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BHM 106 MAIN EXAMS.



**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)
MAIN CAMPUS**

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

MAIN EXAM

**FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE**

OF

B.Sc. HOSPITALITY AND INSTITUTIONAL MANAGEMENT

COURSE CODE: BHM 106

COURSE TITLE: INTRODUCTION TO ACCOUNTING

DATE: 28TH APRIL 2022

TIME: 12.00 – 2.00 P.M

INSTRUCTIONS TO CANDIDATES

Answer ALL questions in SECTION A and B

Answer TWO questions from section C.

TIME: 2Hours

MMUST observes ZERO tolerance to examination Cheating

This paper consists FIVE printed Pages. Please Turn Over

SECTION A: Answer ALL questions (10 MARKS).

- 1) The _____ and _____ are the two methods of accounting.
 - A. Cash and debit.
 - B. Credit and debit.
 - C. Cash and credit.
 - D. Cash and accrual.
- 2) What is the basis of cash accounting?
 - A. Recognizes cash revenue inflows when cash is paid.
 - B. Recognizes inflows of sales revenue when earned.
 - C. Recognizes operating expense outflows to generate revenue when cash is paid.
 - D. Recognizes operating expense outflows to produce sales revenues when incurred.
- 3) The deductions made based on bookkeeping could include _____.
 - A. How much is owed to debtors.
 - B. How much sales has been achieved over a given period of time.
 - C. How much purchases has been achieved over a given period of time..
 - D. All of the above.
- 4) The accounting process can be perceived as a cycle which starts with:
 - A. Occurrence of a transaction, recording of the transaction and finally the preparation of the financial statements.
 - B. Occurrence of a transaction, the preparation of the financial statements, and recording of the transaction.
 - C. Recording of the transaction, occurrence of a transaction, and finally the preparation of the financial statements.
 - D. Preparation of the financial statements, occurrence of a transaction, recording of the transaction.
- 5) _____ deals with customers and suppliers.
 - A. Individual accounts.
 - B. Company accounts.
 - C. Impersonal accounts.
 - D. Personal accounts.

- 6) Which of the following is **TRUE**?
- A. When we decrease an asset we make a debit entry to the asset account
 - B. When we increase an asset we make a credit entry to that account
 - C. When we increase our liabilities or capital, we make a credit entry
 - D. When we increase our liability or capital we make a debit entry to that account.
- 7) The following are methods of depreciation **EXCEPT** _____.
- A. Straight line depreciation.
 - B. Units-of-Product depreciation.
 - C. Sum-of-the-years-digit depreciation.
 - D. Double-declining-balance depreciation.
- 8) Which of the following is the **ODD** one out?
- A. Notes payable.
 - B. Notes receivable.
 - C. Investment dividends.
 - D. Franchise or management fees.
- 9) The following accounts could be held in the general ledger **EXCEPT**;
- A. Fixed assets account.
 - B. Return outwards account.
 - C. Return inwards account.
 - D. All of the above.
- 10) _____ are the errors that do not affect the balancing of the trial balance
- A. Errors of omission.
 - B. Errors of principle.
 - C. All of the above.
 - D. None of the above.

SECTION B: Answer ALL questions in this section (30 MARKS).

- 11) Bahari restaurant within Alliance Safari Beach Hotel posted sales revenue of Ksh.125, 800 during the month of December 2021. Consequently, the same Restaurant reported direct operational costs of Ksh.65, 000.
- Determine Bahari Restaurant's contributory income? (3 Marks)
 - Calculate the Restaurant's contributory income as a percentage of sales revenue (3 Marks)
- 12) The following is a series of transactions at Acacia Hotel Kisumu for the month of December 2020;
- 11th December 2020: Purchased 12 (750ml) bottles of Rocamar white wine @ Ksh1, 200 each; 23rd December 2020: Purchased 24 (750ml) bottles of Rocamar white wine @ Ksh1, 300 each; 30th December 2020: Sold 30 bottles of Rocamar white wine during the month of March @ Ksh 2, 600 each. From the information above, calculate the closing stock of Acacia Hotel Kisumu and cost of sales for the month of December 2020 using:
- Last-in, first-out method. (2 Marks)
 - Weighted average method. (2 Marks)
 - First-in, first-out method. (2 Marks)
- 13) Explain any **THREE** hospitality business cyclical sales revenue. (6 Marks)
- 14) Accounting is an important activity that every organization must be well acquainted and committed for posterity. Describe the main purposes of accounting within hospitality organizations. (6 Marks)
- 15) Describe any **THREE** of the four phases of accounting. (6 Marks)

SECTION C; Answer TWO questions, Question 16 is COMPULSORY (30 MARKS).

16) The following information was extracted from Sarova Woodlands Hotel Nakuru by Ms. Anne for the ending year 31 December 2020.

Account	Amount (Ksh.)
Sales Revenue	
Grill room	153,100
Coffee garden	78,900
Banquets	298,400
Net food costs	211,700
Salaries and wages expense	174,400
Employee meals expense	17,200
Supplies expense	10,300
Glass and tableware expense	4,300
Laundry and linen expense	13,000
License expense	1,900
Printing expense	4,900
Miscellaneous expense	6,200
Other income	600

- a) Discuss the main reasons for preparing trading profit and loss accounts for the hotel. (10 Marks)
- b) Prepare Sarova Woodlands Hotel's restaurant section trading profit and loss accounts. (10 Marks)
- 17) You have been invited by Sarova Stanely Hotel to train the staff on the importance and application of accounting in hospitality operations. Discuss **FIVE** users of hospitality accounting information that you are likely to share in the forum. (10 Marks)
- 18) Explain **FIVE** books of original entry in which we first record a transaction. (10 Marks)