



MACHAKOS UNIVERSITY

University Examinations for 2017/2018 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING, ACCOUNTING & FINANCE

SECOND YEAR SECOND SEMESTER EXAMINATION FOR DIPLOMA IN
HOSPITALITY AND TOURISM MANAGEMENT

SHT 031: INTRODUCTION TO HOSPITALITY & TOURISM ACCOUNTING

DATE:11/12/2017

TIME:8.30-10.30 AM

INSTRUCTIONS:

- i. Answer question one and any other two questions.
- ii. Marks allocated for each question are shown at the end of the question.
- iii. Show your working where necessary.

1. (a) Giving ONE relevant example in each case, explain the following terms.
 - i. Asset
 - ii. Revenue
 - iii. Expense
 - iv. Liability
- (b) Fill the missing figures in the table below.

(8 marks)

ASSETS (Sh.)	CAPITAL (Sh.)	LIABILITIES (Sh.)
513,470	114,375	?
?	1,093,554	451,008
3,000,071	?	1,999,073
499,111	298,892	?
?	3,000,021	2,001,117

(10 marks)

(c) Kashujaa is a sole trader. As at 30th April 2016, the following balances were extracted from his books.

	Shs.
Sales	394,500
Purchases	228,500
Office expenses	19,000
Insurance	700
Wages	79,000
Rates	28,000
Lighting & Heating	12,000
Telephone	6,000
Discount Allowed	11,000
Opening Stock	5,000
Returns Inwards	2,000
Return Outwards	1,500
Premise	400,000
Plant & Machinery	50,000
Motor Vehicle	120,000
Debtors	125,000
Bank balance	78,000
Creditors	34,000
3 Year bank loan	100,000
Capital	600,000
Drawings	40,000
Closing stock	5,500

Required: Extract a Trial Balance from the above list of balances. (12 marks)

2. Q1. The following transactions took place in the month of May 2017.
- May 3: Sold goods Sh. 125,000 on credit to Jacobs invoice no. CP/0124/17
 - May 5: Bought goods Sh. 80,000 on credit from Muga Suppliers invoice no. RS 027
 - May 7: Returned goods to Muga Suppliers Sh. 12,000
 - May 8: Bought goods Sh. 170,000 from Kikwetu enterprises invoice no. ZC/089/T
 - May 11: Sold goods Sh. 37,000 on Credit to Jamleck invoice no. CP/0125/17
 - May 13: Sold goods Sh. 67,000 on credit to Joakim invoice no. CP/0126/17
 - May 17: Bought goods on credit Sh. 95,200 from Mambo traders invoice no. 147/F
 - May 18: Jamleck returned goods Sh. 4000.
 - May 20: Returned goods to Mambo traders Sh. 2,200
 - May 21: Sold goods on credit to Jacobs on credit Sh. 25,000 invoice no. CP/0127/17
 - May 23: Bought goods on Credit Sh. 128,000 from Muga Suppliers invoice no. RS 041
 - May 24: Cash purchases amounted to Sh. 46,000.

May 26: Cash sales Sh. 70,100.
 May 28: Credit purchases from Waigwa Sh.21, 000 invoice no. W235/YT
 May 29: Returned goods to Waigwa Sh. 1,500
 May 30: Sold goods on credit to Joakim Sh. 52,500 invoice no. CP/0128/2017.
 May 30: Credit purchases from Kikwetu enterprises. Sh.140, 000 invoice no. ZC/097/T
 May 31: Joakim returned goods Sh. 1,500

Required: Prepare;

- a) Sales journal
- b) Purchases journal
- c) Sales Returns journal
- d) Purchases returns journal (20 marks)

3. The following information is availed to you in relation to Alpha & Omega co.Ltd.

2016

Feb 1: Balance b/d	Sh.
Cash	110,000
Bank	385,000
Debtors:	
Sarakasi	160,000
Kawira	100,000
Rufus	120,000
Creditors:	
Kilimo	120,000
Matata	200,000
Kutesa	280,000

The following transactions took place in the month of Feb, 2016

- Feb 3. Kawira settles her account by cheque after deducting 5% cash discount.
- Feb 7: Paid amount owing to Kilimo by cheque less 2.5% cash discount.
- Feb 10: Withdrew sh. 150,000 in cash from the bank for business use.
- Feb 15: Sold goods on credit to Kawira sh. 220,000
- Feb 17: Sarakasi paid the amount owing by cheque less 2.5% cash discount.
- Feb 20: Paid wages by cheque sh. 315,000
- Feb 22: Paid the amount owing to Matata by cheque after deducting 5% Cash discount
- Feb 25: Rufus paid the amount owing by cheque less 2.5% cash discount.
- Feb 28: Paid the amount owing to Kutesa by cheque after deducting 2.5% cash discount

Required:

Prepare a 3-column cash book for Alpha & Omega co. Ltd clearly showing the above transactions and balance it as at Feb 28, 2016. (20 marks)

4. From the following trial balance of Mlenga Mbele enterprises, prepare an income statement for the year ending December 31, 2016 and a balance sheet as at that date, taking into consideration the adjustments shown below.

TRIAL BALANCE		
AS AT 31 DEC, 2016		
ITEM	DR	CR
	Sh.	Sh.
Sales		400,000
Purchases	350,000	
Purchases Returns		6,200
Sales Returns	5,000	
Opening Inventory	100,000	
Allowance for doubtful debts		800
Wages and Salaries	30,000	
Rates	6,000	
Telephone	1,000	
Shop fittings at cost	40,000	
Van at cost	30,000	
Accounts receivable and payable	9,800	7,000
Bad debts	200	
Capital		179,000
Bank balance	3,000	
Drawings	<u>18,000</u>	
	<u>593,000</u>	<u>593,000</u>

Additional information:

- i. Closing inventory at Dec 31, 2016 was sh. 120,000
 - ii. Rates prepaid sh. 500
 - iii. Accrued wages sh. 5,000
 - iv. The allowance for doubtful debts to be increased to 10% of accounts receivable.
 - v. Telephone account outstanding sh. 220
 - vi. Depreciate Shop fittings at 10% p.a and Van at 20% p.a on cost.
5. The following accounting information was extracted from the books of Mr. Juma for the month of September 2016.
- i) Started a business with Sh. 40,000 cash
 - ii) Bought goods for sale cash Sh. 12,000
 - iii) Paid rent sh. 4,000
 - iv) Sold goods for Sh. 20,000 cash
 - v) Paid wages and salaries Sh. 16,000 cash
 - vi) Bought furniture on credit from Ashal Ltd Sh. 100,000
 - vii) Bought goods on credit from Maida sh. 30,000 and Mutua Sh. 10,000
 - viii) Paid cash Maida Sh. 15,000, Mutua Sh. 4,000

Required:

Record the above transaction in appropriate ledger accounts and balance them off. (20 marks)