



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT

SCIENCES

FIRST SEMESTER EXAMINATION FOR DEGREE IN BACHELOR OF SCIENCE
IN HOSPITALITY AND TOURISM MANAGEMENT

SHT 305: HOSPITALITY AND TOURISM MANAGEMENT ACCOUNTING

Date: 9/8/2016

Time: 11:00 – 1:00 PM

INSTRUCTIONS

Answer Question One and Any Other Two Questions

QUESTION ONE (COMPULSORY)

- a) Systematic budgeting is necessary in any organization. Clearly describe for objectives of budgeting in hospitality industry. (6 marks)
- b) Identify and explain the nature of any three special inherent problems in hotels (6 marks)
- c) Hotel managers are supposed to ensure preparation of specific reports at different management levels. Identify and explain any four items which should be included in the payroll review reports (6 marks)

- d) Betty started her business on 1st January 2015 with Shs. 40,000 cash on 31st December 2015 she had the following assets and liabilities

	Shs.
Stock	16,000
Debtors	10,000
Cash at bank	8,000
Furniture	8,000
Creditors	5,000

On the same day (31st December 2015) the following transactions took place

Withdrew Shs. 3,000 for her own use

Obtained a Shs. 1,000 cash loan from her friend Sarah

Purchased beverages Shs. 2,000 on credit from Peter stores

Prepare her balance sheet as at 31st December 2015

(12 marks)

QUESTION TWO

- a) Internal controls are processes and procedures effected by an organization to provide reasonable assurance regarding achievements of objectives. clearly state and explain any four internal controls designed by an hotel to manage its food and beverage resources. (12 marks)
- b) Theft is a major risk faced by many hospitality businesses. Identify any four types of thefts stating clearly the respective mitigating measures which should be implemented by the affected organization. (8 marks)

QUESTION THREE

- a) Hotel managers must ensure effective reporting on hotel operations throughout the trading period). As a manager of utility resorts, identify and explain any four monthly reports you would expect your departments managers to prepare, explaining the importance of each (12 marks)

- b) The following balances were extracted from the books of forward retailers for the year ended 31.12.2013

	Debit	Credit
	Shs.	Shs.
Purchases	450,000	
Sales		800,000
Stock 1.1.2013	140,000	
Carriage inwards	20,000	
Returns	15,000	70,000
Salaries	157,000	
Stationery	10 000	
Discounts	50 000	80 000
Administration expenses	40,000	
Transport	18,000	
Drawings – goods	<u>50,000</u>	
	<u>950,000</u>	<u>950 000</u>

Prepare the trading, profit and loss account for the year 2013 (8 marks)

QUESTION FOUR

- a) Occupation fraud is a risk commonly found in the hospitality industry. Describe the nature of the fraud explaining the major three major categories (12 marks)
- b) Waste management is a major concern in many hospitality facilities. Explain the three Rs of an effective waste management program (8 marks)

QUESTION FIVE

- a) You are provided with the following financial statements of Leboa conferences for the years 2013 and 2014

Leboa Conferences		
Statement of Financial Position		
As At 31 st December		
	2013	2014
	Ksh ('000)	Ksh ('000)
<u>Assets</u>		
Planting and machinery	22,000	15,000
Land and building	10,000	10,000
Stock	50,000	25,000
Debtors	30,000	50,000
Cash	<u>25,000</u>	<u>25,000</u>
	<u>137,000</u>	<u>125,000</u>
<u>Capital and liabilities</u>		
Share capital	56,000	56,000
Profit and loss	20,000	13,000
Creditors	25,000	20,000
Bank overdraft	11,000	26,000
Unpaid expenses	<u>25,000</u>	<u>10,000</u>
	<u>137,000</u>	<u>125,000</u>

Opening stock for the year 2013 was Shs. 27 million

For each of the above two years, calculate

- i) Current ratio
 - ii) Acid – test ratio
 - iii) Debt equity ratio
 - iv) Debt asset ratio
 - v) Compare the ratios for the two years. (12 marks)
- b) Describe the nature of budgeting in the hospitality industry (8 marks)