



OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

**UNIVERSITY EXAMINATIONS
2022 /2023 ACADEMIC YEAR**

THIRD YEAR SECOND SEMESTER MAIN EXAMINATION

**BACHELOR OF EDUCATION (ARTS) /BUSINESS
MANAGEMENT**

COURSE CODE: BHM 313

COURSE TITLE: HOSPITALITY ACCOUNTING

DATE: 20/04/2022

TIME: 2.00PM-5.00PM

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 4 PRINTED PAGES

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INSTRUCTIONS:-

- Answer Question **ONE** and any other **TWO** questions.
- Question **ONE** carries **30 Marks**

QUESTION ONE

- i. Explain using appropriate examples the following concepts
- a. Accounting (2 marks)
 - b. Books of original entry (2 marks)
 - c. Artificial person's personal account (2 marks)
 - d. Cashbook (2 marks)
 - e. Income statement (2 marks)
- ii. Describe the meaning and importance of the following
- a. Accounting concepts (2 marks)
 - b. Accounting conventions (2 marks)
 - c. Business entity assumptions (2 marks)
 - d. Journal (2 marks)
 - e. ledger (2 marks)
- iii. Write up the following transactions in the books of John's account (10 marks)

Date

- 1. Started business with cash kes 8500
- 2. Bought goods on credit from young sh 420
- 3. Paid rent sh 210
- 4. Paid sh 6000 of the cash of the business into bank account
- 5. Sold goods on credit to unbar sh 192
- 7. Bought stationery sh 25 paying cheque
- 11. Cash sales sh 81
- 12. Goods returned by us to young sh 54
- 29. Bought a van paying by cheque sh 3850
- 31 Bought fixtures sh 840 on credit from coal

QUESTION TWO

- i) With aid of relevant examples, explain the following Concepts:
- a. Accounting Principle (2 marks)
 - b. Current assets (2 marks)
 - c. Intangible assets (2 marks)
 - d. Book keeping (2 marks)
 - e. Owners' equity (2 marks)

ii) Given the following entries for ABC Ltd;

Current Assets For Is 90000

Current Liabilities 30000

Inventory 30000

Account Receivable 45000

Bank 15000

Calculate and explain the importance of the following:

a) The current ratio

(5 Marks)

b) Acid test ratio

(5 Marks)

QUESTION THREE.

i) Distinguish the following terms:

a. Management accounting and Cost accounting

(3 marks)

b. Working capital and ordinary share capital

(3 marks)

c. Short-term debt and Non- current liability

(3 marks)

d. Bank reconciliation statement and cash flow statement

(3 marks)

ii) The following trial balance of a Moore extracted after one year's trading.

Trial balance as at 31st December 2021

	Dr	Cr
Sales		190576
Purchases	119832	
Salaries	56527	
Motor expenses	2416	
Rent	1894	
Insurance	372	
General expenses	85	
Premises	95420	
Motor vehicles	16594	
Accounts receivable	26740	
Accounts payable		16524
Cash at bank	16519	
Cash at hand	342	
Drawings	8425	

Capital 13806

Inventory as at 31st December 2021 was 12408

Prepare an income statement for the year ending 31 December 2021 (8 Marks)

QUESTION FOUR.

- a. Describe the importance of the accounting in hospitality industry (8 marks)
- b. Explain primary objectives of accounting in hospitality (6 marks)
- c. Illuminate on the users of accounting information (6 marks)

QUESTION FIVE.

Rythm &Bluz Co.Ltd

Trial Balance for the period ended 30th /09/2020

	DR Amt Shs.	CR Amt Shs.
Opening inventory	10,000	
Land and building	250,000	
Capital		100,000
Insurance expense	4000	
Trader creditor		145000
Bank loan		350000
Return outwards		1000
Purchases	159000	
Sales		105000
Trader debtors	80000	
Cash at bank	40000	
Rent income		12000
Motor vehicle	170000	
	<u>713000</u>	<u>713000</u>

Additional information;

- (i) Closing inventory on 31st /09/20 was sh 55000

Required:

- a. Using the trial balance statement information extract a balance sheet statement to portray the financial position of Rythm & Bluz company ltd. (12 marks)
- b. Using the accounting equation, explain whether a balance sheet always balances and give reasons for your answer (8 marks)