



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION CODE: 07BHOM & 07BOTM	LEVEL: 6
COURSE CODE: IHA521S	COURSE NAME: INTRODUCTION TO HOSPITALITY & TOURISM ACCOUNTING
SESSION: JUNE 2024	PAPER: THEORY AND CALCULATIONS
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER

EXAMINER	Sheehama, K.G.H.
MODERATOR	Odada, L.

INSTRUCTIONS

- Answer ALL four (4) questions in blue or black ink only. **NO PENCIL.**
- Start each question on a new page, number the answers correctly and clearly.
- Write clearly, and neatly showing all your workings/assumptions.
- Work with at least four (4) decimal places in all your calculations and only round off only final answers to two (2) decimal places.
- Questions relating to this examination may be raised in the initial 30 minutes after the start of the examination. Thereafter, candidates must use their initiative to deal with any perceived errors or ambiguities and any assumptions made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

- Silent, non-programmable calculators

THIS QUESTION PAPER CONSISTS OF _6_ PAGES (including this front page)

QUESTION 1

[30 MARKS]

For questions 1.1 – 1.15, just write the answer only (the correct letter chosen) in your answer sheet provided; and not on the question paper. Do not copy the question and the answers again.

1.14 The basic accounting equation may be expressed as

- a) $\text{Assets} = \text{Equities} - \text{Liabilities}$
- b) $\text{Assets} + \text{Liabilities} = \text{Owner's Equity}$.
- c) $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$.
- d) All of these.

1.2 Capital/owner's equity can be described as

- a) creditorship claims on total assets.
- b) ownership claim on total assets less liabilities.
- c) government claim on total assets.
- d) Accounts receivables claim on total assets.

1.3 The left side of an account is

- a) blank.
- b) a description of the account.
- c) the debit side.
- d) the balance of the account.

1.4 Sales revenue less cost of goods sold is called

- a) gross profit.
- b) net profit.
- c) net income.
- d) marginal income.

1.5 If total liabilities increased by N\$8 000, then

- a) assets must have decreased by N\$8 000.
- b) owner's equity must have decreased by N\$8 000.
- c) assets must have increased by N\$8 000 and owner's equity must have
- d) decreased by N\$8 000.
- e) assets and owner's equity each increased by N\$4 000.

1.6 Mr. Zoo has a dancing school and sells dancing shoes to clients. He won an important dancing competition. Mr Zoo proposes to include as an asset in the statement of financial position his dancing skills and experience. You inform 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
- 1.7 At the end of year 2022, a business owes N\$100 electricity charges. How will this be recorded in the statement of financial position?
- a) As a trade creditor
 - b) As an overdraft
 - c) As a prepaid
 - d) As an accrual
- 1.8 A business is considering making a provision for depreciation on the vehicle. Which of the following statements best describes depreciation?
- a) Depreciation always provides an equal amount to be charged as a business expense each year
 - b) Depreciation is the name given to describe the interest paid on a long-term loan
 - c) Depreciation is a way of charging the cost of a non-current asset to the statement profit or loss
 - d) Depreciation is an adjustment that usually takes the form of an increase in the existing account
- 1.9 Business decides to make a provision for depreciation for the year ending 31 December 2022. It is agreed that a provision on the vehicle of 6%, on a reducing balance. The Net book value is N\$36 000 (i.e. after deduction of accumulated depreciation) on 1st January 2022. What value for depreciation will be recorded in the statement profit or loss for the year ending 31 December 2022?
- a) N\$2 160.00
 - b) N\$2 030.40
 - c) N\$2 289.60
 - d) N\$4 194.40
- 1.10 A business agreed to write off an amount of N\$500 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 the statement profit or loss only.
 - b) Charge the bad debt to the statement financial position only.
 - c) Reduce the value of the accounts receivables balance to allow for the bad debt.
 - d) Reduce the value of the accounts receivables balance AND charge the bad debt to the statement profit or loss.

1.11 What accounting transaction would result in the following double entry being posted?

Dr Purchases

Cr Bank

- a) The purchases of vehicles by electronic fund transfer (EFT).
- b) The receipt of cash from a credit customer.
- c) The goods for resale bought by electronic fund transfer (EFT)
- d) The banking of cash.

The following information relates to questions 1.12 – 1.15.

1.12 Mr Paul purchased goods on credit with a list price of N\$1 000 from Mr John. During the month Mr Paul **returned** N\$200 of goods to Mr John. At the end of the month, Mr Paul settled his account with Mr John and was given a **discount** of 10%. In Mr Paul's view the above-mentioned discount was a...

- a) Discount allowed of N\$80
- b) Trade discount of N\$80
- c) Discount received of N\$80
- d) Prepaid discount of N\$200

1.13 In Mr John's view the above-mentioned discount was a...

- a) Discount allowed of N\$80
- b) Trade discount of N\$80
- c) Discount received of N\$80
- d) Prepaid discount of N\$200

1.14 In Mr John's view the above-mentioned returned goods were...

- a) Purchases returns of N\$200
- b) Cash returns of N\$80
- c) Sales returns of N\$200
- d) Discount returns of N\$80

1.15 In Mr. Paul's view the above-mentioned returned goods were ...

- a) Returns inwards of N\$200
- b) Discount outwards of N\$80
- c) Returns outwards of N\$200
- d) Discount inwards of N\$80

2 marks each, 15 x 2 = 30 marks

QUESTION 2**[10 MARKS]**

For items 2.1 to 2.5 below state the name of the error which would not have an effect on the trial balance:

(write the answer only in your answer sheet provided, e.g.; 1. The error of omission)

- 2.1 A sale to Mr. Lulu of N\$5 600 was entered in both accounts as N\$6 500 in the correct ledger accounts.
- 2.2 Payment of N\$5 000 to accounts payable Mr. Xola was entered on the debit side of the bank account in error and credited to Mr. Xola's account.
- 2.3 Billing to Mr. Ben of N\$15 000 was wrongly posted to Mr Benra's account.
- 2.4 Office maintenance of N\$10 000 wrongly posted into the Machinery account.
- 2.5 Purchases account was overcast by N\$20 000 and so was Sales account.

QUESTION 3**[36 MARKS]**

The following transactions took place during the month of May 2023 in the books of account of Mr Bob, a sole trader:

- | | | |
|-----|----|---|
| May | 1 | Mr Bob opened a business bank account and deposited N\$500 000. |
| | 3 | Mr Bob rented premises for N\$15 000 per month payable in advance by electronic fund transfer (EFT). |
| | 5 | He brought into the business equipment worth N\$25 000. |
| | 6 | He purchased a motor vehicle for N\$120 000 by electronic fund transfer (EFT). |
| | 10 | He bought goods on credit from Tau for N\$20 000. |
| | 11 | Mr Bob sold goods on credit to Zono for N\$25 000. |
| | 20 | Mr Bob returned goods to Tau of N\$5 000. |
| | 21 | Zono settled his account with Mr Bob by electronic fund transfer (EFT); paying N\$24 000. |
| | 25 | Mr Bob settled his account with Tau by electronic fund transfer (EFT) and was given a settlement discount of 10%. |
| | 26 | Mr Bob paid N\$15 000 by electronic fund transfer (EFT) for his daughter's school fee. |

Requirement:

- a) Enter the above transactions in appropriate Mr Bob's 'T' accounts and balance off all the accounts. (24)
- b) Prepare Mr Bob's trial balance as at 31 May 2024. (12)

QUESTION 4**[24 MARKS]**

Ms Naitye, a sole trader prepares financial statements to 31 May each year. Ms Naitye's Trial Balance at 31 May 2024 is as follows:

	N\$	N\$
Buildings at cost	600 000	
Motor vehicles at cost	296 000	
Accumulated depreciation at 1 June 2023:		
Buildings		96 000
Motor vehicles		31 500
Inventory at 1 June 2023	164 000	
Accounts receivables	140 000	
Accounts payables		29 500
Bank		56 000
Carriage inwards	17 000	
Capital		40 000
Loan (repayable 31 May 2025)		60 000
Purchases	960 000	
Sales		1 900 000
Returns inwards	54 000	
Bad debts	10 000	
Returns outwards		50 000
Wages and salaries	24 800	
Insurance	14 000	
Rent received		30 000
Interest paid	13 200	
	2 293 000	2 293 000

The following information was available after the preparation of the Trial Balance.

1. It has been decided that the buildings should be depreciated at 2% on a straight-line basis.
2. Motor vehicles are depreciated at 20% per annum on a reducing balance basis.
3. The closing stock at 31 May 2024 amounted to N\$185 000.
4. At the end of the year it has been decided that N\$4000 is irrecoverable and is to be written off as a bad debt.
5. Wages and salaries not paid and accrued to 31 May 2024 amounted to N\$17 200.
6. Insurance of N\$4 000 relates to the following financial year.

Requirements:

Prepare Ms Naitye's statement profit or loss for the year ended 31 May 2024.

(24)**END OF EXAMINATION PAPER**