NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF HOSPITALITY AND TOURISM

QUALIFICATION: BACHELOR OF CULINARY ARTS & BACHELOR OF TOURISM INNOVATION AND DEVELOPMENT	
QUALIFICATION CODE: 07BCNA & 07BTID	**LEVEL:** 6
COURSE CODE: CAH610S	**COURSE NAME:** COST & MANAGEMENT ACCOUNTING FOR HOSPITALITY & TOURISM
SESSION: NOVEMBER 2025	**PAPER:** THEORY AND CALCULATIONS (PAPER 1)
DURATION: 3 HOURS	**MARKS:** 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR	Lameck Odada

INSTRUCTIONS

- Answer ALL five (5) 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.
- 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 **[20 MARKS]**

Match the terms and concepts to the appropriate defining details, formula, or example in the table below. Provide your answers by only giving the number and corresponding letter. E.g., 1. b

Terms and Concepts	Defining details, formula, or example
1. Mixed costs	a) Quantitative and qualitative information used by management for planning, decision making and control.
2. Variable cost	b) It is a cost that in total remains unchanged irrespective of the level of output, however, cost per unit changes.
3. Sunk costs	c) Production overhead cost plus direct labour cost.
4. Incremental costs	d) It is the potential benefit that is giving up when one alternative is selected over another.
5. Financial Accounting	e) It is a cost that in total changes in proportion with the changes in the level of activity, however, it remains constant per unit when activity changes within the relevant range.
6. Management Accounting	f) It is a cost that contains both fixed and variable costs.
7. Fixed cost	g) Direct materials costs plus direct labour cost plus other direct costs.
8. Opportunity cost	h) A cost incurred in the past that future decisions cannot change.
9. Conversion costs	i) A process of identifying, recording, classifying, and reporting historical financial information for internal and external users.
10. Prime costs	j) A cost that differs between two alternatives

QUESTION 2 **[23 MARKS]**

Fashionista, a self-employed worker started a business of selling Fashion T-shirts by investing N$200 000 of his savings into the business. He imports the fashion T-shirts from Brazil.

In July 2025, there was a theft of the Fashion T-shirts housed at Fashionista's warehouse. He is unsure of the amount of Fashion T-shirts that was stolen. However, with his limited knowledge of accounting this has been an epic failure. Fashionista has asked you to assist in this regard, as you are studying towards your Bachelor of Accounting degree. The following information, as set out below has been provided to you:

- The inventory recovered from the theft amounted to N$14 400.
- The inventory balance of Fashion T-shirts on hand on 31 July 2025 were 100 at N$75 each.
- 8 August 2025: 400 Fashion T-shirts were purchased @ N$220.00 per T - Shirt. The supplier gave a discount of 5% on this price due to early payment.

Date of receipt	Units purchased (T-Shirts)	Cost	Date of dispatch	Units sold (T- Shirts)	Selling Price
7 August 2025	200	N$43 200 (in total)	12/8/2025	500	N$250
8 August 2025	400		15/8/2025	50 (see notes 1 below)	
13 August 2025	450	N$200 (per unit)			

NB: Notes 1: Fashionista returned Fashion T-shirts on 15 August 2025 to the supplier. These Fashion T-shirts relate to the purchase made on 8 August 2025.

REQUIRED

a) Prepare a detailed stores ledger card and calculate the value of remaining closing inventory on 15 August 2025 after the theft took place, using the First-in-first-out (FIFO) inventory valuation method. (15)

b) Prepare a detailed stores ledger card and calculate the value of remaining closing inventory on 15 August 2025 after the theft took place, using the weighted average (AVCO) inventory valuation method. (8)

QUESTION 3 **[22 MARKS]**

Endelela-Twiye Shoe Company operates a chain of shoe stores. The stores sell ten different styles of inexpensive men's shoes with identical unit costs and selling prices. A unit is defined as one pair of shoes.

Each store has a store manager who is paid a fixed salary. During the current month the stores sold 4 500 pair of shoes. Endelela-Twiye Shoe Company is trying to determine the desirability of opening another store and provided the following relevant information:

	N$
Selling price per pair of shoes	120
Purchase cost per pair of shoes	84
Fixed rent expense per annum	24 000
Fixed salary per annum	120 000

REQUIRED

a) Calculate the annual break-even point in units and value (N$). (6)

b) Calculate the margin of safety in units and value (N$). (6)

c) Outline five important assumptions underlying the cost-volume-profit analysis. (10)

QUESTION 4 **[15 MARKS]**

The transport department of NUST operates a fleet of assorted vehicles. These vehicles are used as the need arises by the various schools. Each month a statement is prepared for the transport department comparing actual results with budget.

One of the items in the transport department's monthly statement is the cost of vehicle maintenance. This maintenance is carried out by the employees of the department. To facilitate his control the transport manager has asked the future statements should show vehicle maintenance costs analyzed into fixed and variable costs. Data from the previous six months July to December 2010 inclusive are given below:

Month	Vehicle maintenance costs N$	Vehicle running hours
July	12 000	10 500
August	8 250	6 500
September	7 500	4 000
October	9 750	7 500
November	10 750	9 000
December	19 500	12 000

REQUIRED

a) Use the high-low method to determine the total fixed cost and the variable cost per hour. (4)

b) What vehicle maintenance costs would you expect to be incurred at the level of 11,000 running hours?(5)

c) Determine the fixed cost per hour to be incurred at the level of 3 000 running hours? (3)

d) Apart from using high-low method to separate the mixed costs, provide examples of other methods. (2)

QUESTION 5 **[20 Marks]**

a) Explain what you understand by the term "internal rate of return". (2)

b) Explain two reasons why you would not recommend the payback method as a good technique for the evaluation of a capital investment. (4)

c) The management of Wetland Ltd expects a return of at least 14% on all capital investments. The company presently considering investing in a new machine. Forecasts relating to this machine are as follows:

Purchase price	N$400 000
Estimated economic life	3 years
Annual cash inflows:	
End of year 1	N$150 000
2	N$225 000
3	N$180 000
4	N$100 000

REQUIRED

Make a recommendation to the management of Wetland as to the viability of investing in this new machine.

Use Net Present Value (NPV) method. (14)

END OF EXAMINATION PAPER

APPENDIX TABLE 1

Present Value Tables

Number of Years	Interest Rate per Year														
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
1	.990	.980	.971	.962	.952	.943	.935	.926	.917	.909	.901	.893	.885	.877	.870
2	.980	.961	.943	.925	.907	.890	.873	.857	.842	.826	.812	.797	.783	.769	.756
3	.971	.942	.915	.889	.864	.840	.816	.794	.772	.751	.731	.712	.693	.675	.658
4	.961	.924	.888	.855	.823	.792	.763	.735	.708	.683	.659	.636	.613	.592	.572
5	.951	.906	.863	.822	.784	.747	.713	.681	.650	.621	.593	.567	.543	.519	.497
6	.942	.888	.837	.790	.746	.705	.666	.630	.596	.564	.535	.507	.480	.456	.432
7	.933	.871	.813	.760	.711	.665	.623	.583	.547	.513	.482	.452	.425	.400	.376
8	.923	.853	.789	.731	.677	.627	.582	.540	.502	.467	.434	.404	.376	.351	.327
9	.914	.837	.766	.703	.645	.592	.544	.500	.460	.424	.391	.361	.333	.308	.284
10	.905	.820	.744	.676	.614	.558	.508	.463	.422	.386	.352	.322	.295	.270	.247
11	.896	.804	.722	.650	.585	.527	.475	.429	.388	.350	.317	.287	.261	.237	.215
12	.887	.788	.701	.625	.557	.497	.444	.397	.356	.319	.286	.257	.231	.208	.187
13	.879	.773	.681	.601	.530	.469	.415	.368	.326	.290	.258	.229	.204	.182	.163
14	.870	.758	.661	.577	.505	.442	.388	.340	.299	.263	.232	.205	.181	.160	.141
15	.861	.743	.642	.555	.481	.417	.362	.315	.275	.239	.209	.183	.160	.140	.123
16	.853	.728	.623	.534	.458	.394	.339	.292	.252	.218	.188	.163	.141	.123	.107
17	.844	.714	.605	.513	.436	.371	.317	.270	.231	.198	.170	.146	.125	.108	.093
18	.836	.700	.587	.494	.416	.350	.296	.250	.212	.180	.153	.130	.111	.095	.081
19	.828	.686	.570	.475	.396	.331	.277	.232	.194	.164	.138	.116	.098	.083	.070
20	.820	.673	.554	.456	.377	.312	.258	.215	.178	.149	.124	.104	.087	.073	.061

Discount factors: Present value of $1 to be received after t years $= 1/(1 + r)^t$.

Note: For example, if the interest rate is 10% per year, the present value of $1 received at year 5 is $.621.