



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

FOURTH YEAR FIRST SEMESTER

**SCHOOL OF NATURAL RESOURCES, TOURISM
AND HOSPITALITY MANAGEMENT
BACHELOR OF HOTELS AND HOSPITALITY
MANAGEMENT**

COURSE CODE: BHM 4103

COURSE TITLE: HOSPITALITY ACCOUNTING

DATE: 31ST MARCH, 2022

TIME: 0830-1030

INSTRUCTIONS TO CANDIDATES

Answer **ALL** questions in section **A** and any other **Two** in section **B**.

This paper consists of 2 printed pages. Please turn over

SECTION A: COMPULSORY (30 MARKS)

QUESTION ONE (30 MARKS)

- a) The users of financial statements are those groups identified as having reasonable right to the information and whose information needs should be recognized. Explain briefly why each of the following groups are interested in financial statement of a business enterprise
- i. The shareholders **(3 Marks)**
 - ii. The creditors **(3 Marks)**
 - iii. The employees **(3 Marks)**
 - iv. The government **(3 Marks)**
 - v. Members of the public **(3 Marks)**
- b) Discuss the roles of an accounting department in a hotel industry **(5 marks)**
- c) Mr. Peter who is an hotel operator had the following transactions for the month ended 31st December 2020
- a) Started business with a cheque of Sh 20,000
 - b) Bought goods for sale cash Sh 6000
 - c) Paid rent Sh 2000
 - d) Sold goods for Sh 10,000

Required:

- Balance of the accounts from the transactions and extract a trial balance **(5 marks)**
- d) Discuss any five importance of book keeping to an enterprise **(5 marks)**

SECTION B: ANSWER ANY TWO QUESTIONS

QUESTION TWO (20 MARKS)

- a) Discuss five importance of cost control management in hospitality industry **(10 Marks)**
- b) Information systems play a crucial role in the hotel industry as they facilitate planning, management, overall operations of the hotels as well as policy making. Discuss any five information systems that are commonly used in the hospitality industry **(10 marks)**

QUESTION THREE (20 MARKS)

a) The following balances were extracted from the books of Mary a sole proprietor on 31st March 2019

	Shs "000"	Shs "000"
Sales		942,330
Purchases	720,000	
Carriage inwards	10,000	
Drawings	35,000	
Rent	15,000	
Rates	8,000	
Insurance	800	
Postage and telephone	450	
Stationary	1210	
Sales and promotion	400	
Salaries and wages	24,000	
Bad debts written off	600	
Allowance for doubtful debts (1 April 2017)		
720		
Accounts receivables	12,800	
Accounts payables		6800
Cash in hand	140	
Cash at Bank	7400	
Inventory (1 April 2017)	14,350	
Motor Vehicle (cost)	280,000	
Accumulated depreciation (1 April 2017)		
112,000		
Capital		
68,300		
	<u>1,130,150</u>	<u>1,130,150</u>

Additional information;

1. Inventory as at 31st March was valued at Sh 16,250,000
2. The following expenses were prepaid as at 31st March 2018
 - Sales promotion expenses Sh 80,000
 - Insurance Sh 180,000
3. The following expenses were outstanding as at 31st March 2018
 - Stationery Sh 190,000
 - Rent Sh 300,000
 - Rates Sh 200,000
4. Allowance for doubtful debts is to be increased to Sh 800,000
5. Included in the purchases is the purchase of equipments and office computers worth Sh 120,000,000
6. Depreciation is to be charged on cost as follows

- Motor vehicle 15%
- Equipment and computers 10%

Required;

- a) Income statement for the year ended 31st March 2018 **(12 marks)**
- b) Statement of financial position as at 31st March 2018 **(8 marks)**

QUESTION FOUR (20 MARKS)

- a) Define the following accounting concepts and for each explain their implication in the preparation of financial statements
 - i. Consistency concept **(4 Marks)**
 - ii. Business entity concept **(4 Marks)**
 - iii. Materiality concept **(4 Marks)**
 - iv. Realization **(4 Marks)**
- b) Discuss the various Categories of revenue centers in an hotel set up **(4 Marks)**

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