



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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University Examinations 2024/2025

THIRD YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN HOSPITALITY AND TOURISM MANAGEMENT

AFH 3300: HOSPITALITY AND TOURISM ACCOUNTING

DATE: JANUARY 2025

TIME: 2 HOURS

INSTRUCTIONS:

- Answer Question ONE and any other TWO questions

QUESTION ONE (30 MARKS)

- a). i). Explain what is meant by the principle of double entry. (4 marks)
- ii) Explain what you understand by:
- a) The ledger (2 marks)
 - b) Debit balance (1 mark)
 - c) Credit balance (1 mark)
- iii) Outline the two kinds of bank account that may be opened by a business. (4 marks)
- b). i). Distinguish between cash discount and trade discount. (3 marks)
- ii) Write on the purpose of invoice; credit note; and statement of account. (8 marks)
- c). Explain what is meant by (7 marks):
- i. fixed asset (2marks);
 - ii. Current asset (2 marks)
 - iii. Long-term liability (2marks)
 - iv. Current liability (1 mark).

QUESTION TWO (20 MARKS)

The following trial balance was extracted from the books of ABC group of Caterers at 31st December, 2023 after a year's trading.

<u>Account</u>	<u>Dr.</u>	<u>Cr.</u>	<u>Nature of balance</u>	<u>Destination of item</u>
Sales		20,000	Income	Trading account
Premises	10,000		Assets	Balance sheet
Rent/rates	1,700		Expense	Profit/loss a/c
Kitchen plant	4,100		Asset	Balance sheets
Creditors		600	Liability	Balance sheet
Repairs/renewals	850		Expense	Profit/loss a/c
Furniture	2,700		Assets	Balance sheet
Purchases	8,000		Expense	Trading account
Cash at bank	1,400		Asset	Balance sheet
Wages/salaries	5,500		Expense	Profit/loss a/c
Debtors	400		Asset	Balance sheet
Capital		15,000	Liability	Balance sheet
Light/heat	950		Expense	Profit/loss a/c

Prepare the following;

- Trading, profit and loss account for the year ending 31st December, 2023 (10 marks)
- Balance sheet as at 31st December, 2023 (10 marks)

QUESTION THREE (20 MARKS)

- On 1st January 2023, a hotel pays wages of sh. 10,000 (10 marks)
- On 10th September 2023, a restaurant borrows sh. 15,000 from X-Finance Company. (10 marks)

Required: Using the principle of double entry record the above transactions.

QUESTION FOUR (20 MARKS)

- Explain what is meant by
 - fixed cost (3marks)
 - Semi-fixed cost (3marks)
 - Variable cost (4marks)
- Discuss the following methods of departmental accounting; (10 marks)
 - Gross profit method (3marks)

- ii. Departmental profit method (3marks)
- iii. Net profit method (4marks).