



ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION

**HIGHER EDUCATION EXAMINATIONS COUNCIL
(HEXCO)**

NATIONAL DIPLOMA

IN

**TOURISM AND HOSPITALITY MANAGEMENT, BAKERY STUDIES AND
PROFESSIONAL COOKERY**

SUBJECT: Accounting II

PAPER NO: 549/S03

OCTOBER/NOVEMBER 2013 EXAMINATION

REQUIREMENTS

Silent non programmable calculator

INSTRUCTIONS TO CANDIDATE

1. Answer ALL questions.
2. Begin your answer on a clean sheet.

This paper consists of 6 printed pages.

QUESTION 1

Kumbirai and Malvern are in partnership. At 31 December 2010 they agree that their assets are worth:

Premises	200 000	\$
Fixtures	80 000	
Motor vans	60 000	
Stock	20 000	
Debtors	8 200	
Bank	1 200	
Cash	300	
At the same date they have creditors	5 700	

During the year ended 31 December 2011 the following transactions took place:

1. On 1 July 2011 Kumbirai loaned the partnership \$20 000 for ten years.
2. At the same date, Malvern increased his capital by \$36 000 to make it equal to Kumbirai's.
3. Cash sales for the year were \$300 000. *sales*
4. \$490 200 was paid into the bank account that year.
5. Expenses paid in cash during the year were \$2 400.
6. Expenses paid by cheque during the year were:-
 - (a) Wages \$56 000
 - (b) Lighting and heating and rates \$9 700.
 - (c) Motor van expenses \$18 300.
 - (d) Carriage on purchases \$3 400
 - (d) Other expenses \$18 800
7. Some small items of goods for resale were purchased and paid for out of cash \$10 000. *purchases*
8. Goods which cost \$1 200 had been returned to credit suppliers. *purchases returns*
9. \$288 720 was paid to creditors during the year; 10% cash discount had been deducted from all payments. *sales purchase 288 72*
10. No discounts were allowed to debtors, but \$200 had been written off as bad. *expense*

11. One of the vehicles is used occasionally by Kumbirai's wife. The cost of usage (included on Motor van expenses) is estimated to be \$3400, this is to be charged to Kumbirai.
12. Both partners had taken goods from business during the year valued at cost. These were estimated at:-

Kumbirai :	\$2 800
Malvern :	\$1 900
13. At 31 December 2011, fixtures and motor vans were valued at \$72 000 and \$60 341 respectively, stocks were \$22 500, debtors owed \$5500 and creditors were owed \$6 400.
14. A small amount of cash is kept in the business from cash sales for paying expenses and at 31 December 2011 there is \$500 not paid into the bank.
15. On 1 June 2011 a small van with a book value of \$750 was sold for \$950 and replaced by a new one at a cost of \$7 800. The difference was paid by cheque.
16. During the year the partners had withdrawn from the bank for their own use: Kumbirai - \$3 840, Malvern - \$18 200.
17. Peaceful is the general manager for the partnership and apart from his wages he is entitled to a bonus of 10% of net profit of the business calculated after charging this bonus. The bonus will be paid on 1 February 2012.
18. Interest is allowed on partnership capitals 5% p.a and Malvern is allowed a salary of \$15000 p.a. Interest is charged on drawings, but apart from these, there are no agreements made.
19. The interest on drawings for the year has been calculated at: Kumbirai - \$300 and Malvern - \$550.

You are required to prepare:-

- (a) Trading and Profit and Loss Account for the partnership for the year ended 31 December 2011. (10 marks)
- (b) Partners' current accounts (10 marks)

QUESTION 2

The Natasha, Amanda and Linda Sports Club's financial year ends on 31 December. The assets and liabilities of the club at the dates stated were as follows:-

	31 December 2008	31 December 2009
	\$	\$
Equipment	2 500	2 800
Subscriptions in arrears	200	180
Subscriptions in advance	130	110
Creditors for bar stock	350	430
Bar stocks	800	600
Rent owing	150	100
Electricity owing	105	140
Bank balance	723	1 300

In the year to 31 December 2009, cash receipts were:-

Subscriptions (Including \$60 of arrears in previous year)	\$21 000
Bar takings	\$4 100
Annual dinner	\$2 400
Sale of raffle tickets	\$180

In the same period the following payments have been made:-

	\$
Affiliation fees	100
Purchase of equipment	800
Bar stocks	2 050
Bar man's wages	750
Catering (dinner dance)	1 440
Hire of band (dinner dance)	300
Raffle prizes	60
Rent of hall	1 500
Printing and postage	200
Electricity	581
Hon. Secretary's expenses	122
repairs to equipment	300

Required :-

Natasha, Amanda and Linda Sports Club's Income and Expenditure Account for the year to 31 December 2009 and a balance sheet as at that date. (20 marks)

QUESTION 3

The Hospitality Co.plc has invited applications for its new issue of \$300 000 ordinary shares of \$1 each at \$1.25c per share.

The terms are :-

Payable on application 50c
On allotment 50c (including the premium)
On call three months after allotment 25c.

Applications for 373 500 shares were received and the directors decided not to allot shares to applicants for 23 500 shares and to allot shares to the other applications on the basis 6 shares for every 7 applied for. Application monies were returned to the unsuccessful applicants and all monies due on allotment and call were received on the due dates.

Required:-

The accounting entries to record the issue of shares by the Hospitality Co.plc. (20 marks)

QUESTION 4

The following information relates to a company in the hospitality sector for the year 2003.

Sales :	1 200 units
Price	\$42
Production units	1 100 units
Direct materials	\$8 050
Direct labour	\$5 750
Variable overheads	\$3 450
Fixed factory overheads	\$5 520

The firm values closing stock on the basis of FIFO

Required:-

- (a) Show the profit using absorption costing. (10 marks)
- (b) Show the profit using marginal costing. (10 marks)

QUESTION 5

The following data relates to the production and sales of a firm's product for the first quarter of 2010.

	\$
Selling price /unit	10
Variable product cost /unit	
Direct materials	3
Direct labour	2.50
Variable production overheads	1.50
Sales commission	1
Fixed costs	
Production	96 000 units
Selling and distribution	10 000
Opening stock	60 000
Production	550 000
Closing stock	5 000

The overhead absorption rates are calculated on the basis of a normal capacity 60 000 units.

Required:-

- (a) Prepare absorption costing statement for the first quarter.
(8 marks)
- (b) Prepare marginal costing statement for the first quarter.
(8 marks)
- (c) Reconcile the reported profits under the two techniques.
(4 marks)

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