KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2011/2012

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE

HOM 208: HOSPITALITY MANAGEMENT ACCOUNTING I

DATE: WEDNESDAY, 29TH MARCH 2012 **TIME: 2.00 P.M. – 4.00 P.M.**

SECTION A (30marks) COMPULSORY:

1 (a) The following transaction were obtained from the books of Manu traders for the month of July, 2010.

JULY, 1: Started business with Shs. 10,000 cash.

3: Bought goods for cash Shs. 5,000

7: Bought goods on credit Shs.6,000 from Aberdares.

10: Sold goods for cash Shs. 4,200

14: Returned goods to Aberdares Shs. 500

18: Bought goods on Credit Shs. 4,000 from Moses.

21: Returned goods to Moses Shs. 1,000.

24: Sold goods to Katana Shs. 5,000 on Credit

25: Paid Aberdares account by Cash Shs. 2,000

31: Received Shs. 4,500 cash from Katana.

Required:

Open up relevant ledger account and record the above transaction.

(10marks)

(b) The following transactions were obtained from the books of Mombasa Traders for the month of May 2010

MAY 1: Credit purchases from: Katana Shs. 380, Musa Shs. 500, John Shs.106.

3: Credit sales to: Ramadhani Shs. 510, Philips Shs. 240, Eunice Shs. 350.

5: Credit purchases from: Chishonga Shs. 200, Maina Shs. 180
Fredrick Shs. 300 and David Shs. 160.

8: Credit sales to: Jomba Shs. 300, Henry Shs. 250 and Eunice Shs. 700.

12: Returns outwards to: Musa Shs. 100, John Shs. 16.

14: Returns inwards from: Ramadhani Shs. 110. Philips Shs. 40.

20: Credit Sales to: Ramadhani Shs. 200, Jeremiah Shs. 150 and Lee Shs. 420.

24: Credit purchases from: Mary Shs. 550, Kumar Shs. 900.

31: Returns inwards from: Ramadhani Shs. 50, Eunice Shs. 200.

31: Returns outwards to: Maina Shs. 40, David Shs. 20.

Required:

Record the above transaction in their relevant books of original entry *(10marks)*.

(c) i) Explain any five errors not disclosed by the trial balance. *(5marks)*

ii) Explain the purpose of accounting to an organization. *(5marks)*

SECTION B (40MARKS)

Attempt any two questions

2 (a) The following cash book and bank statements were made available by Goodluck Ltd.

Cash Book (Bank column only)

Jan	1	Balance b/d	600.00	Jan	8	Rates	110.00
	6	Cash	75.20		15	Wages	40.00
	12	Cheque from A	64.80		15	Electricity	60.42
	18	Cheque from B	72.40		15	Paid X	72.15
	28	Cash	85.00		26	Rent	30
	31	Cheque from C	54.62		26	Wages	40
					27	Paid Y	64.10
					30	Paid Z	24.10
					31	Balance c/d	511.25
			952.02				**952.02**

Bank statement

			Dr.	Cr	Balance
Jan	1	Balance			600.00
	6	Cash		75.20	675.20
	12	A		64.80	740.00
	12	Rates	110		630.00
	15	Wages	40.00		590.00
	18	B		72.40	662.40
	19	Electricity	60.42		601.98
	20	X	72.15		529.83
	26	Wages	40		489.83
	28	Cash		85.00	574.83

Required:

Prepare a bank reconciliation statement *(10marks).*

(b) Johns extracted the following trial balance from his book on January 31,2010

	Dr	Cr
Capital		7,550
Drawings	3,000	
Opening Stock	2,500	
Debtors	2,950	
Creditors		2,684
Shop Fittings	1,530	
Purchases	5,140	
Sales		7,460
General Expenses	860	
Discount received		40
Cash at Bank	1,660	
Returns outwards		40
	17,640	**17,774**

The following errors and omissions were subsequently discovered.

a) A purchases of shop fittings Shs. 320 had been debited to purchases account.
b) A sales invoice of Shs. 150 entered in the sales day book had not been posted to the customers personal account.
c) A credit note for Shs. 30 issued to by John's to a customer had been completely omitted from the books.
d) A credit balance of Shs.16 in the purchases ledger had been omitted from the trial balance.
e) Sales day book was undercast by Shs. 100

Required:

Correct the above errors and draw up a corrected trial balance *(10marks).*

3. Musa, a sole trader, keeps his petty cash on imprest system and the imprest amount is Shs. 5,000/=. The Petty cash transaction for the month of September 2010 were as follows:-

September	1:	Petty cash in hand Shs. 467
	1:	Petty cash restored to imprest amount.
	3:	Paid wages Shs. 876
	7:	Purchased postage stamps Shs. 294
	10:	Paid wages Shs. 911
	14:	Purchases envelopes Shs. 284
	17:	Paid wages Shs. 884
	20:	Paid cash to Murungi – a creditor Shs. 416
	28:	Purchased stationery Shs. 275
	30:	Paid wages Shs. 848.

Required:

Prepare a petty cash book for the month of September with the following analysis columns – wages, stationery, postages, ledger (10marks).

(b) The following balance have been extracted from the books of Wadewade Traders.

MAY:	Sales ledger balance	Shs. 4,560
	Purchases ledger balance	Shs. 3,890
	Sales day book total	Shs. 10,870
	Returns inwards	Shs. 460
	Purchases day book total	Shs. 5,640
	Returns outwards book	Shs. 315
	Cash and cheques paid to creditors	Shs. 5,230
	Cash and cheques received from debtors	Shs 9,615
	Discounts allowed	Shs. 305
	Discount received	Shs 110

Required:

Prepare

a) Sales ledger control account.

b) Purchases ledger control account. *(10marks).*

4. The following trial balance was extracted from the books of Jamadar Traders as at 31st December, 2009.

JAMADARI TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER, 2009

	Dr.	Cr
Stock (1.1.2009)	1,970	
Debtors / Creditors	2,350	1,680
Wages and Salaries	1,520	
Rent, Rates and Insurance	280	
Bad debts	110	
Discounts	130	90
Fixtures and fittings	400	
Purchases / Sales	5,930	9,620
Bank Overdraft		260
Cash in Hand	30	
Capital		2,700
Drawings	1,440	
General Expenses	190	
	14,350	14,350

Additional information:

i) Stock on 31 December 2009 was Shs. 1,780

ii) Insurance prepaid Shs. 40

iii) Wages and salaries outstanding Shs.100
iv) Depreciate Fixture and fittings by 25%

Required
(1) Trading, profit and loss account for the year ended 31 Dec 2009
(2) Balance sheet as at 31 Dec 2001

(20marks).

5 (a) Write short notes on each of the following generally accepted accounting principles.

i) Going concern
ii) Accrual concept
iii) Historical cost
iv) The dual aspect concept
v) Business entity concept *(10marks).*

(b) A company, which makes up its accounts annually at 31st December; provides for depreciation of its machinery at the rate of 10% p.a. on the reducing balance method.

On 31st December 1998, the machinery consisted of three items purchased as under.

On 1st January, 1996 Machine A	Shs. 30,000
On 1st April 1997 Machine B	Shs. 20,000
On 1st July, 1998 Machine C	Shs. 10,000

Required
a) Machinery account
b) Provision for Depreciation on machinery account.
c) Profit and Loss account extract *(10 marks)*