



SLIATE

SRI LANKA INSTITUTE OF ADVANCED TECHNOLOGICAL EDUCATION
(Established in the Ministry of Higher Education, vide in Act No. 29 of 1995)

Higher National Diploma in Tourism and Hospitality Management
2nd Year, Second Semester Examination – 2015
THM 22253- Accounting for Hotel Management

Instructions for Candidates:
answer five question including No 1, 2, 3 and 4
Calculator Allowed

No. of questions: 06
No. of pages : 05
Time : 03 hrs

Question No 01 (Total Marks 20)

- I. State whether the following statements are true or false
- a. Accounting is simply defined as language of business
 - b. Main objective of accounting is to provide information on a business entity
 - c. Asset is not an element of accounting
 - d. Ledger is not a collection of accounts
 - e. Luca Piccioli is not named as a father accounting (Marks 05)

- II. Record the following transactions in accounting equation
(Assets + Expenses = Capital + Liability + Income)
- a. Owner Introduced capital Rs.250000
 - b. Bank loan was taken to invest in the Business Operation Rs.125000
 - c. Purchased a machine from ABC Ltd Rs.45000
 - d. Paid Building rent Rs.16000
 - e. Opened current account Rs.75000 (Marks 05)

III. Fill in the blanks of the following table

| Transaction | Account to be debited | Account to be credited |
|---------------------------|-----------------------|------------------------|
| Bad debt | | |
| Purchased goods on credit | | |
| Sold goods on credit | | |
| Depreciation | | |
| Purchase Return | | |

(Marks 05)

IV. Record the following opening balances in General journal and find out the capital

- Capital ?
- Furniture Rs.120,000
- Debtors RS.15,000
- Bank Loan Rs.50,000
- Creditors Rs10,000
- Pre-paid insurance Rs.1,000
- Land and Building Rs.550,000

- Accrued Electricity Rs.4,000
- Bank overdraft Rs.25,000
- Cash in hand Rs.10,000

(Marks 05)

Question No 02 (Total Marks 20)

Mark John has started a sole proprietorships business on 1st Jan 2015. The list of transaction occurred during the first month of operation is given below.

- 1st Jan 2015 He introduced initial capital of Rs.250000 in cash
- 3rd Jan 2015 Purchased goods Rs.45000
- 5th Jan 2015 Sold goods Rs.25000
- 7th Jan 2015 Started a current account having deposited Rs.50000
- 8th Jan 2015 Purchased goods from Alex Rs.45000
- 11th Jan 2015 Sold goods to Malik Rs.22000
- 12th Jan 2015 Goods returned to Alex Rs.5000
- 13th Jan 2015 Payment made to Alex Rs.39000 in the full settlement of Rs.40000
- 15th Jan 2015 A Cheque worth of Rs.21500 received from Malik for the full settlement of
Rs.22000
- 16th Jan 2015 Deposit Rs.25000 including cheque received on 15th Jan from Malik
- 17th Jan 2015 Building rent and insurance premium respectively amounting Rs.6000 and
Rs.4500 paid by cheque
- 18th Jan 2015 Purchased goods from Steven Rs.30000
- 19th Jan 2015 Return goods to Steven Rs.2000
- 20th Jan 2015 Sold goods to Roy Rs.22500
- 21st Jan 2015 Roy Return goods Rs.1500
- 22nd Jan 2015 Sold goods Rs.50000
- 25th Jan 2015 Sold good to Roy Rs.12500
- 27th Jan 2015 Deposited Rs.10000 in current account
- 28th Jan 2015 Purchased goods from Malik Rs.46000
- 29th Jan 2015 Purchased goods Rs.32000
- 30th Jan 2015 Purchased furniture to use in the business Rs.15000
- 31st Jan 2015 Paid following bills by cheque

Telephone Rs.3500

Electricity Rs.4000

You are required to record the above transactions in the respective primary books (Subsidiary journals)

Question no 03 (Total Marks 20)

- I. What is meant by Trial Balance? (Marks 3)
- II. What are the advantages of Trial Balance? (Marks 3)
- III. Explain briefly on following.
- a. Closing stock
 - b. Accrued Expenses
 - c. Prepaid expenses
 - d. Bad Debt (Marks 2x4=8)
- IV. Mention the purpose of preparing following.
- a. Trading account
 - b. Profit and loss account (Income Statement)
 - c. Balance sheet (Statement of Financial Position) (Marks 2x3=6)

Question No 04(Total Marks 20)

Trial Balance of SUN Trading as at 31st March 2015 given to you as follow

| Account Name | Dr | Cr |
|--|-----------|-----------|
| Capital account | | 1,950,000 |
| Bank Loan | | 1,000,000 |
| Sales | | 3,500,000 |
| Purchase | 1,500,000 | |
| Salaries | 450,000 | |
| Insurance | 25,000 | |
| Electricity | 60,000 | |
| Building Rent | 30,000 | |
| Discount allowed | 15,000 | |
| sales commission | 75,000 | |
| Advertisement | 120,000 | |
| Bad debt | 40,000 | |
| Discount received | | 60,000 |
| Investment Income | | 40,000 |
| Stock as at 1 st April 2014 | 150,000 | |
| Debtor | 125,000 | |

| | | |
|-----------------------|------------------|------------------|
| Creditors | | 150,000 |
| Cash at bank | 80,000 | |
| Cash in hand | 30,000 | |
| Plant and machinery | 3,000,000 | |
| Furniture and fitting | 1,000,000 | |
| | 6,700,000 | 6,700,000 |

Additional information

1. Stock at cost Rs 200000 on 31st March 2015
2. Following expenses are outstanding
 - a) Advertisement Rs 20000
 - b) Sales commission Rs 30000
3. Following expenses are paid in advance
 - a) Insurance Rs 5000
 - b) Building rent Rs 10000
4. Depreciation should be provided at following rate under straight line method.

| | |
|---------------------------------|-----|
| Office furniture and fitting at | 10% |
| Machinery at | 20% |

You are required to prepare

- a. Income Statement for the year ended 31st March 2015
- b. Statement of Financial position as at 31st March 2015.

Question No.5 (Total Marks 20)

I. Mention source document of following transaction

- a. Sales
- b. Purchase
- c. Cash payment
- d. Cash receipt
- e. Purchase return
- f. Sales return

(Marks 6)

II.

- a. Why does a firm maintain petty cash book in addition to main cash book?
(Marks 2)
- b. Record the following transactions in petty cash book and post them into ledger accounts

| | |
|--------|--|
| Jan 01 | Cash received from chief cashier Rs.2000 |
| 03 | Typing papers Rs.40 |
| 06 | Office cleaning Rs.100 |
| 08 | Postage Rs.35 and office cleaning Rs.50 |
| 10 | Travelling Rs.15 |
| 12 | Postage Rs.70 |
| 15 | Travelling Rs.25 |
| 16 | Travelling Rs.100 |
| 18 | Ink and typing papers Rs.250 |
| 20 | Telephone charges Rs.25 |
| 24 | Faxed charges Rs.40 |
| 25 | Travelling Rs.40 |
| 26 | Telegram Rs.45 |
| 28 | Cleaning charges Rs.100 |
| 30 | license renewal Rs.125 |

(Marks 12)

Question no 06 (Total Marks 20)

I. Briefly explain the following accounting concepts

- a. Business Entity concept
- b. Dual Aspect concept
- c. Money Measurement concept

(Marks 2x3=6)

II. Briefly explain the following terms

- a. Journalizing transactions
- b. Posting

(Marks 3 x2= 6)

III. Distinguish the following terms

- a. Cash discount and Trade discount
- b. Discount allowed and Discount received

(Marks 4x2=8)