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MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**FOURTH YEAR FIRST SEMESTER**

**SCHOOL OF TOURISM AND NATURAL RESOURCES**

**BACHELOR OF HOTEL AND HOSPITALITY MANAGEMENT**

**COURSE CODE: BHM 402**

**COURSE TITLE: HOSPITALITY ACCOUNTING**

**DATE: 30TH JANUARY, 2017 TIME: 11.00 – 13.00 HRS**

**INSTRUCTIONS TO CANDIDATES**

1. Answer Question **ONE** and any other **THREE** questions
2. Do NOT write on this Question paper

*This paper consists of 5 printed pages. Please turn over.*

**QUESTION ONE**

1. Briefly explain the following as relates to accounting.
2. Periodicity concept **(2 Marks)**
3. Conservatism **(2 Marks)**
4. Materiality **(2 Marks)**
5. Substance over form **(2 marks)**
6. Industrial peculiarity  **(2 Marks)**
7. Hotels in kenya often face fluctuations in revenue due to a myriad of reasons making the management of hotels a challenge. What strategies should a Hotel Manager use to have stability in operations despite the fluctuations in Revenue? **(6 marks)**
8. In relation to hospitality accounting, write short notes on the following terms as used in hospitality.
9. Room Occupancy rate **(2 Marks)**
10. Bed occupancy rate **(2 Marks)**
11. Resident Guests **(2 Marks)**
12. In relation to hotels, differentiatiate between American and European plan (**3** **Marks)**

**QUESTION TWO**

Wafura a hotel proprietor operates Jijenge Hotel which has two departments: Apartments and Meals departments. The following is a trial balance of his business.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Dr. (Sh '000)** | **Cr. (Sh '000)** |
| Income: Apartment Department |  | 184,000.00 |
| Meals Department |  | 128,000.00 |
| Provisions Purchases | 62,000.00 |  |
| Stock of Provisions at the beginning | 4,080.00 |  |
| cash in Hand & at Bank | 40,000.00 |  |
| Capital |  | 880,000.00 |
| Customers Debit Balance | 3,200.00 |  |
| Supplier's Account |  | 39,200.00 |
| Buildings(1/10 is used for Meals) | 840,000.00 |  |
| Provision for Depreciation Building |  | 96,000.00 |
| Furniture & equipments | 240,000.00 |  |
| General Expenses | 109,640.00 |  |
| Interest |  | 4,520.00 |
| Interest Receivable | 800.00 |  |
| Income Tax | 1,600.00 |  |
| Life Insurance Premium | 6,400.00 |  |
| Wages | 24,000.00 |  |
|  | **1,331,720.00** | **1,331,720.00** |

**Additional information:**

1. Servants in Apartment Department had occupied a room worth sh. 4,800 and took meals worth sh. 2,400. Servants in the Meals department had occupied a room worth 6,000 and took meals worth sh. 3,600.
2. Wages are charged in the proportion of ½ to the Apartment Department, ¼ to the Provisions Department and remaining to the general Profit and loss Account.
3. Increase provision for depreciation on buildings to sh. 120,000
4. A sum of sh. 32,000 to be charged to Proprietor’s Account as follows: sh. 9,600 to Accommodation and sh. 22,400 to Meals.

**Required:**

1. Prepare Jijenge Hotel Statement for the year ended 30th September, 2015 **(8 Marks)**
2. Prepare Jijenge Hotel Sheet as at 30th September, 2015 **(7 Marks)**

**QUESTION THREE**

1. How a Hotel fixes its prices is of strategic importance to the profitability of Hotels. Clearly enumerate the factors considered by hotels in fixing their room rates **(7 Marks)**
2. Information systems help Hotel Mangers to make decisions on a daily basis regarding their routine jobs. Discuss the steps involved in decision making process. **(8 Marks)**

**QUESTION FOUR**

1. Computerization of operations in hospitality establishments is very significant to the management of Hotels. Discuss this statement. **(8 Marks)**
2. Mr Oketch commenced trading as a wholesaler stationer on 1 May 2016 with a capital of sh.5,000.00 with which he opened a bank account for his business.

During May the following transactions took place.

May 1 Bought shop fittings and fixtures from store fitments Ltd for sh.2,000.00

May 2 Purchased goods on credit from Abel sh.650.00

May 4 Sold goods on credit to Bruce sh.700.00

May 9 Purchased goods on credit from Green sh.300.00

May 11 Sold goods on credit to Hill sh.580.00

May 13 Cash sales paid into bank account sh.200.00

May 16 Received cheque from Bruce in settlement of his account

May 17 Purchased goods on credit from Kay sh.800.00

May 18 Sold goods on credit to Nailor sh.360.00

May 19 Sent Cheque to Abel in settlement of his account

May 20 Paid rent by cheque sh.200.00

May 21 Paid delivery expenses by cheque sh.50.00

May 24 Received from Hill sh.200.00 on account

May 30 Drew cheque for personal expenses sh.200.00 and assistant wages sh.320.00

May 31 Settled the account of Green.

**Required:**

1. Post the entries in Respective ledger accounts. **(5 marks)**
2. Extract a trial balance as at 31 May 2016. **(6 marks)**

**QUESTION FIVE**

1. Msakulu runs a chain of hotels. He has sought your advice on certain matters relating to his financial statements for the year ended 30 April 2016. Citing the relevant accounting principle, advise Msakulu how to deal with each of the following:
2. All his electrical equipment is sold with a one year warranty for repair and service, which on average costs Sh.480 per item. The value of equipment returned annually average 1% of the sales. The sales of the year ended 30 April 2016 were 200,000units. ( 2 Marks)
3. Closing stock as at 30 April 2016 was valued at Sh.500,000 However, some items of stock whose initial cost was Sh. 200,000 can only realize Sh.150,000 after major repairs costing Sh.40,000 (2 marks)
4. Sales for the year include deposits from customers amounting to Sh.2,000,000 The goods and services had not been delivered to the customers as at 30 April 2016 (2 marks)
5. The firms' VAT returns for the month of April 2016 had not been filed with the Revenue Authority. The penalty for late filing of VAT returns is Sh.10,000 (2 marks)
6. A five star hotel in Mombasa has 600 rooms in total, out of which 50 rooms are used for operational purposes and 10 rooms are used by departmental managers. If 430 rooms were occupied by the guests on 1 of October, 2016. Calculate the Room Occupancy Rate. (3 Marks)
7. A visitor occupies a room in a Hotel at 9.00 am on 15th April, 2016 on European plan at sh 960 for every night spent plus 10% service charges. Calculate the amount payable by him in each of the following situations:
8. If he checked out at 6.00 pm on 16th April, 2016 (1 Mark)
9. If he checked out at 7.00 am on 17th April, 2016 (1 Mark)
10. If he checked out at 5.00 pm on 17th April, 2016 (1 Mark)
11. If he checked out at 8.00 am on 18th April, 2016 (1 Mark)