

**AKENTEN APPIAH-MENKA UNIVERSITY OF SKILLS TRAINING AND
ENTREPRENEURIAL DEVELOPMENT**
DEPARTMENT OF HOSPITALITY AND TOURISM EDUCATION
END OF SEMESTER EXAMINATION - OCTOBER 2021

PROGRAMME	BSC CATERING & HOSPITALITY EDUCATION (LEVEL 100)
COURSE TITLE	HOSPITALITY ACCOUNTING
COURSE CODE	HOS 125
DURATION	THREE (3) HOURS
EXAMINER	EMMANUEL KORSAH/VIDA GYIMAH BOADU
INSTRUCTIONS	<ol style="list-style-type: none"> 1. This paper consists of only multiple-choice questions that has to be answered on the scannable sheet by shading with an HB pencil only. 2. Students are required to also circle the correct answer for each question on the question paper. 3. Students are required to submit both question paper and scannable sheet. 4. This paper or part of it should not be taken out of the examination hall.

INDEX NUMBER.....

Attempt all 60 questions for 60 marks

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| <p>1. Which of the following is a book of prime or original entry?</p> <ul style="list-style-type: none"> a. Bank Account b. Trial balance c. Debtor's account d. Cashbook <p>2. In accounting Transactions are referred to as</p> <ul style="list-style-type: none"> a. Cash activities b. Bank statement c. Exchange of money d. Economic event | <p>3. Which of the following should not be called 'Inventory'?</p> <ul style="list-style-type: none"> a. Purchased of merchandise items b. Goods bought on credit c. Goods bought for cash d. Purchase of furniture <p>4. Which one of the following statements completely and correctly describes accounting?</p> <ul style="list-style-type: none"> a. Recording, classifying and summarizing all activities in useful manner b. Accounting is the systematic process of recording social activities only |
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- c. Recording, classifying and summarizing economic activities in informal manner
- d. Recording, classifying and summarizing economic activities in systematic way
5. All of the following are forms of business organizations except?
- Partnership
 - NGOs
 - Companies
 - Sole proprietorship
6. A Sole proprietorship is collectively known as...?
- Partnership
 - Enterprise
 - Co-operative society
 - Company
7. What is the meaning of the word 'limited' in the name of a limited company?
- The liability of the company for the Shareholders' debts is limited
 - The liability of the company for its own debts is limited
 - The liability of shareholders for the company's debts is limited
 - There is a limit on the amount of debts that the company can contract
8. In which type of a business form is the owner and his business considered same in the eyes of law?
- Sole proprietorship
 - Limited companies
 - Partnership
 - a and c
9. The accounting process involves in recording:
- Quantifiable economic event
 - Non quantifiable economic event
- c. All of them
- d. None of them
10. The goal of business is to?
- Produce goods and services for people
 - Maximise Revenue
 - Provide employment for people
 - Maximise profit
11. Bookkeeping mainly concerns which part of accounting process
- Analysing
 - Summarizing
 - Recording
 - Auditing the books of accounts
12. Which of the following is correct for gross profit?
- Sales minus Operational expense
 - Sales minus cost of sales
 - Net profit minus tax
 - Asset minus Liability
13. Which one of the following statements completely and correctly describes accounting?
- Recording, classifying and summarizing economic activities in systematic way
 - Recording, classifying and summarizing all activities in useful manner
 - Accounting is the systematic process of recording social activities only
 - Recording, classifying and summarizing economic activities in informal manner
14. The double entry for withdraws ₦60,000 cash from a business bank account will be?
- Cash decreases by ₦60,000, and Bank increases by ₦60,000
 - Debit bank and cash

- c. Debit Drawings Account and credit Cash account
- d. Credit Bank and debit cash all by ₦60,000
- 15.** Paid Ahmed for cash should be credited to?
- Account Payable _ Ahmed
 - Cash A/c
 - Purchases A/c
 - Account Receivable _ Ahmed
- 16.** The double entry for Purchases goods by cash from JM for GH₵2,000 will be
- Debit Purchase account \$2,000 and JM \$2,000
 - Debit Inventory Account ₦2,000, and credit JM ₦2,000
 - Debit cash and credit Purchase all by ₦2,000
 - Debit Inventory ₦2,000 and credit cash ₦2,000
- 17.** We can say that the business is in profit, when:
- Assets exceed Expenditure
 - Income exceeds Liabilities
 - Income exceeds Expenditure
 - Income exceeds Liabilities
- 18.** What will be the double entry for owner starting business with GH₵20,000 at bank?
- Capital decreases so credit by ₦20,000, and Cash increases so debit by ₦20,000
 - Equity increase so credit owners' equity by ₦20,000 and debit cash by ₦20,000 since Asset since asset has increased
 - Debit capital and credit Bank all by ₦20,000
 - Credit Owners money by ₦20,000, and debit Owners account by ₦20,000
- 19.** Which of the following is correct and complete for Sells goods on credit to JM GH₵210 Costing GH₵190
- Credit sales by ₦210, and JM by ₦210 then Debit Purchase by ₦190 and cash by ₦190
 - Debit Cash 210, and Cost of sales of ₦190, and then Credit Inventory by ₦190 and Sales by ₦210.
 - Debit JM by ₦210 and Credit Sales by ₦210.
 - Debit JM 210, and Cost of sales of ₦190, and then Credit Inventory by ₦190 and Sales by ₦210.
- 20.** Which of the following transactions are likely to be affected when a Debtor returns goods back to the business?
- Sales Accounts (Dr), Debtors Accounts (Cr), Inventory Account (Dr) Cost of Sales Account (Cr)
 - Returns inward (Dr) and Debtors accounts (Cr) only
 - Return Outwards Account (Cr), and Accounts payable Account (Dr)
 - Goods return Accounts and Sales return Accounts
- 21.** What double entry will be used to record buys furniture for GH₵1,500 paying by Cash
- Dr Furniture ₦1,500 and credit Bank ₦1,500
 - Credit Bank Account ₦1,500, and Debit Inventory Account ₦1,500
 - Credit Cash and Debit Furniture all by ₦1,500
 - Dr Fixed Assets Account ₦1,500 and Cr Furniture Account ₦1,500

22. Which of the following is incorrect?

Assets	Liabilities	Capital
£	£	£
a. 7,850	1,250	6,600
b. 8,200	2,800	5,400
c. 9,550	1,150	8,200
d. 6,540	1,120	5,420

23. Which of the following is not a way to explain sales volatility in the Hospitality industry?

- a. Intra-day sales volatility
- b. Morning surge sales volatility
- c. Weekly sales volatility
- d. Economic cycle sales volatility

24. Adwoa realized that her coffee shop runs off serving tables and chairs every morning due to overdemand for coffee. Adwoa's business suffers from

- a. Intra-day sales volatility
- b. Morning surge sales volatility
- c. Weekly sales volatility
- d. Economic cycle sales volatility

25. High labour intensive nature of the hospitality industry is a problem since

- a. It is difficult to obtain skilled staff to work in the industry
- b. It is difficult to manage people and its associated cost
- c. It is difficult to people to understand how the industry operates
- d. Machines are not permitted in the industry

26. An unincorporated legal entity with more than one owner. No legal distinction between owners and the business.

- a. Sole proprietor
- b. Company
- c. Legal entity
- d. Partnership

27. ADF catering services specialized in the production of cakes for special events. All her cakes are oversubscribed during the Christmas holidays. ADF suffers from?

- a. Economic cycle sales volatility
- b. Seasonal sales volatility
- c. Weekly sales volatility
- d. Intra-day sales volatility

28. An incorporated entity which owners are considered separate from the business.

- a. Sole proprietor
- b. Company
- c. Legal entity
- d. Partnership

29. High labour intensive nature of the hospitality industry is a problem since

- a. It is difficult to obtain skilled staff to work in the industry
- b. It is difficult to manage people and its associated cost
- c. It is difficult to people to understand how the industry operates
- d. Machines are not permitted in the industry

30. Which of the following is not a problem to consider in Hospitality Accounting?

- a. High product perishability
- b. Sale volatility
- c. Fixed Cost
- d. High Capital intensive

31. Which concept states that every transaction has two effects on the accounting equation.

- a. Duality
- b. Double effect
- c. Debit and Credit concept
- d. Money measurement

- 32.** My Worship is a travel and tour company and specializes in pilgrimage travels. They have realized that their sales increases by 900 during election years since the government sponsors pilgrimage travels in such year. This is typical of
- Economic cycle sales volatility
 - Seasonal sales volatility
 - Weekly sales volatility
 - Intra-day sales volatility
- 33.** When a Liability is reduced or decreased, it is recorded on the:
- Left or credit side of the account
 - Right or debit side of the account
 - Right or credit side of the account
 - Left or debit side of the account
- 34.** The accountant adopted the straight-line method of depreciation for all landed property at the start of the business and for five years now this method has been applied in treating depreciation on all landed property in the business. Which concept is applied here?
- Consistency
 - Prudence
 - Historical cost
 - Materiality
- 35.** The proprietor of Akoma Ent. was disturbed why the accountant left out some beautiful pens and A4 sheets when preparing the asset schedule for the financial statement. The accountant explained “we do not waste time in the elaborate recording of trivial items”. Which concept is applied here?
- Money measurement
 - Materiality
 - Realization
 - Matching
- 36.** The proprietor of Akoma Ent. was much astonished to see the value of a land which he bought for \$100 last 20years still recorded as \$100 in the books. The accountant explained “assets are recorded at their cost price and not at their market value”. Which concept is applied here?
- Going concern
 - Matching
 - Historical cost
 - Objectivity
- 37.** The Proprietor of Akoma Ent. sometimes use the business vehicle for personal activities. The total cost of transportation for the month is GHC2500 but the accountant catered for only GHC1800. The accountant explained that the personal expense of the owner is not business expense. Which concept is applied here?
- Separate entity
 - Going concern
 - Double entry bookkeeping
 - Depreciation
- 38.** Adwoa Amea after reviewing the financial statement was in a jubilant mood-seeing the dividend declared and how her share price has increased over the years. Which user of accounting information could be identified here?
- Management
 - Customers
 - Employees
 - Shareholders
- 39.** The accountants of a financial institution picked the final accounts of PI to assess the ability of PI to meet its obligations to pay interest and to repay the principal if PI's financial demand is granted. Which user of

accounting information could be identified here?

- a. Shareholder
- b. Customer
- c. Lender
- d. Supplier

40. It is known, however, that the business will be forced to close down in February 2009, only two months later, and the assets are expected to be sold for only GHC 15,000. Which concept is applied here?

- a. Accruals
- b. Capital and revenue expenditure
- c. Separate entity
- d. Going concern

41. The expense paid for during the year was GHC 2,000. However, the accountant treated GHC 1800 for the year due to an amount paid which related to the previous year. Which concept is applied here?

- a. Accruals
- b. Cash
- c. Separate entity
- d. Going concern

42. A client picked the financial statement and told the accountant; ‘the tax payable to us for the year is GHC12,000. Which user of accounting information could be identified here?

- a. Bank
- b. Government
- c. Owner-manager
- d. Competitors

43. Some individuals assessed PI in order to determine whether to invest more or sell all

or part of their investment currently held. This was done through an assessment of the likely risks and returns associated with PI. Which user of accounting information could be identified here?

- a. Management
- b. Supplier
- c. Employee
- d. Shareholder

44. Ataa Afua, after going through the financial statement made this comment; ‘considering the ability of the company, I don’t think this company is viable to continue to reward me adequately for my labour’. Which user of accounting information could be identified here?

- a. Management
- b. Supplier
- c. Employee
- d. Shareholder

45. Atinga, Atongo and some officials of the company were upset after analysing the financial statement. They asked themselves; ‘why did we not meet our target for the year?’ They immediately called a meeting to investigate the cause and put plans in place to curtail such occurrences in the future. Which user of accounting information could be identified here?

- a. Management
- b. Customers
- c. Competitors
- d. Shareholders

46. Adwoa Amea after reviewing the financial statement was in a jubilant mood-seeing the dividend declared and how her share price has increased over the years. Which user of accounting information could be identified here?

- a. Management
- b. Customers
- c. Employees
- d. Shareholders

Use the Trial balance below to solve questions 47 to 50

Trial balance		
Item	Dr	Cr
	GH¢	GH¢
Capital		19,900
Cash	1,760	
Bank	13,680	
Inventory	4,250	
JM		2,000
ERD		3,000
Wages	170	
Rent	80	
Sales		9,110
Cost of Sales	4,650	
Furniture	1,500	
SP	250	
Fittings	600	
Carriage outwards	25	
Carriage inwards	20	
Advertising	25	
KM	7,000	
Total	34,010	34,010

47. From the trial balance, what is the Net profit before tax?

- a. ₦4,140
- b. ₦34,010
- c. ₦4,460
- d. ₦9,110

48. From the trial balance, what is the Gross profit?

- ₦4,140
- ₦4,650

₦4,460
₦9,110

49. What is the Total Asset?

- a. ₦19,690
- b. ₦ 21,790
- c. ₦5,000
- d. ₦ 29,040

50. What is the total liability?

- a. ₦34,010
- b. ₦ 21,790
- c. ₦5,000
- d. ₦ 29,040

51. The liabilities of a business are ₦34,000; the capital of the proprietor is ₦36,000. The total assets are?

- a. ₦70,000
- b. ₦30,000
- c. ₦40,000
- d. ₦100,000

52. Which of the following is an example of business liability?

- a. Land
- b. Building
- c. Debtors
- d. Creditors

53. Which of the following account is affected from the owner's drawings of cash in sole-proprietorship business?

- a. Shareholder account
- b. Capital account
- c. Liability account
- d. Expense account

54. Which of the following is NOT correct?

- a. Decrease in Assets will be credit
- b. Decrease in Liabilities will be debit
- c. Decrease in Expenses will be credit
- d. Decrease in Revenue will be credit

55. Of the following account types, which would be increased by a debit?

- a. Liabilities and expenses
- b. Assets and equity
- c. Assets and expenses
- d. Equity and revenues

56. According to the rules of debit and credit for recording transactions?

- a. Increase in assets, liabilities and owner equity recorded by debit
- b. Decrease in asset and liability are recorded by credit
- c. Increase in asset and owner's equity are recorded by debit
- d. Decrease in liability and owner's equity are recorded by debit

57. Which of the following accounts would be increased with a debit?

- a. Contributed Capital
- b. Income
- c. Expenses
- d. Revenues

The Accounts below is an extract from the Sales Account of Sweet-Bad Pastries for the month of January 2020.

Use the information to answer questions 58-60

Date	Description	Dr	Cr	Balance
		GH¢	GH¢	GH¢
May 2020				
12	Cash		210	
19	SP		580	
25	Cash		430	
28	Cash		890	
29	KM			8,090
29	KM (Return)	1,090		

58. From the table what is the implication of cash on 25/05/2020?

- a. The business exchanged some foreign cash for Ghana cedi totaling ₦210
- b. A creditor was paid an amount totaling ₦1,220 for purchases made on credit
- c. Cash of ₦430 was received when the sale was made
- d. A debtor paid ₦430 for an amount they owed

59. What does SP in the accounts imply

- a. he is a debtor and he paid ₦580 for the amount he owes
- b. On that day we sold to the on credit an amount of ₦580
- c. On that day we bought from him on credit an amount of ₦580
- d. he is a creditor and he was paid ₦580 for the amount owed her

60. What is the balance on the Sales Account on 29/05/2020?

- a. ₦11,290
- b. ₦8,090
- c. ₦9,110
- d. ₦10,200

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