



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MAY/JUNE 2012 EXAMINATION

TSM 341: FINANCIAL ACCOUNTING & MANAGEMENT FOR HOSPITALITY AND TOURISM

TIME ALLOWED: 2HRS

INSTRUCTIONS: ANSWER THREE QUESTIONS ONLY EACH QUESTION CARRIES 23.3 MARKS

1a. Define the word cost.
3 MARKS

b. Discuss briefly how cost may arise in Hospitality & Tourism business. 6 MARKS

c. Define Fixed costs, Variable costs and Semi-variable costs. Illustrate your answer with graphs and examples.
14.3 MARKS

2. Project K is expected to yield the returns given below over the next five Years. It would require an initial investment of N13,500. Determine its Internal Rate of Return. Decide whether or not to invest in the project?

| | <u>YEAR</u> | <u>RETURNS</u> |
|----|-------------|----------------|
| 1. | | 2,000 |
| 2. | | 4,000 |
| 3. | | 6,000 |
| 4. | | 5,000 |
| 5. | | 3,000 |

23.3 MARKS

3a. Silverbird Hotels uses 10,000 cartons of red wine per annum. The holding cost

of the carton is N2.00 per carton per annum and ordering cost is N5,000.00

per order. Determine the Economic Order Quantity (EOQ).
10 MARKS

b. What are the effects of inadequate working capital in a Hospitality and

Tourism organization.
13.3 MARKS

4a. What are the features of Capital Budgeting that makes it difficult to guarantee

Investment success?
6 MARKS

b. List and explain the six stages of Capital Budgeting..
18.3 MARKS

5. From the information given below and for the financial year ended 31-12-2011,

show the ledger entries for the following items:

- I. Motor Expenses - paid in 2011 N7,440; owing as at 31-12-2011 N280;
- II. Insurance-paid in 2011 N4,200; prepaid as at 31-12-2011 N350;
- III. Stationery-paid during 2011 N18,000; Owing as at 31-12-2010 N2,500;
Owing as at 31-12-2011 N2,900;
- iv. Rates - paid during 31-12-2011 N9,500; prepaid as at 31-12-2010 N2,200;
Prepaid as at 31-12-2011 N2,900;
- v. Rent- Sublets part of premises, received N5,500; during the ended 31-12-2011, a
Tenant owes N1,800 on 31-12-2010 and N2,100 on 31-12-2011. 23.3 MARKS