



TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Business & Social Studies

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN TOURISM MANAGEMENT

(DTM M12)

BAC 2331 : HOSPITALITY ACCOUNTING

END OF SEMESTER EXAMINATIONS

SERIES: DECEMBER 2013

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 of Brenda, and extract a Trial Balance 2008

- May 1: Started in business with £20,000 in the bank
- May 2: Hughes lent us £5,000 in cash.
- May 3: Bought goods on credit from Brown £1,530
- May 4: Sold goods for cash £1,910
- May 6: Took £200 of cash and paid it into the bank
- May 8: Sold goods on credit to Rise £1,374.
- May10: Sold goods on credit to Taylor £341
- May11: Bought goods on credit from Brown £ 488
- May12:Rise returned good to us £65
- May14:Sold goods on credit to Gate £535 and sim £262
- May 15:We returned goods to Brown £94
- May 17:Bought van on credit from Aberdien £4,370
- May 18:Bought office furniture on credit from Winter £1,800
- May 19:We returned goods to Jess £130.
- May 20:Bought goods for cash £390
- May24: Goods sold for cash £110
- May 25:Paid money owing to Brown by cheque £1,924
- May26: Goods returned to us by Gate £34
- May 27: Returned some office furniture costing £180 to winter.
- May 28:Linda put a further £2,500 into business in cash.
- May 29: Paid Aberdeen £4,370 by cheque
- May 31:Bought office furniture for cash £365

(20marks)

b) Accounting should be done under laid down rules and procedures for uniformity purposes.

Explain the meaning of the following accounting concepts:-

- | | | |
|------|--------------------|---------|
| i) | Materiality | (1mark) |
| ii) | Prudence | (1mark) |
| iii) | Substance overform | (1mark) |
| iv) | Duality | (1mark) |
| v) | Money measurement | (1mark) |
- c) What relevance does management accounting have to the hotel industry. (5marks)

QUESTION 2

Sally Trial Balance
As on 30 April 2007

DR

CR

Sales		210,420
Purchases	108,680	
Stock May 2006	9,410	
Carriage Outwards	1,115	
Carriage inwards	840	
Return Inwards	4,900	
Return Outwards		3,720
Salaries & Wages	41,800	
Motor expenses	912	
Rent	6,800	
Sundry expenses	318	
Motor vehicles	14,400	
Fixtures & fittings	912	
Debtors	23,200	
Creditors		14,100
Cash at bank	4,100	
Cash in hand	240	
Drawings	29,440	
Capital	<u> </u>	<u>18,827</u>
	<u>247,067</u>	<u>247,067</u>

N/B

Stock at 30th April 2007 was £ 11,290.

a)

i) Prepare a trading profit and loss a/c for year ended 30th April 2007.

ii) Prepare a Balance sheet as at that date.

(14marks)

b) Why should business keep proper books of accounts.

(6 marks)

QUESTION 3

Jack has a petty cash float of sh.3,000 bring the cashier. He had a balance brought down of sh.500 from month of April 2008. The following transactions took place in May 2008.

	Sh.
May: 2 Postage	180
May: 3 Traveling	120
May:4 Cleaning	220
May:7 Petrol for delivery van	250
May:8 Travelling	170
May:9 Stationery	180

May:11	Cleaning	50
May:14	Postage	80
May:15	Travelling	90
May:18	Stationery	230
May 18	Cleaning	130
May: 20	Postage	200
May:24	Delivery van 5,000 mile service	430
May:26	Petrol	210
May:27	Cleaning	180
May:29	Postage	50
May 30	Petrol	140

Required:

- a) Rule up a petty cashbook with analysis column for expenditure on cleaning ,motor expenses, Postage, stationery, travelling (14 marks)
- b) State any six merits of a petty cash cashbook applying imprest system. (6marks)

QUESTION 4

The following are extracts from cashbook and bank statements of Benson.

Required:

- a) Write cashbook up to date and state new balance as on 31 December 2009. (6 marks)
- b) Draw up a bank reconciliation statement as on 31 December 2009. (8 marks)

Cashbook

2009	Dr	£	Cr	£	
Dec 1:	Bal b/d	3,419	Dec 8	young	462
7:	Lamb	101	15	Gray	21
22:	Brock	44	28	Errant	209
31:	Terry	319	31:	Bal c/d	3,437
31:	Miller	<u>246</u>			
		4,129			4,129

Bank statement

2009	Dr	Cr	Balance
Dec 1 :	Bal b/d		3,419
7 :	Cheque	101	3,520

11 : Young	462	3,058
20 : Gray	21	3,037
22 : Cheque	44	3,081
31 : Credit transfer: morris	93	3,174
31 : Bank charges	47	3,127

b) Highlight and briefly explain any THREE external users of accounting information. (6marks)

QUESTION 5

a) Enter the following transactions in a three column cashbook and balance it off.

2010

June 1: Started business with sh.25,000 at bank.

2: Bought goods by cheque sh.3,800..

5: Cashed a cheque for office use sh 2,000

8: Paid expenses in cash sh.300.

10: Sold goods for cash sh.2,500.

13: Paid x y z ltd by cheque sh 5,000 less 5% discount.

14: Received from ABC co. a cheque of amount due sh.2,600 less 4% cash discount.

16: Paid expenses in cash sh.250.

18: Paid own by cheque amount owing sh.7,400 deducting 3% discount.

20: Received cash from Ndaowo of a debt of sh 3,700 less 3% discount.

31: paid wages in cash sh.1,000

(14marks)

b) Errors are miscalculations that affect the true presentation of the trial balance.

Discuss any THREE errors that do not affect Trial Balance.

(6marks)