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FINAL EXAMINATION

COURSE NAME	:	HOSPITALITY ACCOUNTING
COURSE CODE	:	DHM3143
EXAMINATION	:	OCTOBER 2019
DURATION	:	3 HOURS

INSTRUCTION TO CANDIDATES

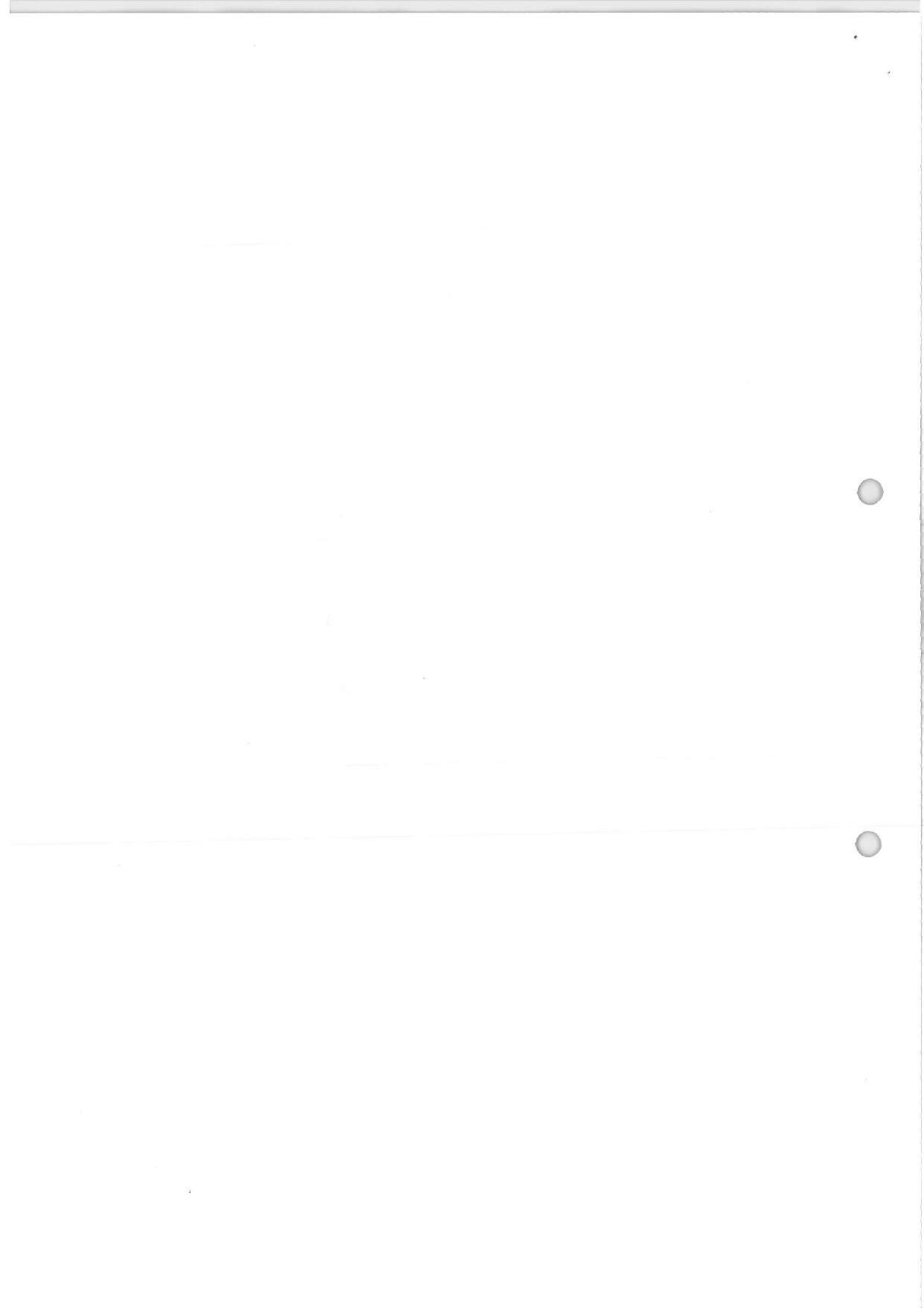1. This examintaion paper consists of **THREE (3)** parts PART A (10 Marks)
   :   PART B (70 Marks)
                                                            PART C (20 Marks)

2. Candidates are not allowed to bring any material to examination room except with the permission from the invigilator.

3. Please check to make sure that this examination consists of:
   i.   Question Paper
   ii.   Objective Answer Paper
   iii. Answering Booklet

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO
*This examination paper consists of **11** printed pages including front page*

PART A

This part contains of **TEN (10)** questions.

Answer ALL in the Objective Answer Paper.

1. Which of these users is the user of managerial accounting?

   A Supplier.

   B Manager.

   C Shareholder.

   D Government.

2. Which of these statements defines realization principle?

   A Sale is recognized only after the payment has been made.

   B Sale is recognized only after the payment has been made.

   C Sale is recognized only after services or products have been delivered and accepted.

   D Sale is recognized only after the customer has made the order for products or services.

3.

> Cash discount ending period is computed at the beginning of next month

Diagram 1

Which best defines diagram 1?

   A Trade discount.

   B Discount on end of month.

   C Discount on date of invoice.

   D Discount on receipt of goods.

4. Which of these is the major revenue center?

   A Room.

   B Telephone.

   C Newsstand.

   D Recreation center.

5. Which fraud happens in receiving and inventory?

   A   Use excess moisture in items priced by weight.

   B   Use garbage cans to smuggle items out of the back door.

   C   Remove cash and adjust register readings or voiding sales.

   D   Make out cheques for invoices already paid and cash the cheques for personal use.

6. Which of these **is not** the method of how to compute inventory control?

   A   First In First Out

   B   Last In Last Out

   C   Last In First Out

   D   Weighted average cost method

7. Krish has purchased machines from Appocolypse Factory for RM10,000.00. The invoice had been given to him on 2/8/2019 and the goods are received on 10/8/2019. If he had been given cash discount term of 5/20, n/60 ROG, what is the amount that Krish has to pay if he pays on 30/8/2019?

   A   RM8,000.00

   B   RM9,500.00

   C   RM10,000.00

   D   RM10,500.00

8.

   | 1/20, n/40 |

   Diagram 2

   Diagram 2 above shows the term of discount for one company. What does 20 represents?

   A   Net/ full amount paid.

   B   Percentage of discount.

   C   No of days after invoice date that the invoice must be paid.

   D   No of days after invoice date during which the discount may be taken.

9. Why is internal control important for each company?

    A Prevent fraud and theft.

    B Ignore responsibilities around the employee.

    C Allowed other to access to the company's data.

    D Making management difficult to supervise their team.

10. Which of these are the reasons why bad debt occur?

    i.   Customers passed away

    ii.   Customers' bankrupt

    iii. Customers' disappear and lost contact

    iv.   Customers' able to pay the debt

    A i, ii

    B i, iii

    C ii, iv

    D i, ii, iii

[10 MARKS]

PART B

This part contains **FIVE (5)** questions.

Answer ALL questions in Answering Booklet.

QUESTION 1

Lucia Zero Hotel had started its business on August 2018 and started purchasing inventories in August 2018. The information below shows data of inventories bought and sold by Lucia Zero Hotel in September 2018:

Date	Purchases @ cost price per unit	Sales	Sales Price
Sept 5	140 units @ RM15.50		
12		80 units	RM19.00/unit
19	60 units @ RM16.00		
23	30 units @ RM 17.00		
28		100 units	RM20.00/unit

Requirement

Using First in First Out method, **calculate**

    a. closing inventory.

(10 marks)

    b. cost of goods sold.

(4 marks)

    c. gross profit.

(2 marks)

QUESTION 2

a. Prepare journal entries for the situations below.

    i. Assume that a hospitality company uses the direct write off method to record an uncollectible receivable of RM35,000.

                                         (1 marks)

    ii. Assume that a hospitality company uses the allowance method to record an uncollectible receivable of RM70,000.

                                           (1 marks)

    iii. At the end of each day, a hotel totals the non-bank credit card drafts and deposits them with cash items into the hotel's checking account. The hotel's credit card drafts total RM75, 000. The credit card company charges 5% for fees.

                                           (4 marks)

    iv. Kurt rents a deluxe room on Amauri Hotel. The cost of the room is RM500.00 and the payment made on bankcard drafts. The credit card company charges 3% for fees.

                                           (4 marks)

b. List down **three (3)** examples of expenses under guest supplies expenses.

                                           (3 marks)

QUESTION 3

The following information summarizes trial balance for food and beverages department at Kororo Hotel for the year ended December 31, 2018.

Account	Debit (RM)	Credit (RM)
Salaries and Wages	177,214	
Employee Benefits	26,966	
China, Glassware and Silver	7,779	
Kitchen Fuel	2,074	
Laundry and Dry Cleaning	5,182	
Licenses	800	
Operating Supplies	11,409	
Uniforms	2,568	
Other Operating Expenses	4,667	
Cost of Food Sales	144,400	
Cost of Beverages Sales	40,510	
Cost of Employee Meals	9,200	
Other Revenue		6,400
Other Cost of Sales	2,600	
Food Sales		360,000
Beverage Revenues		160,000
Food Allowance	1,700	
Beverage Allowance	130	

Required:

Prepare the **FOOD AND BEVERAGE DEPARTMENT'S INCOME STATEMENT SCHEDULE** for the Kororo Hotel for the year ended 31 December 2018.

(20 marks)

QUESTION 4

a. List **four (4)** unique problems in hospitality industries.

(4 marks)

b. Give **two (2)** examples of committing fraud or theft in:
   i.   cash funds areas,
   ii.   delivery areas,
   iii. bar areas.

(6 marks)

QUESTION 5

a. For a one-day operation, the operation of Statesman Hotel has recorded the following amounts: room sales RM150,000; room allowances RM2,400, food sales RM78,000, food allowance RM5,200 and cost of food held for sale RM25,300. Given additional information that employees' meals were RM12,000 and other expenses is RM20,000. Compute the net profit.

(8 marks)

b. Give the latest date that the discount may be taken for each of the following invoices:

   i.   Dated April 27 2018, terms 3/15, n/30 EOM.
   ii.   Dated April 20 2018, terms 2/10, n/30 ROG, goods received May 31 2018.
   iii. Dated September 26 2018, terms 5/10, n/11 prox.

(3 marks)

[70 MARKS]

PART C

This part contains **ONE (1)** questions.

Answer ALL questions in the Answering Booklet.

QUESTION 1

You are provided with the following information regarding current assets and current liabilities of Radiant Restaurant for the periodic years:

Balance sheets, December 31	Year 2017	Year 2018
Assets	RM	RM
Cash	910	1,420
Credit card	492	624
Account receivable	528	616
Food inventory	1,460	1,390
Prepaid expenses	380	450
Land	3,200	3,200
Building	31,580	32,320
Equipment	6,664	7,320
Furnishings	1,666	1,830
Accumulated depreciation	(11,370)	(12,450)
	35,510	36,720

Liabilities & Stockholders' Equity

Accounts payable	1,670	1,250
Bank note payable	490	360

Income tax payable	1,250	1,260
Accrued expenses payable	710	750
Mortgage payable (current)	1,040	1,210
Long term mortgage payable	19,200	18,090
Common stock	1,000	1,000
Retained earnings	10,150	12,800
Liabilities & Stock holders' equity	35,510	36,720

Income Statement (Condensed)	RM	RM

For the Year Ending December 31, 2018

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

Required

From the information given, calculate the following:

a. Current ratio for years 2017 and 2018.

(4 marks)

b. Quick ratio (Acid test ratio) for years 2017 and 2018.

(4 marks)

c. Total assets to total liabilities for Year 2017 and 2018.

(4 marks)

d. Net return on total assets for Year 2018.

(4 marks)

e. According to liquidity ratio above, which year is better? Justify your answer.

(4 marks)

[20 MARKS]

END OF QUESTION PAPER