NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF MANAGEMENT SCIENCES

CENTRE FOR ENTERPRISE DEVELOPMENT

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	**LEVEL:** 6
COURSE CODE: BAC 521C	**COURSE NAME:** BUSINESS ACCOUNTING 1B
DATE: JUNE 2018	**PAPER:** THEORY
DURATION: 3 HOURS	**MARKS:** 100

2nd Opportunity Examination	
EXAMINER	Sauti, L.
MODERATOR:	Sheehama, K.G.H.

INSTRUCTIONS

1. This examination paper is made up of five (5) questions.
2. Answer ALL the questions and in blue or black ink.
3. Start each question on a new page in your answer booklet & show all your workings.
4. Questions relating to this examination 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 & any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

1. Exam question paper
2. Exam script
3. Non programmable calculator

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Excluding this front page)

QUESTION 1 (14 marks)

Tuhafeni supplied you with the following information:

	N$
Direct wages	30 000
Direct material	110 000
Depreciation on motor vehicle	150 000
Salary of factory security guards	70 000
Indirect labour	10 000
Factory insurance	10 000
Office rent expense	22 000
Depreciation on plant & equipment	32 000

Required:

Calculate the following:

3.1 Prime costs (3)

3.2 Conversion costs (6)

3.3 Total Period costs (5)

QUESTION 2 (27 marks)

The following information relates to Material G, which is required by Keithplay Enterprises to produce product B:

Minimum lead time: 3 weeks
Maximum lead time: 11 weeks
Normal lead time: 7 weeks
Usage of Material G (per week):
Maximum: 30 units
Minimum: 10 units
Normal: 20 units
Ordering Costs - per order: N$32.50
Holding costs: N$5.50 per unit per annum

You may assume that Keithplay Enterprises operates 52 weeks in the year.

Required:

Calculate the following in respect of material G:

2.1	Re-order stock level	3
2.2	Economic order quantity	4
2.3	Minimum stock level	4
2.4	Average stock level	3
2.5	Maximum stock level	3
2.6	Number of times that orders should be placed in the year	2
2.7	Annual ordering costs	3
2.8	Annual carrying cost	3
2.9	Total annual inventory costs	2

QUESTION 3 (24 marks)

The following data have been obtained from the accounting records of Dien Corporation for the year ended 31 December 2017.

	N$
Sales	860 000
Purchases of raw materials	170 000
Direct labour	220 000
Manufacturing overhead	210 000
Administrative expenses	120 000
Selling expenses	170 000
Raw material inventory, beginning	10 000
Raw material inventory, ending	50 000
Work in process inventory, beginning	80 000
Work in process inventory, ending	60 000
Finished goods inventory, beginning	110 000
Finished goods inventory, ending	100 000

Required:

3.1 Prepare Dien Corporation statement of cost of goods manufactured and sold for the year ended 31 December 2017. (13)

3.2 Prepare the statement of profit and loss for the year ended 31 December 2017. (11)

Question 4 (8 marks)

Stemmet Ltd uses direct material cost as basis for the absorption of manufacturing overheads. The following information was supplied to you with regard to the past year:

Budgeted manufacturing overheads	N$384 750
Budgeted direct labour cost	N$165 000
Budgeted direct material cost	N$153 900
Budgeted machine hours	65 000 hours
Actual manufacturing overheads	N$372 000
Actual direct material cost	N$128 000
Actual direct labour cost	N$176 000
Actual machine hours	67 000 hours

Required:

4.1 The predetermined overhead rate (overhead absorption rate) of Stemmet Ltd for the year. (3)

4.2 The amount of overheads applied during the year. (2)

4.3 The amount of under/over applied overheads for the year. (Also state whether the amount was under-applied or over-applied). (3)

QUESTION 5 (27 marks)

The following information is available for Griqua Enterprises an exclusive distributor of a popular brand of shoes. The enterprise is currently in the process of putting together its cash budget for the second quarter (April, May and June) of next year. The sales manager is confident that the company will be able to meet the following budgeted sales figures:

	N$		N$
January	158 000	July	190 000
February	168 000	August	192 000
March	164 000	September	210 000
April	172 000	October	230 000
May	176 000	November	260 000
June	184 000	December	180 000

Additional information:

- All of the company's sales are on credit terms. The company collects 30% of its sales during the month after the sale and the remaining 70% during the second month after the sale.
- The cost of goods sold is 75% of sales. All purchases take place one month before their expected sale. The company keeps no inventory.
- All purchases are on credit. Creditors are paid in full during the month after purchase.
- Operating expenses, other than cost of goods sold, are budgeted to be N$178 800 for the year. All of these expenses are incurred evenly throughout the year, except for the property taxes. Property taxes are paid in four equal instalments in the last month of each quarter.

	N$
Salaries and wages (including depreciation of N$18 000)	120 000
Advertising and promotion	12 000
Property taxes	18 000
Insurance	4 800
Utilities	6 000
Total operating expenses	N$178 800

- An amount of N$16 000 in respect of income tax is payable during the first week of April.
- The company plans to buy additional equipment during May for an amount of N$29 000.
- It is estimated that the company will have a favourable bank balance of N$20 000 on 1 April.

Required:

Compile Griqua Enterprises cash budget of for each of the months **April, May and June** in columnar form. (27)

END OF PAPER