



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION CODE: 07BHOM & 07BOTM	LEVEL: 6
COURSE CODE: IHA521S	COURSE NAME: Introduction to Hospitality & Tourism Accounting
DATE: JULY 2022	MODE: FULL TIME
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION PAPER	
EXAMINER	K.G.H. Sheehama
MODERATOR:	L. Odada

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. Examination paper
2. Examination script

THIS QUESTION PAPER CONSISTS OF 8 PAGES (INCLUDING THIS FRONT PAGE)

QUESTION 1

(40 MARKS)

**Answer this question ON the Answer Sheet on Page 8 of this question paper.
In each of the following questions, ON THE ATTACHED ANSWER SHEET, only draw a cross over the letter that, in your opinion, represents the correct answer:**

1. What term is used for day-to-day dealings that are recorded in the book of accounts of a business?
 - A. Business dealings
 - B. Bookkeeping
 - C. Business transactions
 - D. Accounting

2. Assets are increased by and liabilities are decreased by

 - A. Debits, Credits
 - B. Debits, Debits
 - C. Credits, Debits
 - D. Credits, Credits

3. Expenses are decreased by and revenues are increased by

 - A. Debits, Credits
 - B. Debits, Debits
 - C. Credits, Debits
 - D. Credits, Credits

4. Kamoi-moi's Tune-up Shop follows the revenue recognition principle. Moishe services a car On 31 March 2022. The customer picks up the vehicle on 1 April 2022. Kamoi-moi was paid on 25 April 2022. When should Kamoi-moi show that the revenue was earned?
 - A. 6 April
 - B. 1 April
 - C. 31 March
 - D. 28 April

5. Difference between sales and gross profit is called:
 - A. Net sales
 - B. Gross profit
 - C. Cost of goods sold
 - D. Net profit

6. A sum of expenses and net profit is called:
 - A. Net loss
 - B. Gross profit
 - C. Cost of goods sold
 - D. Gross loss

7. If total liabilities increased by N\$4 000, then
 - A. Assets must have decreased by N\$4 000.
 - B. Owner's equity must have decreased by N\$4 000.
 - C. Assets must have increased by N\$4 000 and owner's equity must have decreased by N\$4 000.
 - D. Assets and owner's equity each increased by N\$2 000.

8. If total assets increased by N\$5 000, then
- A. Assets must have decreased by N\$5 000.
 - B. Owner's equity must have decreased by N\$5 000.
 - C. Assets must have increased by N\$5 000 and owner's equity must have decreased by N\$5 000.
 - D. Assets and owner's equity each increased by N\$2 500.
9. Which of the following statements is false?
- A. to increase cash, debit the account
 - B. to increase revenue, credit the account
 - C. to decrease a liability, debit the account
 - D. to increase a liability, debit the account
10. Which of the following series of accounts all have debit balances?
- A. building, cash, accrued salaries
 - B. building, salary expense, prepaid rent
 - C. building, depreciation expense, accrued rent
 - D. building, accumulated depreciation, cash
11. Which of the following series of accounts all have credit balances?
- A. bank-overdraft, creditors, drawings
 - B. bank-overdraft, creditors, interest expense
 - C. capital, depreciation expense, sales
 - D. capital, accumulated depreciation, sales
12. State which one of the following errors would be discovered because of preparing a trial balance:
- A. The credit column of account has been overstated by N\$100.
 - B. Drawings of N\$200 has been entered in both drawings and bank account.
 - C. A transaction has been completely omitted from the books of account.
 - D. A transaction has been entered incorrectly in both accounts e.g. as N\$59 instead of as N\$95.
13. Which ratio measures an evaluation of a business' ability to pay its short term obligations?
- A. Current ratio
 - B. Gross profit ratio
 - C. Net profit ratio
 - D. Ability period ratio
14. Debit entries in the ledger accounts will:
- A. Increase both assets and liabilities.
 - B. Decrease both assets and liabilities.
 - C. Decrease assets and increase liabilities.
 - D. Increase assets and decrease liabilities
15. Gross loss will result if:
- A. Operating expenses are less than net income.
 - B. Sales revenues are less than cost of sales.
 - C. Sales revenues are greater than cost of sales.
 - D. Operating expenses are greater than cost of goods sold.

16. NamDancer has a dancing school and sells dancing shoes to clients. He won an important dancing competition. Namdancer proposes to include his dancing skills and experience as current asset in the statement of financial position. You advised him that this is not allowed. Which of the following accounting rules apply?
- A. The rule periodicity rule
 - B. The realization rule
 - C. The quantitative rule
 - D. The prudence rule
17. A business agreed to write off an amount of N\$5 000 owed by accounts receivable as a bad debt. Which of the following entries in the final accounts should the business now perform?
- A. Charge the bad debt to statement of profit and loss account only
 - B. Reduce only the value of the accounts receivable balance to allow for the bad debt
 - C. Reduce the value of the accounts receivable balance AND charge the bad debt to the statement of profit and loss
 - D. Increase the value of the accounts receivable balance and add to the gross profit balance.
18. The following ratio measures how long on average a business takes to pay off its short-term obligations.
- A. Accounts receivables collection period
 - B. Accounts payables payment period
 - C. Quick ratio
 - D. Current ratio
19. Which one of the following accounting rules relates to the timing intervals of drafting financial statements.
- A. Prudence rule
 - B. Entity rule
 - C. Periodicity rule
 - D. Consistency rule
20. What do you divide cost of sales by to work out the inventory turnover?
- A. Total costs
 - B. Total revenues
 - C. Average inventory
 - D. Average debtors

QUESTION 2**(15 MARKS)**

You are presented with the following summarized accounts:

Kapana Trading business, statement of profit or loss account for the year to 31 March 2022

Sales (all credit)		500 000
Less: Cost of sales		<u>350 000</u>
Opening inventory	45 000	
Credit purchases	400 000	
Closing inventory	<u>(95 000)</u>	
Gross profit		150 000
Administrative expenses		30 000
Selling and advertising expenses		25 000
Net profit		95 000

Kapana Trading business statement of financial position as at 31 March 2022

Current assets:		315 000
Inventory	95 000	
Accounts receivables	<u>220 000</u>	
Non-current assets (net book value)		650 000
Total assets		965 000
Current liabilities (accounts payables)		300 000
Capital		570 000
Net profit		95 000
Total Liabilities and capital		965 000

You are required to calculate the following accounting ratios (state the formulae)

- a) Gross profit ratio (3)
- b) Current ratio (3)
- c) Acid test ratio (3)
- d) Stock turnover ratio (3)
- e) Accounts receivables collection period (3)

QUESTION 3**(25 MARKS)**

Mona opened a shop on 1 March 2022 and during the first month in business, the following transactions occurred:

2022

- 1 March Mona opened a business bank account with N\$500 000 obtained from private resources.
- 1 March She paid by N\$20 000 for business rent with debit card for the month.
- 6 March He purchased a machine for N\$50 000 paid by electronic funds transfer.
- 8 March He purchased some goods for resale for N\$100 000 from John CC on credit.
- 15 March Mona returned N\$20 000 of the goods to John CC.
- 20 March Mona sold goods to Tura-Kapana for N\$40 000 on credit.
- 25 March Tura-Kapana settled its account with Mona by a debit card.
- 27 March Mona settled her account with John CC by electronic funds transfer, and was able to claim a settlement discount of 15%.
- 30 March Mona drew N\$5 000 from her personal bank account and paid for her private Vehicle insurance in cash.
- 31 March Mona paid N\$15 000 with debit card as a part payment towards a holiday for her son.

REQUIRED:

- (a) Enter the above transactions in appropriate Mona's ledger or 'T' accounts and balance off all the accounts. (20)
- (b) Extract a trial balance as at 31 March 2022. (5)

QUESTION 4**(20 MARKS)**

Malakia Shivute, a sole trader, has been in the business for some years. The following is the trial balance of her wholesale clothing business as at 30 June 2021.

	Debit	Credit
	N\$	N\$
Inventory (stock) as at 1 July 2020	40 000	
Sales		700 000
Purchases	480 000	
Carriage inwards	10 000	
Carriage outwards	4 000	
Returns inwards	2 000	
Discount allowed	1 000	
Discount received		8 000
Wages and salaries	94 000	
Office expenses	54 000	
Drawings	24 600	
Bad debts	2 000	
Equipment at cost	80 000	
Depreciation at 1 July 2020 - Equipment		24 000
Vehicle at cost	48 000	
Depreciation at 1 July 2020- Vehicle		8 000
Capital		170 000
Bank	9 400	
Accounts receivables	120 000	
Accounts payables		55 000
Provision for bad and doubtful debts at 1st July 2020		4 000
	969 000	969 000

Additional information:

- Inventory (stock) held in the business at 30 June 2021 is valued at N\$52 000.
- At 30 June 2021 Ms Malaika owes N\$3 000 for electricity used but not yet billed to her.
- At 30 June 2021 Ms Malaika wishes to maintain the provision for doubtful debts equal to 5% of outstanding accounts receivables balance.
- Salaries of N\$4 000 included in the wages and salaries of N\$94 000 is prepaid salaries July 2021.
- Depreciations are to be charged for the year on the vehicle at rate of 20% on reduced balance and on the equipment at rate of 10 % on cost

You are required to:

Prepare Ms Malaika's statement profit or loss account for the year ended 30 June 2021.

QUESTION 1: ANSWER SHEET	STUDENT NUMBER:	
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1	A	B	C	D
2	A	B	C	D
3	A	B	C	D
4	A	B	C	D
5	A	B	C	D

6	A	B	C	D
7	A	B	C	D
8	A	B	C	D
9	A	B	C	D
10	A	B	C	D

11	A	B	C	D
12	A	B	C	D
13	A	B	C	D
14	A	B	C	D
15	A	B	C	D

16	A	B	C	D
17	A	B	C	D
18	A	B	C	D
19	A	B	C	D
20	A	B	C	D