



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATION

2023/2024 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER

**SCHOOL OF NATURAL RESOURCES, TOURISM
AND HOSPITALITY**

**DEPARTMENT OF HOTELS & HOSPITALITY
MANAGEMENT**

COURSE CODE: HHM 4141-1

COURSE TITLE: HOSPITALITY ACCOUNTING

DATE: 14/12/2023

TIME: 1430-1630 HRS

INSTRUCTIONS TO CANDIDATES:

Answer Question One(Compulsory) and any other Two Questions.

QUESTION ONE

- a) Highlight the users of accounting information indicating their uses of the information(5 mks)
- b) The following is a trial balance extracted from the books of A.K Davids who is a sole trader in Hospitality industry at 31/12/2021.

	DR	CR
Stock 1.1.2021	50,000.00	
Free hold premises	240,000.00	
Bill receivable	30,000.00	
Purchases	280,000.00	
Salaries and Wages	35,000.00	
Sales		520,000.00
Fixtures and Fittings	25,000.00	
Discount allowed	7,500.00	
Discount received		4,500.00
Plant and Machinery	140,000.00	
Rates	5,600.00	
Advertising	10,400.00	
Insurance	3,800.00	
Provision for bad debts b/f		1,800.00
General expenses	7,200.00	
Sundry debtors	60,000.00	
Bills payable		15,000.00
Sundry creditors		43,000.00
Cash in hand	2,400.00	
Bank overdraft		18,600.00
Drawings	6,000.00	
Capital account		300,000.00
	902,900.00	902,900.00

The following additional information is provided:

- Provide for depreciation on plant and machinery at 10% p.a and fixtures and fittings at 15% p.a on cost.
- Increase the provisions for bad debts to an amount equal to 4% of sundry debtors
- Prepaid insurance amount to ksh.500
- Rates accrued is ksh.400
- Closing stock is ksh.60,000
- During the year A.K David took goods worth ksh.2000

Required: Trading, profit and loss account as at 31.12.2021 (15 marks)

QUESTION TWO

Mwambi, a sole trader received his bank statement for the month of June 2021. At that date the bank balance was. Sh.706,500 whereas his cash book balance was Sh.2,366,500. His accountant investigated the matter and discovered the following discrepancies:

- Bank charges of Sh.3, 000 had not been entered in the cashbook.
- Cheques drawn by Mwambi totaling Sh.22,500 had not yet been presented to the bank

3. He had not entered receipts of Sh.26,500 in his cashbook.
4. The bank had not credited Mr. Mwambi with receipts of Sh.98, 500 paid into the bank on 30 June 2021.
5. Standing order payments amounting to Sh.62, 000 had not been entered into the cashbook,
6. In the cash book Mwambi had entered a payment' of Sh.74, 900 as Sh.79,400.
7. A cheque for Sh. 15,000 from a debtor had been returned by the bank marked "refer to drawer" but had not been written back into the cashbook.
8. Mwambi had brought forward the opening cash balance of Sh.329,250 as a debit balance instead of a credit balance.
9. An old cheque payment amounting to 44, 000 had been written back in the cashbook but the bank had already honoured it.
10. Some of Mwambi's customers had agreed to settle their debts by paying directly into his bank account. Unfortunately, the bank had credited some deposits amounting to Sh.832, 500 to another customer's account. However, acting on information from his customers, Mwambi had actually entered the expected receipts from the debtors in his cashbook.

Required:

- i). Mwambi's adjusted cash book balance as at 30 June 2021 **(8marks)**
- ii). A bank reconciliation statement as at 30 June 2021. **(7marks)**

QUESTION THREE

Joseph Onyango opened a shop in Homa Bay on 1 July 2020. The following transactions took place during the month of July 2020:

July

- 1 Introduced Sh.200,000 in cash into the business from his private bank account.
- 2 Opened a business bank account by transferring Sh. 1 80,000 of the business cash into the account
- 5 Paid Sh.5,000 in cash being rent for the month
- 6 Bought second-hand shop equipment at Sh.3,000 and paid by cheque.
- 9 Purchased goods for resale at Sh.10,000 paying them in cash.
- 11 Purchased goods for resale on credit worth Sh.20,000 from Selina Wambui.
- 20 Returned goods worth Sh.2,000 to Selina Wambui
- 23 Made cash sales of Sh. 15,000.
- 25 Paid Selina Wabui Sh.16,200 by cheque.
- 26 Sold on credit goods worth Sh.1 0,000 to Frida A
- 27 Frida, Atieno returned goods worth Sh.5,000.

- 28 Received a cheque of Sh4,500 from Frida Atieno full settlement of her account, the balance being treated as a cash discount.
- 30 Sold some of the second-hand office equipment at Sh.1,000 in cash There was no profit or loss on disposal.
- 30 Made a cash withdrawal Sh1,500 for his private use

Required:

- a) Ledger accounts to record the above transactions. **(9marks)**
- b) Trial balance as at 31 July 2005. **(6marks)**

QUESTION FOUR

- a) Define Food cost Controls and highlight **five** advantages of food cost controls. **(5mks)**
- b) Explain **five** limitations of food cost controls **(5mks)**
- c) Explain the methodology and **five** phases of cost controls **(5mks)**

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