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**KOLEJ YAYASAN PELAJARAN JOHOR
FINAL EXAMINATION**

SUBJECT	:	HOSPITALITY ACCOUNTING
SUBJECT CODE	:	HAC 7143
DATE	:	12 OCTOBER 2015
DURATION	:	2.00 PM – 5.00 PM (3 HOURS)

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of **THREE (3)** sections:
Section A (20 Marks)
Section B (50 Marks)
Section C (30 Marks)
2. Answer **ALL** questions from **Part A and B**. For **Part C**, answer **TWO(2)** questions only.
3. Candidate is not allowed to bring any material into the examination room **EXCEPT** with the permission from the invigilator.
4. Please check to make sure that this examination pack consists of:
 - i. Question Paper
 - ii. Answering Booklet
 - iii. OMR Form

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

This examination paper consists of 12 printed pages including front page.

SECTION A(Total : 20 Marks)**MULTIPLE CHOICE QUESTIONS**

INSTRUCTIONS : There are **TWENTY (20)** questions in this section
: Answer **ALL** questions
: Choose the **BEST ANSWER** from the option given

Please use the OMR sheet provided

1. The following are example of an **external user** of a company's financial statement _____.
 - A. Member of the board of directors
 - B. Stockholder
 - C. Departmental Head
 - D. Top-Level Manager

2. A RM3,500 invoice consisting of merchandise (RM3,450) and freight charges (RM50) is dated January 1 with discount terms of 2/10, n/30. Calculate how much to be paid if the payment is made during the discount period.
 - A. RM3,400
 - B. RM3,431
 - C. RM3,450
 - D. RM3,500

3. Net Revenue – Cost of Food Sold = _____
 - A. Net profit
 - B. Gross Income
 - C. Net Income
 - D. Gross profit

4. Which of the following equation is the **CORRECT** basis for preparing an income statement?
 - A. Revenue = Expenses – Net Income
 - B. Revenue – Expenses = Net Income
 - C. Sales – Cost of Sales = gross Profit
 - D. Line amount/ Net sales = Common – Size Percentage

5. The following are the inventory accounting methods **EXCEPT** _____.
 - A. Last-In-Last Out
 - B. Last-In-First-Out
 - C. First-In-First-Out
 - D. Weighted Average Method

6. Which of the following is **NOT** a major section of a hotel's balance sheet?
- A. Assets
 - B. Revenue
 - C. Liabilities
 - D. Equity
7. An RM200 invoice dated October 16 with cash discount terms of 2/10, n/30. Compute the amount paid if the payment made during the discount period.
- A. RM2
 - B. RM4
 - C. RM196
 - D. RM204
8. It is probable that collection of 100% of a receivable will not be possible because of the following **EXCEPT** _____
- A. Customer bankruptcy
 - B. Customer personal problem
 - C. Customer death
 - D. Customer fraud
9. **Working capital** is computed by _____
- A. Adding current assets to current liabilities
 - B. Subtracting current liabilities from current assets
 - C. Dividing total assets by total liabilities
 - D. Subtracting current assets from current liabilities
10. Following are example of fixed charges **EXCEPT**
- A. Depreciation and amortization
 - B. Interest expenses
 - C. Rent expenses
 - D. Utility expense
11. An RM100 invoice dated March 6 with terms of 2/10, n/30 ROG. If the goods are received on March 11, what will be the discount period?
- A. March 6 to March 16
 - B. March 11 to March 21
 - C. March 6 to April 6
 - D. March 12 to March 22
12. Revenue centre consists of TWO (2) categories namely _____ and _____.
- A. Rooms; telephone
 - B. Laundry; telephone
 - C. Food and beverage; rooms
 - D. Valet; beauty saloon

13. Reduction to the price indicated on a vendor's price list are called _____.
- A. Allowances.
 - B. Cash discounts.
 - C. Trade discounts.
 - D. Unearned income
14. Below are different categories of minor revenue centers EXCEPT _____
- A. Recreation
 - B. Laundry
 - C. Rooms
 - D. Newsstand
15. The term "EOM" stand for _____.
- A. early of the month
 - B. end of the month
 - C. early on the month
 - D. end on the month
16. Vegetables, flour, cordial and seasoning items belong to which category of assets?
- A. Property and Equipment
 - B. Other Assets
 - C. Inventories
 - D. Investments
17. A room sales total RM123,500 and room allowances total RM1,500. Calculate how much are the net revenue of room sales realize by the room department.
- A. RM122,000
 - B. RM123,500
 - C. RM125,000
 - D. RM127,000
18. An invoice dated May 9 with terms of 2/20, n/30 EOM, thus the discount period will ends on _____
- A. 29 May
 - B. 31 May
 - C. 11 June
 - D. 20 June
19. It is probable that collection of 100% of a receivable will not be possible because of the following EXCEPT _____
- A. Customer bankruptcy
 - B. Customer personal problem
 - C. Customer death
 - D. Customer fraud

20. An RM100 invoice dated March 6 with terms of 2/10, n/30 ROG. If the goods are received on March 11, what will be the discount period?
- A. March 6 to March 16
 - B. March 11 to March 21
 - C. March 6 to April 6
 - D. March 12 to March 24

PART B (Total : 50 Marks)**SHORT ESSAYS QUESTION****INSTRUCTIONS** :Answer **ALL** questions

Please use the answer booklet provided

QUESTION 1

- a) Show the journal entry of the following credit card fees transactions
- i. At the end of each day, a hotel total the bankcard drafts and deposits them with cash items into the hotel's checking account. The hotel's credit card drafts total RM30,000.
 - ii. The credit card company charges a 6% fee out of RM30,000

[4 marks]

- b) Show the journal entry of the bad debts transactions
- i. Assume that a hospitality company uses the direct **write off method** to record an uncollectible receivable of RM45,000
 - ii. Assume that a hospitality company uses the **allowance method** to record an uncollectible receivable of RM45,000

[6 marks]

[TOTAL : 10 Marks]

QUESTION 2

The following information summarizes various general ledger accounts of the food and beverage department Nyaman Hotel for the year ended December 31, 2014.

	<u>Debit</u>	<u>Credit</u>
Allowance- Beverage	13	
Allowance- Food	170	
Beverage revenue		16,000
China, Glassware and silver	778	
Contract Cleaning	363	
Cost of beverage consumed	4051	
Cost of employee meal-food	920	
Cost of food consumed	14,440	
Food Revenue		36,000
Kitchen Fuel	207	
Laundry and Dry Cleaning	518	
Licenses	80	
Music and Entertainment	1,659	
Operating Supplies	1,141	
Other cost of sales	260	
Other Operating Expenses	467	
Other revenue		640
Payroll Taxes	2,697	
Salaries and wages.	17,721	
Uniforms	257	

REQUIRED:

Prepare the food and beverage department income statement for the Nyaman Hotel for the year ended 31 December 2014 [20 marks]

QUESTION 3

The information below shows data of inventories bought and sold by Hotel Permata in May 2015

Date	Purchases @ cost price per unit	Sales	Sales Price
May 4	140 units @ RM15.50		
11	70 units @ RM16.00		
26		190 units	RM19.00/unit
31		30 units	RM19.50/unit

Inventory balance on May 1 is 50 units at cost price RM15.00 per unit

REQUIRED:

- a. Determine the cost of inventory on 31st May 2015 by using the following method:
 - i. First in First Out (FIFO) and
 - ii. Last in First Out

- b. For each method, please calculate
 - i. closing inventory
 - ii. total purchases,
 - iii. cost of goods sold and
 - iv. gross profit

[20 marks]

PART C (Total : 30 Marks)**INSTRUCTION :Answer TWO (2) Questions Only. This section consists of 3 questions.****Please use the booklet provided****QUESTION 1**

- a) Maju Hotel operation purchase new computer set at a list price of RM40,000 and a trade discount of 15%. What amount will be recorded in the Computer account?

[2 marks]

- b) Calculate the amount of the cheque remitted to pay for invoice date 5 February 2014 , terms 5/10 n 60, invoice amount RM1700, payment made on 14 February 2014

[2 marks]

- c) For one day operation, the food and beverage operation has recorded the following amounts: food sales RM5,000; food allowances RM40; and cost of food sold RM350. Calculate the net food sales and the gross profit on food.

[5 marks]

- d) Assume a hospitality operation uses the **net method** for recording invoices and treats discounts a nonrevenue items. It uses the periodic inventory system. An invoice for uniform totaling RM8,000 is received. The credit terms are 2/10 n 30.

- i. Journalize or record the receipt of the invoice
- ii. Journalize or record the payment of the invoice if paid after the discount period
- iii. Journalize or record the payment of the invoice if paid within the discount period

[6 marks]

[Total : 15 Marks]

QUESTION2

The following information has been extracted from a hotel's food department for the month of August and September

Department	August		September	
	Sales Revenue	Guest	Sales Revenue	Guest
Room service	RM 2,260	93	RM 1,800	76
Dining room	RM 11,850	463	RM 9,550	37
Lounge	RM 550	85	RM 410	64
Coffee shop	RM 5,340	971	RM 4,870	860
Banquets	RM 19,860	669	RM 21,150	681
	RM 39,860	2,281	RM 37,780	1,718

Department	August	September
Cost of sales	RM 13,620.00	RM 12,780.00
Wages and salaries expense	RM 10,790.00	RM 10,150.00
Employee benefits expense	RM 1,400.00	RM 1,450.00
Linen expense	RM 640.00	RM 600.00
China expense	RM 1,060.00	RM 980.00
Supplies expense	RM 980.00	RM 940.00
Other expense	RM 1,920.00	RM 1,760.00
Total operating expenses	RM 30,410.00	RM 28,660.00
Departmental Operating Income	RM 9,450.00	RM 9,120.00

- For each sales revenue division, calculate the average check per guest for August and September
- Calculate the average cost per guest and total average cost for each month
- Determine the departmental operating income per guest for each month

[Total : 15 Marks]

QUESTION3

The summarised Income Statement for the ended 31 December 2014 and the Balance Sheet as at 31 December 2015 for Hebat Hotel was as follows

Balance Sheets , December 31**Assets**

	Year 2013	Year 2014
	RM	
Cash	13,185	2,130
Credit card receivables	738	936
Accounts receivable	792	924
Food inventory	2,190	2,085
Prepaid expenses	570	675
Land	4,800	4,800
Building	47,370	48,480
Equipment	9,996	10,980
Furnishings	2,499	2,745
	RM	
Accumulated depreciation	(17,055)	(18,675)
	RM	RM
	<u>65,085</u>	<u>55,080</u>

Liabilities & Stockholders' Equity

	Year 2013	Year 2014
	RM	RM
Accounts payable	2,505	1,875
Bank note payable	735	540
Income tax payable	1,875	1,890
Accrued expenses payable	1,065	1,125
Mortgage payable (current)	1,560	1,815
Long term mortgage payable	28,800	27,135
Common stock	1,500	1,500
Retained earnings	<u>15,225</u>	<u>19,200</u>
	RM	RM
Liabilities & Stock holders' equity	<u>53,265</u>	<u>55,080</u>

**Income Statement (Condensed)
For the Year Ending December 31,2014**

Sales revenue *		RM 74,260
Cost of sales	RM 30,190	
Operating expenses	38,120	
Total Operating Costs		<u>(68,310)</u>
Operating income ,before interest		5,950
Interest expense		<u>(1,940)</u>
Income before tax		4,010
Income tax		<u>(1,260)</u>
Net Income		<u>RM 2,750</u>

* Sales revenue consisted of 26% cash, 62% credit cards, and 12% accounts receivable

Calculate the following ratios and briefly explain your findings :

From the information given, calculate the following

- a) Current ratio for Years 2013 and 2014 [3 marks]
- b) Quick ratio (Acid test ratio) for years 2013 and 2014 [3 marks]
- c) Accounts receivable turnover ratio based on accounts receivable credit sales revenue for Year 2014 [2 marks]
- d) Total asset to total liabilities for Year 2013 and 2014 [3 marks]
- e) Net return on total assets for Year 2014 [2 marks]
- f) Food inventory turnover ratio for Year 2014 [2 marks]

[Total : 15 Marks]

END OF QUESTION PAPER

