



MURANG'A UNIVERSITY COLLEGE
(A Constituent college of Jomo Kenyatta University of Agriculture and Technology)
SCHOOL OF HOSPITALITY AND TOURISM

UNIT CODE: HT1248

MAIN EXAM

UNIT TITLE: HOSPITALITY ACCOUNTING

SEMESTER: MAY-AUG 2016

CLASS: HT/FB/16D

DATE: 19TH JULY 2016

TIME: 3 HRS

INSTRUCTIONS

1. This paper consists of TWO sections, A and B.
2. Section A is compulsory.
3. Attempt any THREE questions from section B.

SECTION A; (COMPULSORY) 30 MKS

1. A. The following transactions were extracted from the books of Mengo Traders for the month of may 2016.

Feb 1 started a business with sh.250, 000 in the bank.

1 bought equipment sh.45, 900 by cheque.

2 bought goods on credit sh.43, 000 from bomet wholesalers.

4 goods returned to bomet wholesalers' sh.4, 370

5 paid rent sh.23, 000 by cheque

7 cash sales sh.64, 900

14 purchased goods sh.35, 870 and paid by cheque

20 received a loan from jitegemee bank sh.120, 900 and received a cheque

24 paid wages sh.4,900 cash.

25 paid miscellaneous expenses sh.25, 900 by cash.

Required ;

- i. Enter the above transactions in the ledger accounts.(10mks)
- ii. Balance off at the end of the mon (5mks)
- iii. Extract a trial balance as at 31st may 2016. (6mks)

- b. Distinguish between the following terms;
- i. Cash discounts and trade discounts. (2mks)
 - ii. Debit note and credit note. (2mks)
- c. Explain the meaning of the term depreciation. (1mk)
- d. Describe any TWO causes of depreciation. (4mks)

SECTION B: ANSWER ANY TWO QUESTIONS FROM THIS SECTION. (40MKS)

2. A. The following is the statement of financial position of jema traders for the month of January 2013.

	KSH		KSH
Equipment	210,000	capital	600,000
stock	187,600	creditors	198,000
debtors	435,100	bank overdraft	<u>47,200</u>
cash at bank	<u>12,500</u>		
	<u>845,200</u>		<u>845,200</u>

The following transactions took place in the month of February 2013

Feb; 1 received sh.57, 090 by cheque from a debtor.

6 owner sold some of the equipment at the cost price and received sh.45,000 cash

8 paid a creditor sh.43, 800 by cheque

9 bought goods on credit from Magana traders sh.78,450

17 owner withdrew sh.10, 000 cash for office use

24 sold goods and received sh.63, 090 by cheque.

Prepare a statement of financial position as at 28th February 2013. (10mks)

b) The following transactions relate to Magenta Laundry for the month of January 2013.

- January
- 3 Started business with Ksh. 130,000 in the bank
 - 4 Withdrew Ksh. 40,000 for business use
 - 7 Bought equipment Ksh. 60,000 and paid by cheque
 - 11 Bought goods on credit from Mugumo Traders
 - 12 paid rent Ksh. 6,700
 - 17 Cash sales Ksh. 35,900
 - 20 Borrowed Ksh. 150,000 from Heshima Bank and received a cheque
 - 24 Bought goods Ksh. 54,900 and paid by cheque
 - 25 Sold goods on credit Ksh. 47,980 to Teresa
 - 30 Teresa returned goods worth Ksh. 4,200

State the accounts to be debited and the accounts to be credited for each of the above transactions. (10 marks)

3 a) The following transactions relate to Bandari Café for the month of June 2014.

June 1 Balance brought forward:

Cash in hand Ksh. 10,500

Cash at bank Ksh. 216,400

- 1 Received cash from Tom Ksh. 35,900
- 2 Bought kitchen equipment Ksh. 124,000 from Makutano Traders paying by cheque
- 7 Withdrew Ksh. 50,000 for business use from the bank
- 8 Paid travelling expenses Ksh. 6,900 by cash
- 18 Received Ksh. 35,000 from a debtor, James
- 23 paid wages Ksh. 34,000 by cheque
- 26 received Ksh. 45,000 from Mary

Prepare a two column cash book. (10 marks)

b) From the following balances of Eliza Café for the year ending 31st December 2015.

Trial Balance as at 31th December 2015

	Ksh
Sales	372,000
Purchases	231,120
Stock: 1 st January 2015	30,000
Carriage inwards	50,000

Returns inwards	45,000
Returns outwards	32,200
Carriage outwards	12,250
Salaries & wages	18,000
Motor expenses	9,000
Rent	12,000
Rent income	55,000
Discounts received	18,000
Discounts allowed	15,000
Depreciation of furniture	11,000
Stationery	8,000
Travelling	5,600

Prepare a trading, profit and loss account (income statement) for the year ended 31st December 2015. (10 marks)

3.a) Explain each of the following terms giving two examples in each case.

- i. Non-current assets (2 marks)
- ii. Current liabilities (2 marks)
- iii. Current assets (2 marks)

b) The following details relate to Bondo Traders for the years 2013, 2014 and 2015.

Year	Bad Debt written off	Debtors as at December 31	Percentage Provision
	Ksh.	Ksh.	Ksh.
2013	36,000	200,000	5
2014	31,000	357,000	7
2015	55,900	550,800	6

For each of the year 2013, 2014 and 2015, prepare:

- i. Bad Debts written off account
- ii. Provision for Bad Debts account
- iii. Balance Sheet extract (10 marks)

c. Differentiate between discount allowed and discount received. (4mks)