THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

Faculty of Business & Social Studies

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN HOTEL MANAGEMENT

(DHM J08)

HOTEL ACCOUNTING

END OF SEMESTER EXAMS

SERIES: APRIL/MAY 2010

TIME: 2   HOURS

INSTRUCTIONS TO CANDIDATES

- This paper consists of **FIVE** questions. Answer questions **ONE** and

  any **TWO** questions from the other **FOUR**.

- You may use calculators in the examination. DO NOT USE MOBILE PHONES.

- Follow ALL other examination RULES.

Answer **ALL** questions.

Q.1 (a) Define Accounting and differentiate it from book-keeping. (2 marks)

(b) Fill in the gaps in the following statements regarding a holiday hotel choose from Fixed Assets, Current Assets, Long-term liabilities owners capital and current liabilities.

(i) The cash in the safe is included under _____

(ii) The difference between the total value of the hotel and what is owed to lenders and suppliers is included under

_____

(iii) The laundry equipment is included under _____

(iv) The unpaid invoice to the suppliers of fresh food is included Under _____.

(v) A returnable deposit on a booking paid by a potential guest is included under _____

(vi) The bank overdraft is included under _____

(vii) The drinks in a bar cellar are included under _____

(viii) The ten year mortgage on the land and building is included under _____ (8 marks)

(c) From the following transactions, identify the accounts to debit and account to credit.

Sr. No.	Transaction	Account to Dr.	Account to Cr.
1	Started business with Kshs.5000 in cash		
2	Received a loan of Kshs.30,000 from A. Smith		
3	Bought machinery for cash Kshs.2,000		
4	Bought goods from S. David on credit		
5	Banked cash		

(10 marks)

(d) S.M. Peter had the following balances as at 31st December, 1990.

	Shs.		Shs.
Land	200,000	Motor vehicles	55,000
Stock	45,000	Loan from Bank	70,000
Equipment	75,000	Cash in hand	5,000
Debtors	27,000	Bank overdraft	20,000
Creditors	35,000		

Required:

Use the above information to:

(i)   Arrange the items into:

        (a)   Fixed Assets
        (b)   Current Assets
        (c)   Long term liabilities
        (d)   Current Liabilities

(ii)   Calculate S.M. Peter's capital.

(iii)   Prepare S.M Peter's Balance Sheet as at 31.12.1990.   (10 marks)

SECTION B
(Answer any **FOUR** questions from this Section)

Q.2   (a)   Why do some businesses keep a petty cash book as well as a
        cashbook?   (5 marks)

     (b)   Kathryn Rochford keeps her petty cashbook on the imprest system,
        the imprest being £25. For the month of April 19x1 her petty cash
        transactions were as follows:

			£
April	1	Petty cash balance	1.13
"	2	Petty cashier presented vouchers to cashier and Obtained cash to restore imprest	23.87
"	4	Bought postage stamps	8.50
"	9	Paid to Courtney Bishop, a creditor	2.35
"	11	Paid bus fares	1.72
"	17	Bought envelopes	0.70
"	23	Received cash for personal telephone call	0.68
"	26	Bought petrol	10.00

(i)   Enter the above transactions in the petty cashbook and balance
       the petty cash book at 30 April, bringing down the balance on
       1st May.

(ii)   On 1 May Kathryn Rochford received an amount of cash from
       the cashier to restore the imprest. Enter this transaction in
       the petty cash book.

(iii)   Open the ledger accounts to complete the double entry for the
       following:-

        (a)   The petty cash analysis columns headed postage and
            stationery and Travelling expenses.
        (b)   The transactions dated 9 and 23 April 19x1.   (15 marks)

Q.3 (a) Explain any **FIVE** importance of accounting information to users. (10 marks)

(b) On 31st December 19x0 the bank column of C Tench's cashbook showed a debit balance of £1,500. The monthly bank statement written upto 31 December 19x0 showed a credit balance of £2,950.

On checking the cashbook with the bank statement it was discovered that the following transactions had not been entered in the cashbook:

(i) Dividends of £240 had been paid directly to the bank.
(ii) A credit transfer – customs and Excise VAT refund of £260 – had been collected by the bank.
(iii) Bank charges £30.
(iv) A direct debit of £70 for the RAC subscription had been paid by the bank.
(v) A standing order of £200 for C. Tench's loan repayment had been paid by the bank.
(vi) C. Tench's deposit account balance of £1,400 was transferred into his bank current account.

A further check revealed the following:-

(i) Two cheques drawn in favour of T. Cod £250 and F. Haddock £290 had been entered in the cashbook but had not been presented for payment.

(ii) Cash and cheques amounting to £690 had been paid into the bank on 31st December 19x0 but were not credited by the bank until 2nd January 19x1.

Required:

(a) Starting with the debit balance of £1,500, bring the cashbook (bank column) upto date and then balance the bank account.

(b) Prepare a bank reconciliation statement as at 31st December 19x0.
(10 marks)

Q.4 L. Stokes drew up the following trial balance as at 30th September 19x8. You are to draft the trading and profit and loss account for the year to 30th September 19x8 and a balance sheet as at that date.

	Dr. £	Cr. £
Capital		30,955
Drawings	8,420	
Cash at Bank	3,115	
Cash in hand	295	
Debtors	12,300	
Creditors		9,370
Stock 30 September 19x7	23,910	
Motor Van	4,100	
Office equipment	6,250	

Sales		130,900
Purchases	92,100	
Returns inwards	550	
Carriage inwards	215	
Returns outwards		307
Carriage outwards	309	
Motor expenses	1,630	
Rent	2,970	
Telephone charges	405	
Wages and salaries	12,810	
Insurance	492	
Office expenses	1,377	
Sundry expenses	284	
	171,532	171,532

Stock at 30 September 19x8 was £27,475   (20 marks)

Q.5   Write short notes on the following:-

(a)   Sales Journal   (4 marks)
(b)   Purchases Journal   (4 marks)
(c)   Double entry rule and accounting   (4 marks)
(d)   Errors not detectable by a trial balance   (8 marks)