh. 100
	28 <sup>th</sup>	We returned goods to Hughes sh. 300
	29 <sup>th</sup>	We paid Shaw by cheque sh. 8,600
	31 <sup>st</sup>	Bought machinery on credit from Lee sh. 2,700

(15 marks)

- b) Explain the following; citing examples/illustrations:

- i) Real accounts (2 marks)
- ii) Nominal accounts (2 marks)
- iii) Balancing off accounts. (2 marks)
- iv) Closing off accounts (2 marks)

- c) Discuss **SEVEN** groups who find accounting information useful and the relevance of this information to each group. (7 marks)

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

### QUESTION 2

- a)

Cashbook					
<b>2009</b>		<b>Sh.</b>	<b>2009</b>		<b>Sh.</b>
January 1 <sup>st</sup>	Bal. b/d	3,200	January 10 <sup>th</sup>	Morgan	1,100
16 <sup>th</sup>	Thomas	1,600	20 <sup>th</sup>	McCarthy	900
24 <sup>th</sup>	Verity	1,400	28 <sup>th</sup>	Chesire	1,800
31 <sup>st</sup>	Siloam	4,700	30 <sup>th</sup>	Peter	2,000
31 <sup>st</sup>	Johnson	900	31 <sup>st</sup>	Bal. c/d	6,000

### Bank Statement

		Withdrawals (sh.)	Deposits (sh.)	Balance (sh.)
<b>2009</b>				
January 1 <sup>st</sup>	Bal. b/d			3,200
12 <sup>th</sup>	10,627	1,100		2,100
16 <sup>th</sup>	Deposit		900	3,700
23 <sup>rd</sup>	10628	900		2,800
24 <sup>th</sup>	Deposit		1,400	4,200
28 <sup>th</sup>	Direct debit: Chesire	1,800		2,400
31 <sup>st</sup>	KCB credit: Johnson		900	3,300

#### Required:

From the above extracts prepare:

- i) An updated cashbook
  - ii) A bank reconciliation statement as on 31<sup>st</sup> December 2009. (14 marks)
- b) State and explain any **SIX** accounting concepts that accountants follow in preparation and presentation of financial statements. (6 marks)

### QUESTION 3

- a) The following information relates to Josiah, a trader at Jomvu in Mombasa.

<b>2008</b>		<b>sh.</b>
May 1 <sup>st</sup>	balances brought down from April	
	Cash balance	2,900
	Bank balance	65,400
	Debtors accounts:	
	Kingi	12,000
	Calvin	28,000
	Sharif	4,000

Creditors Accounts:		
	Baraza	6,000
	Allen	44,000
	Lorupe	20,000
2 <sup>nd</sup>	Kingi pays us by cheque deducting 2 1/2 % cash discount	11,700
8 <sup>th</sup>	We paid Lorupe by cheque deducting 5% discount	9,500
11 <sup>th</sup>	Withdrew sh. 10,000 cash from bank for office use	10,000
16 <sup>th</sup>	Calvin pays his account by cheque deducting 2 1/2 % discount	27,300
25 <sup>th</sup>	We paid wages in cash	9,200
28 <sup>th</sup>	Sharif pays us in cash after having deducted 5% cash discount	3,800
29 <sup>th</sup>	We pay Baraza by cheque less 5% cash discount	5,700
30 <sup>th</sup>	We pay Allen by cheque less 2 1/2 % cash discount.	42,900

**Required:**

Prepare a three-column cashbook and balance it off. **(15 marks)**

b) State any **FIVE** reasons for customers returning part of the goods. **(5 marks)**

**QUESTION 4**

a) The following information was contained in the trial balance of Kibinda, a sole trader

	Sh.	Sh.
Purchases	720,000	
Stock (1 <sup>st</sup> Jan. 2010)	120,000	
Carriage on sales	30,000	
Discount allowed	8,000	
Interest received		2,600
Sales		1,300,000
Returns outwards		15,000
Bank overdraft		120,000
Rent and rates	49,600	
Sundry debtors	18,000	
Capital		1,231,000
Sundry creditors		35,000
Cash in hand	30,000	
Salaries	156,000	
Land	130,000	
Furniture	62,000	
Return inwards	100,000	
Drawings	110,000	
Motor vans	1,170,000	
	<u>2,703,600</u>	<u>2,703,600</u>

The stock on hand at 31<sup>st</sup> December was valued at sh. 75,000

**Required:**

Prepare a Trading, Profit and Loss account for the year ended 31<sup>st</sup> December 2010 and a Balance Sheet as at that date. **(15 marks)**

b) State any **FIVE** reasons of preparing financial statements to an organization. **(5 marks)**

**QUESTION 5**

a)

2010

September	1 <sup>st</sup>	Credit purchases from Hillary sh. 8,300; Nelly sh. 5,000; Samuel 1,270
	3 <sup>rd</sup>	Credit sales to: Reagan sh. 5,200; Thomas sh. 2,350; Tom sh 3,580
	6 <sup>th</sup>	Credit purchases: Moses sh. 2,200; Collins sh. 1,900; Eddy sh. 4,200; Dennis sh. 680
	8 <sup>th</sup>	Credit sales to: Greg sh. 3,080; George sh. 2,700; Felix sh. 1,960
	12 <sup>th</sup>	Returns outwards to: Nelly sh. 300; Samuel sh. 170
	14 <sup>th</sup>	Returns inwards from: Thomas sh. 195; Tom sh. 260
	20 <sup>th</sup>	Credit sales to: Thomas sh. 1,980; Lilian sh. 4,300
	24 <sup>th</sup>	Credit purchases: Felix sh. 5,500; Erick sh. 9,000
	31 <sup>st</sup>	Returns inwards: Thomas sh. 285; Reagan sh. 300
	31 <sup>st</sup>	Returns outwards: Collins sh. 184; Dennis sh. 125

**Required:**

From the above information prepare the day books, show personal accounts and transfer totals to general ledger. **(14 marks)**

b) Describe any **SIX** source documents used by businesses. **(6 marks)**