ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL CERTIFICATE

IN

TOURISM AND HOSPITALITY, PROFESSIONAL COOKERY, BAKERY STUDIES, FOOD AND BEVERAGES SERVICES

SUBJECT: Accounting 1 PAPER NO: 333/S03

DURATION: 3 Hours

OCTOBER/NOVEMBER 2014 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer ALL questions.
2. Begin each question on a new page.

This paper consists of 7 printed pages.

QUESTION 1

(a) Prepare the double entries (not the T – accounts) for the following transactions using the format.

		Dr	Cr
Date	Account to be debited	xxx	
	Account to be credited		Xxx
	Narration		
For example			
Jan 1	Paid motor expenses in cost $200		
Jan 1	Motor expenses	200	
	Bank		200
	Being motor expenses paid		

July 1	Started business with a machinery costing $5000
July 2	Bought stationery by cheque $75
July 4	Sold goods for cash $340
July 7	Paid insurance by cash $290
July 8	Paid expenses by cheque $220
July 10	Sold goods on credit to Kalenge $630
July 14	Paid wages in cash $150
July 17	Paid rent by cheque $255
July 20	Received cheque $200 from Abel
July 22	Paid D Drogba$125 by cheque
July 25	Returned goods previously bought on credit from M Mussa, $425
July 28	Bought a computer $1 020 from Dell on credit
July 30	Cash purchases $470
July 31	Bought goods on credit from Lufunda $300
July 31	Goods returned to us by C. Ronaldo $730

(15 marks)

(b) You are required to copy the following table on your answer paper and then to complete the first and second column in full. Name the book of first entry and give details of information recorded in the book.

N.B Part (i) has been illustrated to you

Book of original entry		Details entered in the book
(i)	Purchases day book	Invoices received
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

(5 marks)

6 747

QUESTION 2

Ruvimbo has been trading for some years as a wine merchant. The following list of balances has been extracted from his ledger as at 30 April 2010, end of her most recent financial year.

123989
117 242

	Dr ($)	Cr ($)
Drawings and Capital	18 440	154 187
Purchases and Sales	135 680	259 870
Debtors and creditors	24 500	19 840
Returns	5624	13407
Discounts	2306	1750
Allowance for doubtful debts		512
Carriage outwards	4562	
Carriage inwards	11830	
Rent, rates and insurance	25973	
Heating and lighting	11010	
Postage, stationery and telephone	2410	
Advertising	5980	
Salaries and wages	38521	
Bad debts	2008	
Cash in hand	534	
Cash at bank	4440	
Inventory as at 1 May 2009	15654	
Motor vehicles at cost	90500	
Fixtures and fittings at cost	120740	
Provision for depreciation as at 1 may 2009:		
Motor vehicles		20200
fixtures and fittings		50946
	520712	520712

5543

The following additional information as at 30 April 2010 is available.

(a) Inventory at the close of business was valued at $17 750.

(b) Insurances have been prepaid by $1120.

22 873

(c) Heating and lighting is accrued by $1360.

(d) Rates have been prepaid by $5435

(e) The allowance for doubtful debts is to be adjusted so that it is 35% debtors.

$5975

8063

(f) It is Ruvimbo's policy to depreciate fixtures and fittings at the rate of 5% on cost.

(g) Motor vehicles are depreciated at 25% of Net Book Value

20200

70 300
17 575
2625

Required

Prepare Ruvimbo's Income Statement for the year ending 30 April 2010 and a Statement of financial position as at that date. (20 marks)

QUESTION 3

(a) Nancy, a sole trader's cash book (bank columns only) for the month of October was as follows:

2011			2011		Cheque #	
Oct 1	Balance b/d	590	Oct 1	Bertha	21234	90
9	P . Hunt	55	12	B. Moyo	21235	260
12	Cash sales	225	24	Taderera	21236	85
18	T. Masorokotwa	75	31	Balance c/d		650
30	J. Howard	140				
		1085				1085

In early Nov the following Bank Statement was received from the bank

			Dr	Cr	Balance	
Oct 1	Balance	b/d			590	CR
6	Cheque No.21234		90		500	CR
9	Cheque deposit			55	555	CR
12	Cash			225	780	CR
16	Standard order Zesa		130		650	CR
18	Cheque deposit			75	725	CR
25	Credit transfer – Winky . D			135	860	CR
28	Cheque No.21236		85		775	CR
31	Service charges		10		765	CR

You are required to:

(i) Bring the cash book up to date, starting with the balance carried down of $650 on 31 October 2011. (There is no need to copy down the whole cash book as shown above) (2.5 marks)

(ii) Prepare a bank reconciliation statement as at 31 October 2011. (2.5 marks)

(b) Identify and explain any five (5) errors that do not affect trial balance agreement. (5 marks)

QUESTION 4

(a) State and explain any five ways of reducing food cost.
(10 marks)

(b) The following ingredients are needed for breakfast muffins which are offered on the breakfast menu of a very busy restaurant. The quantities can produce forty eight muffins.

Ingredients	Price ($)	Per (unit)
1020g sugar granulated	1.89	2kg
25g salt	0,24	Kg
120g honey, blended	2,80	375g Bottles
680g cake margarine (trend)	2,75	Kg
11 whole eggs, large	2,55	Dozen
1020ml milk	1,07	Litre
1870g bakers plain flour	0,90	Kg
85g baking powder	9,45	Kg
Total cost		

Required:

With the aid of a costing sheet calculate:
(i) total food cost
(ii) food cost per muffin
(iii) gross profit if cost of food is 38%
(iv) selling price per muffin

(c) If total food cost was $13.65 how many muffins should be produced?
(2 marks)
(10 marks)

QUESTION 5

The following information is based on a 120 – seat restaurant.

OPERATIONAL HOURS

The restaurant is open six days a week all year (assume the year has 52 weeks)

OPENING HOURS

Lunch service	12 noon to 2pm
Dinner service	7pm to 10pm

Average customer numbers

Lunch – 40
Dinner – 75

0,78 315

AVERAGE CUSTOMER SPENDING

	Beverage	Food
Lunch	$3/head	$6/head
Dinner	$5/head	$10/head

STAFFING ESTABLISHMENTS

Lunch – one member of staff per 10 customers.
Dinner – one member of staff per 15 customers.

All staff are employed for the entire service period plus one hour prior to the service and one hour after the service.

COSTS
The food costs are 40% of the annual food revenue.
The beverage costs are 50% of the annual beverage revenue
The staff (labour) costs are averaged at $5,50 per hour per member of staff.
The total overhead cost for one year is estimated at 20% of the total annual revenue (food and beverages).

Required
Using the above information, calculate the following:

(a) (i) the annual food revenue (2 marks)

(ii) the annual beverage revenue (2 marks)

(iii) the annual lunch revenue (2 marks)

(iv) the annual dinner revenue (2 marks)

(v) the food and beverage revenue for the year (2 marks)

(b) The total average number of staff needed each day for the service of:
(i) lunch (2 marks)

(ii) dinner (2 marks)

(c) The total annual labour costs. (2 marks)

(d) The percentage of labour costs in relation to the total annual food and beverage revenue. (2 marks)

(e) The average daily overhead costs for each day of operation. (2 marks)

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20/4/15