



**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: JUNE 2022	MODE: FULL TIME
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION PAPER	
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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. Bob purchases goods with debit card, with a list price of N\$15 000. The supplier gives a cash discount of 5%. What is the amount that Bob will credit to his business bank account?
A. N\$15 000
B. N\$14 250
C. N\$10 000
D. N\$10 500

2. Bob purchases goods with debit card, with a list price of N\$15 000. The supplier gives a cash discount of 5%. What is the amount of discount Bob should be allowed?
A. N\$550
B. N\$750
C. N\$500
D. N\$700

3. When an owner takes out money from the business for personal use, it is called.....
A. Capital
B. Owner's equity
C. Drawings
D. Sales

4. Motor vehicle purchased on credit from K Logan. Which account is debited?
A. Purchase returns a/c
B. Motor vehicle a/c
C. Purchase a/c
D. Accounts payable a/c

5. Goods were sold to Jack. He immediately paid by electronic funds transfer. Which account is debited?
A. Sales a/c
B. Jack a/c
C. Bank a/c
D. Purchases a/c

6. Goods were sold to Jack. He immediately paid by electronic funds transfer. Which account is credited?
A. Sales a/c
B. Jack a/c
C. Bank a/c
D. Purchases a/c

7. Which of the following transactions is not recorded in the cash receipts journal?
 - A. receipt of customer payments
 - B. expensing prepaid rent
 - C. borrowing money from a bank
 - D. sale of equipment for cash

8. The following financial statement encompasses expenses, revenues, net profit, or net loss.
 - A. Statement of profit or loss
 - B. Statement of cashflow
 - C. Statement of financial position
 - D. Statement of information

9. Which of the following is considered as a financial statement?
 - A. Statement of drawings
 - B. Statement of cash payment
 - C. Statement of trial balance
 - D. Statement of financial position

10. Which financial statement reports assets, liabilities, and capital?
 - A. Statement of profit or loss
 - B. Statement of financial position
 - C. Statement of changes in owner's equity
 - D. Statement of information

The following applies to questions 11 to 13

Bono Ltd Statement of profit or loss for the year ended 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

11. Cost of sales ratio is.....
 - A. 30%
 - B. 50%
 - C. 100%
 - D. 70%

12. Gross profit ratio is.....
 - A. 30%
 - B. 50%
 - C. 100%
 - D. 70%

13. Net profit ratio is.....
- 18%
 - 19%
 - 10%
 - 20%
14. At the end of year 2021, a business made prepaid water and electricity bills of N\$20 000. How will this be recorded in the statement of financial position in 2021?
- as an income
 - as an expense
 - as an accrual
 - as an asset
15. At the end of year 2021, a business owed water and electricity bills of N\$20 000. How will this be recorded in the statement of financial position in 2021?
- as an income
 - as liability
 - as an expense
 - as an asset
16. Capital can be described as
- Account receivable claim on total assets
 - creditorship claim on total assets
 - ownership claim on total assets less liabilities
 - government claims on total assets
17. What accounting transaction would result in the following double entry being posted?
- | | |
|--------------|---------|
| Dr Purchases | Cr Bank |
|--------------|---------|
- The purchases of vehicle by EFT
 - The receipt of cash from a credit customer
 - The goods for resale bought by with debit card
 - The banking of cash
18. Gross profit will result if:
- Operating expenses are less than net income.
 - Sales revenues are greater than operating expenses.
 - Sales revenues are greater than cost of goods sold.
 - Operating expenses are greater than cost of goods sold.
19. Separate accounting entity means
- the owner is responsible for the debts of the business.
 - the owner's affairs are separate from those of the business.
 - the business keeps separate records from those of the taxation department.
 - each department in the business keeps its own separate accounting records.
20. In which section of the statement of financial should prepaid income be classified?
- current assets
 - investments

- C. current liabilities
 - D. expired assets
21. Difference between sales and cost of sales is called:
- A. net sales
 - B. gross profit
 - C. cost of goods sold
 - D. net profit
22. A sum of cost of sales and gross profit is called:
- A. net loss
 - B. net profit
 - C. sales
 - D. gross loss
23. If total liabilities decreased 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.
24. If total assets decreased 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.
25. Which of the following statements is true?
- A. to increase bank, debit the account
 - B. to increase revenue, debit the account
 - C. to decrease a liability, credit the account
 - D. to increase a liability, debit the account

QUESTION 2

(10 MARKS)

State whether the followings are **True** or **False**.

1. Accounting principle is a general law or rule followed in the preparation of financial statements.
2. Since the life of the business is assumed to be indefinite, the financial statement of the business should be prepared only when it goes into liquidation.
3. The entity concept considers the business and the proprietor as distinct from each other.
4. The comparison of the results of one accounting period with that in the past is possible when the convention of consistency is adhered to by the business.
5. It is on the basis of going concern concept that the assets are always valued at market value.

QUESTION 3**(20 MARKS)**

Mr. Skade started a business as a retailer of groceries on the 1 January 2022. The following is a summary of the transactions that took place in the first month of trading:

- January 1 Mr. Skade opened a business bank account and deposited N\$300 000 into this account.
- 2 He purchased groceries worth N\$25 000 from Stop and Shop cc and paid by electronic funds transfer.
- 3 Paid rent for the month with debit card amounting to N\$10 000.
- 6 Sold goods on credit to Tura-Groceries amounting to N\$5 500.
- 12 Bought groceries on credit from African Food cc amounting to N\$22 500.
- 15 Purchased a delivery vehicle and paid N\$150 000 by electronic funds transfer.
- 25 Tura-Groceries settled his account with Mr. Skade by with debit card and he claimed a settlement discount of 10%.
- 30 Mr Skade settled his account with African Food cc by with debit card and he claimed a settlement discount of 5%.

REQUIRED:

Enter the above transactions in appropriate T-accounts and balance off all the accounts. (20)

QUESTION 4**(20 MARKS)**

The following trial balance has been extracted from the ledger of Tito, a sole trader:

Trial balance as at 31 December 2021:

	Debit N\$	Credit N\$
Bank overdraft		42 000
Accumulated depreciation-Furniture		11 000
Capital		139 300
Buildings	164 000	
Vehicles	52 000	
Furniture	39 000	
Purchases returns		21 000
Accounts payables		19 000
Accumulated depreciation-vehicles		25 000
Interest income		14 000
Wages and salaries	332 000	
Carriage inwards	3 000	
Long term Loan from K Steyn		50 000
Purchases	203 000	
Rent expense	10 000	
Sales		552 000
bad debts	7 000	
Inventories 1 January 2021	63 300	
	873 300	873 300

You obtain the following additional information, which was not taken into account when preparing the above trial balance:

1. On 31 December 2021 there was bank overdraft interest of N\$5 000 not yet paid..
2. Inventory (stock) held in the business at 31 December 2021 was valued at N28 300.
3. An amount of N\$120 000 for wages and salaries was prepaid for the month of January 2022.
4. During the year there was additional specific bad debt of N\$10 000. This was to be written off.
5. On 31 December 2021 there was additional interest received of N\$1 300.
6. Rent expense amounting to N\$2 000 per annum was not paid.
7. Depreciation must be provided for 2021 as follows:
 - Furniture: 10% per annum on the straight-line method
 - Vehicles: 20% per annum on the diminishing/reduced balance

REQUIRED:

Prepare a statement of profit or loss of Tito for the year ending 31 December 2021.

(20 marks)

QUESTION 1: ANSWER SHEET**STUDENT NUMBER:**

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