# KENYATTA UNIVERSITY

**UNIVERSITY EXAMINATIONS 2011/2012**

**INSTITUTIONAL BASED PROGRAMME (IBP) – DECEMBER SESSION**

**EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE**

**(HOSPITALITY AND TOURISM MANAGEMENT)**

## HTM 201: HOSPITALITY MANAGEMENT ACCOUNTING

**DATE:** **Wednesday 2nd May 2012** **TIME:** **4.30p.m – 6.30p.m**

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**INSTRUCTIONS:**

**Attempt all questions in Section A and B**

**Attempt only 1 question in Section C.**

### SECTION A

1. Explain the meaning and purpose of double entry in accounting. [2marks]
2. Net current assets are figures in accounting, explain. [2marks]
3. Describe how a hospitality business calculates its profits at the end of each fiscal year. [2marks]
4. The balance sheet and the Income Statement (TP&L) are a manager's working tool. What purpose do the two documents serve? [4marks]

### SECTION B

5. From the following statement which give the cumulative effect of individual transactions, you are required to state as fully as possible, what transactions have taken place in each case.

   The first column of data gives the opening of the position. Each of the other columns represents a transaction.

It is these transactions E - I that you are to describe.

| Transaction: | | E | F | G | H | I |
|---|---|---|---|---|---|---|
| | Sh 000 | 000 | 000 | 000 | 000 | 000 |
| Assets | | | | | | |
| Land and building | 575 | 575 | 275 | 275 | 275 | 275 |
| Motor vehicle | 100 | 100 | 100 | 100 | 100 | 100 |
| Office Equipment | 48 | 48 | 48 | 48 | 48 | 48 |
| Stock | 110 | 110 | 110 | 110 | 110 | 93 |
| Debtors | 188 | 108 | 108 | 108 | 108 | 120 |
| Bank | 47 | 127 | 427 | 77 | 77 | 77 |
| Cash | 11 | 11 | 11 | 11 | 3 | 3 |
| | 1079 | 1079 | 1079 | 729 | 721 | 716 |
| Liabilities | | | | | | |
| Capital | 621 | 621 | 621 | 621 | 621 | 616 |
| Lean from Lee | 350 | 350 | 350 | - | - | - |
| Creditors | 108 | 108 | 108 | 108 | 100 | 100 |
| | 1079 | 1079 | 1079 | 729 | 721 | 716 |

Note: shs 000 means that all figures shown underneath are in thousands of shillings. [30marks]

**SECTION C (Answer ONE question from this section)**

6. G. Hekima started a Restaurant on 1st July 2010 with shs. 40,000 capital in cash. During the 1st year he kept very few records of his transactions.
The assets and liabilities of the business at 30th June 2011 were:

| | Shs |
|---|---|
| Freehold premises | 76,000 |
| Mortgage on the premises | 50,000 |
| Stock | 24,000 |
| Debtors | 2,800 |
| Cash and bank balances | 5,400 |
| creditors | 7,600 |

During the year, G Hekima withdrew shs. 9,000 cash for his personal use but also paid 6,000 from the sale of his private car into the business bank account.

From the above information, prepare a balance sheet showing the financial position of the business at 30th June 2011 and indicating the net profit for the year.

[20marks]

7. From the following trial balance of Langalanga Hotels after their first year trading, you are required to draw up
   a) An income statement (TP&L) for year ended 30th June 2008 and
   b) A Balance Sheet as at 30th June 2008.

Trial Balance as at 30th June 2008

| | Dr. | Cr. |
|---|---|---|
| Sales | | 265,900 |
| Purchases | 154,870 | |
| Rent | 4,200 | |
| Lighting and Heating expenses | 530 | |
| Salaries and wages | 51,400 | |
| insurance | 2,100 | |
| Buildings | 85,000 | |
| Fixtures | 1,100 | |
| Debtors | 31,300 | |
| Sundry expenses | 412 | |
| Creditors | | 15,910 |
| Cash at Bank | 14,590 | |
| Drawings | 30,000 | |
| Vans | 16,400 | |
| Motor running expenses | 4,110 | |
| Capital | | 114,202 |
| | 396,012 | 396,012 |

Stock as at 30th June 2008 was shs 16,280 [20marks]