



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

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>QUALIFICATION CODE:</b> 07BHOM & 07BOTM	<b>LEVEL:</b> 6
<b>COURSE CODE:</b> IHA521S	<b>COURSE NAME:</b> INTRODUCTION TO HOSPITALITY & TOURISM ACCOUNTING
<b>SESSION:</b> JULY 2024	<b>PAPER:</b> THEORY AND CALCULATIONS
<b>DURATION:</b> 3 HOURS	<b>MARKS:</b> 70

<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER</b>	Sheehama, K.G.H.
<b>MODERATOR</b>	Odada, L.

<b>INSTRUCTIONS</b>
<ul style="list-style-type: none"><li>• Answer ALL four (4) questions in blue or black ink only. <b>NO PENCIL.</b></li><li>• Start each question on a new page, number the answers correctly and clearly.</li><li>• Write clearly, and neatly showing all your workings/assumptions.</li><li>• Work with at least four (4) decimal places in all your calculations and only round off only final answers to two (2) decimal places.</li><li>• 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.</li></ul>

**PERMISSIBLE MATERIALS**

- Silent, non-programmable calculators

**THIS QUESTION PAPER CONSISTS OF 6 PAGES (including this front page)**

**QUESTION 1****[10 Marks]**

The following information has been extracted from the books of account of Xolisa for the year to 31 May 2024:

**Xolisa statement of profit or loss for the year to 31 May 2024.**

Sales (all credit)	250 000
Less: Cost of sales	<u>(175 000)</u>
Opening inventory	22 500
Credit purchases	200 000
Closing inventory	47 500
Gross profit	75 000
Administrative expenses	(15 000)
Selling and advertising expenses	<u>(12 500)</u>
Net profit	<u><u>47 500</u></u>

**Xolisa statement of financial position at 31 May 2024**      **N\$**

Non – current assets (net book value)	<u>325 000</u>
Current assets:	157 500
Inventory (stock)	47 500
Trade receivables	110 000
Total assets	<u><u>482 500</u></u>
Capital	285 000
Net profit	47 500
Current Liabilities (Trade payables)	<u>150 000</u>
Total Liabilities and capital	<u><u>482 500</u></u>

**REQUIRED:**

Calculate the following accounting ratios and choose the letter that represents the best answer; and write down the answer in the answer sheet provided.

1.1 Gross profit ratio is:

- A. 20%
- B. 30%
- C. 40%
- D. 50%

1.2 Current ratio is:

- A. 1
- B. 1.25
- C. 1.05
- D. 1.15

1.3 Acid test ratio is:

- A. 7.33
- B. 0.73
- C. 3.73
- D. 0.07

1.4 Stock (inventory) turnover ratio is:

- A. 3 times
- B. 4 times
- C. 2 times
- D. 5 times

1.5 Accounts receivables/Debtors collection period ratio is:

- A. 160 days
- B. 106 days
- C. 162 days
- D. 161 days

**QUESTION 2**

**[8 Marks]**

- a) Explain the term 'entity concept' (2 mark)
- b) Describe any three significant differences between financial accounting and Management accounting. (6 marks)

**QUESTION 3**

**[25 Marks]**

Mr Tura-Music has decided to set up her own music retail business on 1 May 2024. Here is summary of the transactions in the first month of the business.

2024

- May 1 Mr Tura-Music opened a business bank account and deposited N\$30 000
- 3 Bought inventory of goods for resale costing N\$7 200 on credit from Mrs Paula Co.
- 5 Purchased a cash register (till machine) for N\$3 600 paying by electronic funds transfer (EFT).
- 10 Sold goods for N\$10 000 on credit to Lela
- 20 Lela returned N\$500 of goods to Shandi.
- 27 Mr Tura-Music settled her account with Mrs Paula Co. by electronic funds transfer (EFT); and was allowed a discount of 15%.
- 28 Lela settled her account paying with debit card and she claimed a discount of 10%.

**REQUIREMENT:**

- a) Record the above transactions in appropriately-named ledger accounts of Mr Tura Music. Balance the ledger accounts, showing balances carried down and brought down at the end of the week. (17 marks)
- b) Prepare Shandi's trial balance as at end of the week. (8 marks)

**QUESTION 4****[27 Marks]**

Henelao business has been in the business for some years. The following is the trial balance of her wholesale clothing business as at 31 October 2023.

	Debit N\$	Credit N\$
Inventory (stock) as at 1 November 2022	40 000	
Sales		700 000
Purchases	480 000	
Miscellaneous expenses	17 000	
Wages and salaries	90 000	
Office expenses	58 000	
Drawings	20 600	
Equipment at cost	84 000	
Accumulated depreciation at 1 November 2022- Equipment		32 000
Vehicle at cost	48 000	
Accumulated depreciation at 1 November 2022 - Vehicle		8 000
Capital		170 000
Bank	9 400	
Trade debtors	122 000	
Trade creditors		55 000
Provision for bad and doubtful debts at 1 November 2022		4 000
	<b>969 000</b>	<b>969 000</b>

Additional information:

- Inventory (stock) held in the business at 31 October 2023 is valued at N52 000.
- At 31 October 2023 Henelao business owes N\$3 000 for electricity used but not yet billed to her.
- At 31 October 2023 there was a specific bad debt of N\$2 000. This was to be written off.
- At 31 October 2023 Henelao business wishes to maintain the provision for doubtful debts equal to 5% of outstanding trade debtors balance.
- Salaries of N\$4 000 included in the wages and salaries of N\$90 000 is prepaid salaries November 2023.
- 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

**REQUIREMENT:**

- a) Prepare Henelao business statement of Profit or Loss for the year ended 31 October 2023. (16 marks)
- b) Prepare statement of financial position as at 31 October 2023 for Henelao business. (11 marks)

**END OF EXAMINATION QUESTION PAPER**