



MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING, FINANCE AND BANKING

SECOND YEAR SECOND SEMESTER EXAMINATION FOR DIPLOMA IN

HOSPITALITY AND TOURISM MANAGEMENT

SHT 031: INTRODUCTION TO HOSPITALITY AND TOURISM ACCOUNTING

DATE: 9/6/2017

TIME: 8:30 – 10:30 AM

INSTRUCTIONS

Answer Question One and Any Other Two Questions

QUESTION ONE (COMPULSORY) (30 MARKS)

(a) Explain the use of the following journal;

1. Sales journal (2 marks)
2. purchases journal (2 marks)
3. Sales return journal (2 marks)
4. General journal (2 marks)
5. Return inward journal (2 marks)

(b) The following information was extracted from the books of account of Sanna a sole trader, as at 30 September 2015.

	Ksh
Accounts receivable(debtors)	28,000
Inventories	140,000
Plant and machinery	150,000
Creditors	76,500
Motor vehicles	1,200,000
Bank loan	720,000

Required

Determine the Sanna's capital (8 marks)

(c) During the month of March 2016, Pembe traders made the following transactions:

- May 1 Brought Kshs 600,000 from his savings for business use of which Kshs 400,000 was put in the business bank account.
- May 5 Bought goods Kshs 72,000 by cheque
- May 8 Paid rent for business premises Sh. 12500 cash
- 14 Sold goods Sh.4,200 cash to Hanna
- 16 Bought on credit goods worth Kshs 60,000 from laiki ltd
- 18 Took Sh 18000 cash from the business for domestic use
- 24 Returned goods Sh 3,000 to Laiki ltd
- 28 Paid Laiki ltd Sh 28,200 by cheques
- 30 Paid electricity Sh 4,200 by cash

Required

Post the above transactions in the ledger accounts (12 marks)

QUESTION TWO (20 MARKS)

(a) Explain each of the following accounting concepts:

- i) Going concern
- ii) The accrual
- iii) Consistency
- iv) Prudence
- v) Materiality

(10 marks)

(b) The following is the statement of financial position to the business of Mkoki Enterprises as at 31 December, 2016.

Non Current Assets	Kshs
Equipment	250,000
<u>Current Assets</u>	
Inventory	140,000
Debtors	270,000
Bank	200,000
Cash	<u>20,000</u>
	880,000
Financed by:	
Capital	460,000
Long term liabilities- Bank loan	280,000
Current liabilities	
Creditors	<u>140,000</u>
	<u>880,000</u>

During the first week of January 2017, the following transactions took place:

- i) Received cash Kshs 4,500 from a debtor
- ii) Paid bank loan Kshs 30,000 by cash
- iii) Proprietor brought in equipment valued Kshs 75,000 for business use
- iv) Paid a creditor Kshs 14,500 by cheque
- v) Took Kshs 5,000 cash for personal use

Required

Prepare a new balance sheet after the above transaction have been completed (10 marks)

QUESTION THREE (20 MARKS)

The following trial balance was extracted from the books of Ndovu traders as at 31 December 2016.

	DR	CR
	<u>Sh. 000</u>	<u>Sh.000</u>
Sales		12,600
Capital		10,205
Plant and machinery	14,200	
Debtors	1,860	
Creditors		1,150
Motor vehicles	2,800	
Salaries and wages	1,950	
Stationary	120	
Inventory(1-1-2016)	2,800	
Bad debtors	60	
Office expenses	70	
Returns inwards	10	
Returns outward		35
Insurance	120	
	<u>23,990</u>	<u>23,990</u>

Closing inventory as at 31 December 2016 was valued at Kshs 3,100,000.

Required

- (a) Income statement for the year ended 31 December 2016
- (b) Statement of financial position as at 31 December 2015

(20 marks)

QUESTION FOUR (20 MARKS)

- (a) Explain the following terms (8 marks)
- i) Non-current assets(fixed assets)
 - ii) Current assets
 - iii) Capital
 - iv) Liabilities
- (b) The following transactions were entered in the books of Upendo Retailers for the month of March 2016.

March 1 Began business with Kshs 300,000 in the bank
3 Bought office equipment sh 2,250 by cheque
4 Received Sh 10,500 cash from Kizito a debtor
12 Paid rent Ksh.7,000 by cheque
13 Made cash sale of Ksh. 30,000
15 Withdrew Kshs 45,000 from the bank for office use
17 Bought stationery Ksh. 5,000 in cash
20 Paid Trara Traders, creditor ksh.20, 000 by cheque
24 Paid wages of Ksh. 10,000 by cash
31 Proprietors took Sh 5,000 of cash for personal use.

Required

Prepare a two column cashbook for the month of March 2016 (12 marks)

QUESTION FIVE (20 MAKRS)

In March 2016, Mwende started a business with a starting capital of sh 60,000 cash in hand and sh 120,000 at bank. The following transactions took place in the month of March 2017:

March 1 Bought goods for cash sh 3,000
3 Sold goods for cash 22,500
6 Sold goods on credit to Jane at sh 15,000
10 Sold goods on credit to John at sh 12,000
12 Received sh 15,000 in cash from Jane in full settlement of her account
14 Purchased goods on credit at sh 75,000 from Tetu traders
18 Paid electricity bill sh 3200 by cash
20 Made cash sales of sh 60,000 and banked sh 40,000
22 Paid sh 75,000 to Tetu Traders by cheque
23 Banked sh 5,000 from the cash till
24 Goods worth sh 2,000 were bought
25 Purchased furniture on credit from Pamba Furniture for Sh 25,000
26 Paid wages to a casual labor sh 15,000 by cash
28 Received cash Sh 10,000 from John
31 The proprietor withdrew Sh. 10,000 in cash for private use.

Required

- (a) Ledger accounts to record the transactions above.
(b) Trial balance as at 31 March 2017 (20 marks)