

UNIVERSITY OF COLOMBO

FACULTY OF ARTS

DEPARTMENT OF ECONOMICS

DIPLOMA IN TRAVEL & TOURISM ECONOMICS AND HOTEL MANAGEMENT

FINAL EXAMINATION – 2016

DTTEHM 03: ACCOUNTANCY AND STATISTICAL ANALYSIS

ANSWER ALL QUESTIONS

Time Allowed: TWO (2) HOURS

INSTRUCTIONS:

1. Candidates must read all questions carefully.
2. The examination script consists of the followings:

Part	Question	Instruction	Answer booklet	Marks
A	Accounts	Answer <i>ALL</i>	Answer booklet	50
B	Accounts	Answer <i>ALL</i>	Answer booklet	50

PART (A)

Question (1)

Balance sheet of Golden Mountain Hotel in World's end as at 1st January 2016

Owners capital	100,000	Fixed asserts	
Profit 2015	15,000	Land & buildings	130,000
	115,000	Furniture & fittings	30,000
Long terms loans	60,000		
		Current asserts	
Current liabilities		Inventory	10,000
Creditors	30,000	Pre paid rentals	8,000
Service charge	12,000	Ash in hand	39,000
	217,000		217,000

1. Owner introduce 50,000 to the business cash
2. Purchase equipment 12,000 cash
3. Paid back 10,000 long term loan cash
4. Purchased food item from Martin stores 14,000
5. Sold to Edward travel co 20,000
6. 4,000 rental recovered in January 2016

- a) Update the above trans action in Golden mountain hotel
- b) The said transactions for the month of January 2016. Re do the balance sheet as at 1st February 2016

(Total Marks 20)

Question (2)

The Trial Balance of London hill Hotel as at 31stMarch 2016 is given below.

Description	Debit	Credit
Advertising	3,000	
Bank Loan		20,000
Capital		71,690
Cash at Bank	4,000	
Cash in Hand	20,000	
Creditors		3,200
Debtors	4,900	
Electricity	1,200	
Fixed Deposit	40,000	
Furniture & Fittings	20,000	
Land & Building	112,000	
Loan Interest	900	
Motor Vehicles	35,000	
Other Income		2,000
Purchases - Beverages	80,000	
Purchases - Food Items	120,000	
Purchases - Other	34,000	
Rates & Taxes	2,100	
Salaries & Wages	3,900	
Sales - Beverage		172,000
Sales - Room		213,100
Sales Commission		13,200
Stock as at 01 st April 2015	3,600	
Telephone	3,690	
Travelling	2,900	
Water	4,000	
	495,190	495,190

The following additional information is also provided:

- (1) Closing stock as at 31st March 2016 was valued at Rs.3, 000/-.
- (2) The policy of the business is to provide depreciation on the straight line basis at cost as follows:
- Buildings- 5% per annum
 - Motor vehicles - 20% per annum
 - Furniture and Fittings - 25% per annum

You are required to, prepare the followings:

- (a) Statement of Comprehensive Income for the year ended 31st March 2016. (20 marks)
- (b) Statement of Financial Position as at 31st March 2016. (10 marks)
- (Total 30 marks)

PART (B)

1. Extracted following balances are extracted from Food court Colombo port. Opening stocks 2,000, purchases food 82,000 during the month, Return out wards 1500, Physical food inventory 6,000
 - A. Calculate cost of sales
 - B. Calculate average stocks
 - C. Calculate stock turnover ratio
 - D. Calculate sale amount if the gross profit ratio 25%
2. Nan Can r hotel owner Miss Gun invested US\$ 720,000 and wanted a return on investment 20%. Direct taxes 25%, expenses for the period US\$ 80,000.
 - A. What revenue to be earned to service return on investment.
3. 36 room hotel with 80% occupancy and ARR US\$ 15 throughout the year. All rooms sold with BB rates guest ratio 1.5. Breakfast rate US\$ 4. Exchange rate 1 US\$ = LKR 140
 - I. Calculate room revenue for the year
 - II. Calculate breakfast revenue
 - III. What is the total hotel revenue
4. Material hotel maintains his food cost @ 40%.
 - a) Cost of food one unit 454grams mutton biriyani LKR 120 calculate the selling price
 - b) Contribution from each unit
 - c) What price guest should pay with service charge and taxes?
 - i. Service charge 10%

- ii. VAT 11%
- iii. TDL 1%
- iv. NBT 2%

5. Gills pub pricing policy is as follows

- a. Beverage revenue plus 10% as service charge,
- b. subtotal plus 11% as vat, selling price
- c. Mrs. Wood paid LKR 244.20 for one Mojito as net selling price
- d. Cost of beverage 25%
 - i. Calculate net beverage revenue
 - ii. Calculate the material cost
 - iii. If the beverage cost raised up to 40% what price Mrs. Wood have to pay-

Marks (20)

6. River Everest green running boat service in Rorris

- Ticket price of boat ride US\$ 400 it includes all meals.

Depending on the boat capacity maximum carrying will be 125 passengers

Fixed cost per journey	Port charges	U\$ 3000
	Insurance	U\$ 1500
	Fuel	U\$ 3000
	Staff cost	U\$ 3000
Variable cost per passenger		U\$ 100

a) Calculate following

- I. Contribution per ride
- II. Breakeven point per ride
- III. If it is 100 passengers what will be the profit

b) Calculate following

Port charges will be increased by 20% and insurance will be increased by 10% calculate the followings with the above mentioned impacts.

- (1) Contribution
- (2) Breakeven point
- (3) If it is 100 passengers what will be the profit
- (4) Maximum utilization what will be the profit

Marks (20)

7. $\text{Cost} + \text{Profits} = \text{Sales}$. It is a distinguish equation in the business. What is your opinion? Explain to Mr. Lenard. He wanted to invest in cable car operation project in Sri Lanka with the propose tourism plan.

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|--|---------------|
| a) Variable cost per passenger | LKR 300 |
| b) Fixed cost per week | LKR 150,000 |
| c) Fees per ride per passenger both ways | LKR 600 |
| d) Maximum carrying capacity one unit | 10 passengers |

Calculate Following:

- I. How many trips to be done per week to cover his fixed cost
- II. Expected rides 40 per week. Advice him about the revenue and profitability
- III. Is it advisable to control variable cost to increase profitability?
- IV. In fixed cost risk reinsurance premium also included. Do you think it is prudent enough to control the risk insurance premium too?
- V. Depending on the service there will be more customers or guests it increase sales and profitability. Owner also happy with his early recovery of (ROI) investment return. Give your favorable answer in point foam.

Marks (10)

End of the question paper