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FINAL EXAM**

COURSE	:	HOSPITALITY ACCOUNTING
COURSE CODE	:	DHM 3143
DATE	:	MAY 2016
TIME DURATION	:	3 HOURS

INSTRUCTION TO CANDIDATES

1. This examination paper consists of **THREE(3) PARTS**:
PART A (20 MARKS)
PART B (60 MARKS)
PART C (20 MARKS)
2. Answer all questions for Part A and Part B. Answer only **TWO (2)** questions for Part C.
3. Candidates are not allowed to bring any material to examination room **EXCEPT** with the permission of invigilator.
4. Please make sure that all material is available during this examination session:
 - i. Question paper
 - ii. OMR foam
 - iii. Answering booklet

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

This examination paper consists of 13 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. Which of this **ARE NOT** included in financial accounting?
 - A. Asset
 - B. Owner Equity
 - C. Manager
 - D. Liabilities

2. Below **ARE NOT** the users of account for managerial accounting **EXCEPT** _____
 - A. government
 - B. manager
 - C. shareholder
 - D. supplier

3. Which of this **ARE NOT** the minor revenue center?
 - A. Rooms
 - B. Telephone
 - C. Valet
 - D. Laundry

4. To encourage prompt payment , vendors may offer an incentive called _____
 - A. allowances
 - B. trade discounts
 - C. unearned income
 - D. cash discounts

5. What is the realization principle for revenue centre?
- A. Sale is recognized only after the customer have made the order for products or services
 - B. Sale is recognized only after services or products have been delivered and accepted
 - C. Sale is recognized only after the payment have been made
 - D. Sale is recognized only after invoice have been issued

6. Cash discount ending period is computed from the date goods are received

Which category of discount does the situation above fall?

- A. Discount on receipt of goods
- B. Discount on end of month
- C. Trade discount
- D. Discount on date of invoice

7. 2/10, n/15

Diagram above shows the term of discount for one company. What are 2 represents for?

- A. Net
- B. Percentage of discount
- C. No of days after invoice date during which the discount may be taken
- D. No of days after invoice date that the invoice must be paid

8. Salleh have buys raw food from Jup Ah Seng Market for RM3, 000.00. The invoice had been given to him on 12/9/2015. If he had been given cash discount term of 3/5, n/15, what is the amount Salleh have to pay if he pay on 15/9/2015?
- A. RM2, 780
 - B. RM3, 000
 - C. RM2, 890
 - D. RM2, 910

9. Pak Majid has purchase furniture from Bala Factory for RM8, 500.00. The invoice had been given to him on 2/8/2016. If he had been given cash discount term of 5/15, n/60 EOM, what is the amount Pak Majid have to pay if he pays on 15/9/2015?
- A. RM8, 075
 - B. RM8, 080
 - C. RM8, 020
 - D. RM8, 110
10. Wong Swee Chin have purchase cosmetics products from Avon for RM1, 250.00 through online. The invoice had been given to him on 11/11/2011. Which of the date could allow her to get cash discount if the term is 1/5, n/20?
- A. 15/11/2011
 - B. 16/11/2011
 - C. 17/11/2011
 - D. 18/11/2011
11. Following are major section of a hotel's balance sheet **EXCEPT** _____.
- A. liabilities
 - B. equity
 - C. revenue
 - D. assets
12. Which of the following is a financial reporting centre in a hospitality business?
- A. Administrative and general
 - B. Marketing
 - C. Property operation and maintenance
 - D. Telephone

13. Current ratio is computed by _____
- A. adding current assets to current liabilities
 - B. dividing current assets by current liabilities
 - C. subtracting current assets from current liabilities
 - D. subtracting current liabilities from current liabilities
14. Which of this **ARE NOT** the method how to compute inventory control?
- A. First In Last Out
 - B. Last In First Out
 - C. First In First Out
 - D. Average Cost Method
15. 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
16. Which are the problems **NOT OCCUR** uniquely in hospitality industry?
- A. Low employee turnover
 - B. Business size
 - C. Cash transactions
 - D. Inventory products
17. What document is needed in purchasing department?
- i. Purchase order
 - ii. Purchase requisition
 - iii. Invoice
 - iv. Receiving report
- A. i, ii, and iii
 - B. ii, iii, and iv
 - C. i, iii, and iv
 - D. i, ii, iii, and iv

18. Which is **NOT** fraud from the cash funds?
- A. Sell combinations to safes
 - B. Remove cash and show it as a shortage
 - C. Under-add cash sheet columns and remove cash
 - D. Set up a dummy company and make out cheque on the false invoices
19. Which fraud happened from the deliveries?
- A. Make out cheques for invoices already paid and cash the cheques for personal use
 - B. Remove cash and adjust register readings or voiding sales
 - C. Use garbage cans to smuggle items out of the back door
 - D. Use excess moisture in items priced by weight
20. What is the reason of imposing internal control?
- A. Making management difficult to supervise their team
 - B. Allowed other to access to the company's data
 - C. Prevent fraud and theft
 - D. Ignore responsibilities around the employee

SECTION B (Total 60 Marks)**SHORT ESSAYS QUESTION**

INSTRUCTIONS : There are **FIVE (5)** questions in this section

: Answer **ALL** questions

Please use the answer booklet provided

QUESTION 1

List down 5 competencies for hotel accounting

[5 marks]

QUESTION 2

- a) Sakamoto Hotel purchase new furniture set at a list price of RM30, 000 and a trade discount of 10%. What amount will be recorded in the furniture account?

[2 marks]

- b) Calculate the amount of the cheque remitted to pay for invoice date 21 May 2016, terms 3/10 n 30 EOM, invoice amount RM4, 500, payment made on 9 June 2016

[3 marks]

- c) For one day operation, the food and beverage operation has recorded the following amounts: room sales RM10, 000; room allowances RM400; and cost of room held sold RM1, 300. Calculate the gross profit on food and the net food sales.

[5 marks]

QUESTION 3

- 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 RM95, 000.
[2 marks]
 - ii. The credit card company charges a 5% fee out of RM30,000
[3 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 RM35,000
[3 marks]
 - ii. Assume that a hospitality company uses the **allowance method** to record an uncollectible receivable of RM70,000
[3 marks]

QUESTION 4

The following information summarizes various general ledger accounts of the food and beverage department Biwako Hotel for the year ended June 30, 2016.

	<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	4,051	
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 Biwako Hotel for the year ended 30 June 2016

[20 marks]

QUESTION 5

You are provided with the following information regarding current assets and current liabilities of Jack & the Beanstalk Restaurant for the periodic years

Current Assets	2015	2016
Cash	RM12,000	RM15,000
Credit card receivables	RM2,500	RM2,200
Account receivables	RM600	RM800
Marketable securities	RM14,000	RM17,000
Inventories	RM7,500	RM8,000
Prepaid expenses	RM3,000	RM3,200
Total Current Assets	RM39,600	RM46,200

Current Assets	2015	2016
Account payable	RM10,500	RM11,000
Accrued expenses	RM3,900	RM4,100
Taxes payable	RM7,200	RM7,800
Interest payable	RM4,300	RM5,100
Current mortgage	RM2,100	RM2,900
Total Current Assets	RM28,000	RM30,900

	2015	2016
Sales revenue	RM650,000	RM755,000
% cash sales	50%	55%
% credit card sales	46%	42%
% account receivable credit sales	4%	3%

REQUIRED:

Calculate for both years:

- a) Working capital [2 marks]
- b) Current ratio [2 marks]
- c) Quick ratio [4 marks]
- d) Account receivable turnover ratio and average collection period for 2016 [6 marks]

SECTION C (20 Marks)

- INSTRUCTIONS : There are THREE (3) questions in this section.
: Answer TWO (2) questions only

QUESTION 1

Mika Hotel had started its business on May 2016 and start purchasing inventories during June 2016. The information below shows data of inventories bought and sold by Mika Hotel in June 2016

Date	Purchases @ cost price per unit	Sales	Sales Price
June 5	140 units @ RM15.50		
12		100 units	RM19.00/unit
19	70 units @ RM16.00		
23	30 units @ RM 17.00		
30		90 units	RM20.00/unit

REQUIRED:

Calculate the cost of inventory on 30th June 2016 by using the following method:

- i. First in First Out (FIFO) and
- ii. Last in First Out

[10 marks]

QUESTION 2

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

REQUIRED:

- 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

[10 MARKS]

QUESTION 3

The following is the information on Kiki Restaurant on 2016

	RM
Sales revenue	950,000.
Operating costs	(390,000)
Earning income, before interest and tax	560,000.
Less: Interest	(30,000)
Income before tax	530,000.
Less: Income tax	(7,800)
Net Income	<u>522,200</u>
	RM
Total assets	700,000
Total liabilities	550,000
Total stockholders' equity	100,500

REQUIRED:

Based on the information given, **CALCULATE:**

- a) Total assets to total liabilities ratio
- b) Total liabilities to total assets ratio
- c) Gross return on assets
- d) Net return on assets
- e) Net income to sales revenue ratio

[10 MARKS]

END OF QUESTIONS
