



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF ECONOMICS, ACCOUNTING & FINANCE**

QUALIFICATION: BACHELOR OF HOSPITALITY AND TOURISM MANAGEMENT HONOURS	
QUALIFICATION CODE: 08BHTH	LEVEL: 8
COURSE CODE: FMH810S	COURSE NAME: FINANCIAL MANAGEMENT FOR HOSPITALITY AND TOURISM
SESSION: JUNE 2025	PAPER: THEORY AND APPLICATION
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS:	Kuhepa Tjondu
MODERATOR:	Mr. A Okafor

<p style="text-align: center;">INSTRUCTIONS</p> <ul style="list-style-type: none">• This question paper is made up of FOUR (4) questions.• Start each question on a new page.• Answer All the questions and in blue or black ink.• You are advised to pay due attention to expression and presentation. Failure to do so will cost you marks.• Start each question on a new page in your answer booklet and show all your workings.• Questions relating to this paper may be raised in the initial 30 minutes after the start of the paper. Thereafter, candidates must use their initiative to deal with any perceived error or ambiguities and any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

Non-programmable calculator/financial calculator

THIS QUESTION PAPER CONSISTS OF 7 PAGES (Including this front page)

Question 1**(25 marks)**

The independent board of governors of the state-funded Oukongo school for 11- to 16-year-old children met to consider its most recent set of public examination results. (The board of governors is an independent oversight body, comprised of local residents, parents and other concerned citizens).

One of the key responsibilities placed upon the school's governors is the delivery, to its local government authority, of a report on exam performance in a full and timely manner. A report on both the exam results and the reasons for any improvement or deterioration over previous years are required from the governors each year. Accordingly, the annual meeting on exam performance was always considered to be very important. Although the school taught the national curriculum (a standard syllabus taught in all schools in the country) as required of it, the exam results at Oukongo had deteriorated in recent years and on this particular occasion, they were very poor indeed.

In order to address the weaknesses in the school, Oukongo's budget had increased in recent years and a number of new teachers had been employed to help improve results. Despite this, exam performance continued to fall. A recent overspend against budget was funded through the closure of part of the school library and the sale of a sports field.

One member of the board of governors was Sally Murorua. She believed that the local government authority might attempt to close Oukongo school if these exam results were reported with no convincing explanation. One solution to avoid this threat, she said, was to either send the report in late or to select only the best results and submit a partial report so the school's performance looked better than it actually was. There is no central computerised exam results service in the country in which Oukongo is located by which the local authority could establish the exam performance at Oukongo school.

A general feeling at the governors' meeting was that the school needed some new leadership, and it might be time to remove the existing headteacher. Mr Mbeze had been in the role for many years and his management style was thought to be ineffective. He was widely liked by staff in the school because he believed that each teacher knew best how to manage their teaching, and so he tried not to intervene wherever possible. Mr Mbeze had sometimes disagreed with the governors when they suggested changes which could be made to improve exam performance, preferring to rely on what he believed were tried and tested ways of managing his teaching staff. He was thought to be very loyal to long-standing colleagues and had a dislike of confrontation.

REQUIRED:		
(a)	Explain, using evidence from the case, the characteristics which identify Oukongo school as a public sector organisation and assess how its objectives as a public sector organisation have not been met.	(10)
(b)	Explain the roles of a board of governors in the governance of Oukongo school, and discuss, in the context of Sally Murorua's suggestion, the	(9)

	importance of transparency in the board of governors' dealings with the local government authority.	
(c)	Discuss the potential advantages to Oukongo school of replacing the headteacher as part of the process of addressing its problems.	(6)
TOTAL		(25)

Question 2

(25 marks)

Comparator prepares ready-made meals and distributes them to various wholesalers and retailers. It has recently subscribed to an inter-firm comparison service. Members submit accounting ratios as specified by the operator of the service, and in return, members receive the average figures for each of the specified ratios taken from all subscribing entities in the same sector. The specified ratios and the average figures for Comparator's sector are shown below.

Ratios of companies reporting a full year's results for periods ending 30 September 2024:

Return on capital employed	22.1%
Net asset turnover	1.8 times
Gross profit margin	30%
Net profit (before tax) margin	12.5%
Current ratio	1.6:1
Quick ratio	0.9:1
Inventory days	46 days
Receivables days	45 days
Payables days	55 days
Debt to equity	40%

Comparator's financial statements for the year to 30 September 2024 are set out below:

Statement of profit or loss	
	\$000
Revenue	2,425
Cost of sales	(1,870)
Gross profit	555
Other operating expenses	(215)
Profit from operations	340
Finance costs	(34)
Exceptional item (note (ii))	(120)
Profit before tax	<u>186</u>
Income tax expense	(90)
Profit for the year	96

Extract from statement of changes in equity	
	\$000
Retained earnings – 1 October 2023	179
Profit for the year	96
Dividends paid (interim \$60,000, final \$30,000)	(90)
	<u> </u>
Retained earnings – 30 September 2024	185
	<u> </u>

Statement of financial position		
	\$000	\$000
Non-current assets		540
Current assets		
Inventory	275	
Receivables	320	
		595
		<u> </u>
Total Assets		1,135
		<u> </u>
Equity		
Ordinary shares (25 cents each)	150	
Retained earnings	185	
		<u> </u>
		335
Non-current liabilities		
8% loan notes	300	
Current liabilities		
Bank overdraft	65	
Trade payables	350	
Taxation	85	
		<u>500</u>
Total Equity and Liabilities		1,135
		<u> </u>

Notes:

(i) The details of non-current assets are:

Cost	Accumulated depreciation	Carrying amount
	\$000	\$000
At 30 September 2024	3,600	540

(ii) The exceptional item relates to losses on the sale of a batch of computers that had become worthless due to improvements in

microchip design.

- (iii) The market price of Comparator's shares throughout the year averaged \$6 each.

REQUIRED:		
(a)	Calculate the ratios for Comparator which are equivalent to those provided by the comparison service.	(20)
(b)	Define value for money and briefly explain the 3Es of Values for Money.	(5)
TOTAL		(25)

Question 3

(25 marks)

Budget (Pty) Ltd was established two years ago and has been struggling to break-even. However, the benefit of an aggressive marketing strategy in the last six months is now starting to pay off and the company is anticipating an upsurge demand for its product.

Management has asked you to assist in preparing a budget for the next month. The company uses a standard variable costing system. The following information is relevant:

1. Standard selling price and standard prime cost per unit:

Selling price	N\$1 000
Raw materials	15 kg at N\$25 per kg
Direct labour (variable)	5 hours at N\$50 per hour

2. Expected monthly sales units. The company believes that the following targets are realistic and attainable:

Month 1 9000 units

3. The company currently has an opening stock of finished goods of 3 000 units, which management is of the opinion is far too high. The intention is to reduce the closing inventory to 2 000 units per month.
4. The company is in the process of implementing a Just-in-Time (JIT) system and hence all raw material requirements will be purchased in the month of production to save costs. Stock holding will therefore be minimal. Nevertheless, the company will hold a closing stock of 5 000 kgs of raw materials at the end of every month. Currently, it has 30 000 kgs in stock.

REQUIRED:		
(a)	Prepare the following functional budgets for Months 1:	
(i)	Sales Budget (units and value)	(3)
(ii)	Production Budget	(4)
(iii)	Material usage and purchases Budget (units and value)	(8)
(iv)	Direct labour Budget (hours and value)	(5)
(b)	Name and briefly explain FIVE (5) uses or purposes of budgeting	(5)
TOTAL		(25)

Question 4

(25 marks)

Ms. Elaine is a businesswoman who is running a successful hospitality and tourism company in Namibia. Ms. Elaine believes that the organization must embrace emerging technology if it is to compete in the highly competitive Tourism Sector of Namibia. She attended a workshop last week where she learned that “Big data is a term for a collection of data which is so large that it becomes difficult to store and process using traditional databases and data processing applications”. Big data often also includes more than simply financial information and can involve other organizational data (both internal and external) which is often unstructured.

Her business partner Ms. Abbi agreed that the organization must embrace technology but it is important to understand the advantages and possible disadvantages of any emerging technology by it can be adopted by the organization.

REQUIRED:		
(a)	Name and explain the characteristics of big data which are also known as the 5Vs.	(10)
(b)	Explain the possible disadvantages and/or risks of Big Data?	(8)
(c)	List Seven (7) benefits of using Big Data?	(7)
TOTAL		(25)

Present Value Table

Present value of 1 i.e. $(1 + r)^{-n}$

Where r = discount rate
 n = number of periods until payment

Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	8
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	15
<hr/>											
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	2
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	3
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	4
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	5
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	6
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	7
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	8
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	9
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	10
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	11
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	12
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	13
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	14
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	15

THE END