



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

1st Opportunity Examination

EXAMINER	Sauti, L.
MODERATOR:	Sheehama, K.G.H.

INSTRUCTIONS

1. This examination paper is made up of four (4) 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

(19 marks)

The following transactions of Erongo Manufacturers took place during April 2018 in respect of a raw material M321 used in production.

May

1	Opening inventory	2000 units at N\$30 per unit
8	Issued to production	1600 units
11	Purchased from supplier	1800 units at N\$31 per unit
18	Issued to production	1900 units
21	Purchased from supplier	2000 units at N\$32 per unit
25	Issued to production	1400 units
30	Returned to supplier (material bought on 21 June	100 units

Required

- 1.1 Use First-In-First-Out (FIFO) method to complete the attached stock card (page 5). (17)
- 1.2 Calculate the value of the closing inventory, using the FIFO method. (2)

QUESTION 2

(23 marks)

Waldo Bampton is employed by Restonic Manufacturers. The following Details relate to him for the third week of May 2018.

	Hours worked
Monday	10
Tuesday	8
Wednesday	8
Thursday	8
Friday	8
Saturday	5
Sunday	3

Additional information

1. The income tax (PAYE) deduction is 18% of the taxable income.
2. The insurance fund deduction is 0.9% of the normal wages.
The employer contributes the same amount as the employee to the fund.
3. The employee's deduction for medical aid amounted to N\$150 for the week.
The employer contributes 1.5 times the amount the employees pay to the fund.
4. Employees are remunerated at N\$24 per hour during normal working hours.
5. Contributions to the non-taxable pension fund is calculated on the normal time and is made up as follows:

Employee's deduction	7.5%
Employer's contribution	11.25%
6. The normal working week is from Monday to Friday for 8 hours per day.
Any time worked in addition to this on weekdays and Saturdays is overtime calculated at 1.5 times normal rate. Overtime on Sundays is remunerated at double the normal rate.

Required

- 2.1 Calculate the net wage due to Waldo for the third week of May 2018. (17)
- 2.2 Calculate the contributions made by Restonic Manufacturers for pension, medical aid and insurance in respect of Waldo for the week. (6)

QUESTION 3

(21 marks)

The following balance were extracted from the books of Simon Swartz for the year ended 31 December 2017.

	N\$
Purchase of raw material	915 350
Carriage on raw materials	19 600
Direct labour	842 080
Office salaries	334 190
Rent	52 000
Office lighting and heating	44 200
Depreciation of works machinery	102 000
Depreciation of Office equipment	23 000
Sales	3 186 220
Factory fuel and power	81 200

Additional information:

- Rent is to be apportioned: Factory 3/4; Office 1/4.

	01/01/2017	31/12/2017
Inventories	N\$	N\$
Raw materials	254 000	289 000
Work in progress	311 000	246 000
Finished goods	232 600	288 400

Required

- 3.1 Prepare a cost of goods statement for the year ended 31 December 2017. (12)
- 3.2 Statement of profit and loss for the year ended 31 December 2017. (9)

QUESTION 4

(37 marks)

Haufiku Ltd has budgeted the following manufacturing overheads for the next year:

Depreciation on equipment	N\$49 000
Rent of factory building	N\$30 000

Additional information:

Cost centres	Estimated direct labour hours	Estimated area (square metres)	Number of requisitions	Value of Equipment	Indirect materials
Production: Drilling	6 000	5 500	2 100	N\$25 000	N\$15 112
Assembly					
Service:	5 000	4 500	1 800	N\$20 000	N\$15 978
Maintenance	-	8 000	1 200	N\$15 000	N\$10 660
Storeroom	-	2 000	800	N\$10 000	N\$2 750
Total	11 000	20 000	5 900	N\$70 000	N\$44 500

Management has decided to use the following bases for the secondary apportionment:

Storeroom - Number of requisitions
Maintenance and repairs of factory equipment - Floor area

The production cost centres will use direct labour hours to compute the overhead absorption rates.

Required:

4.1 Prepare an overheads analysis sheet which clearly shows the primary and secondary apportionment of manufacturing overheads. (33)

4.2 Calculate the overhead absorption rates of the two production cost centres using direct labour hours. (4)

STORES LEDGER CARD FOR QUESTION 1

STORES LEDGER CARD

Description: Re-order point:

Reference number: Re-order quantity:

Minimum stock level: Maximum stock level:

Price issues method:

Date	Doc No	Receipts			Issues			Balance		
		Units	Price N\$	Amount N\$	Units	Price N\$	Amount N\$	Units	Price N\$	Amount N\$

END OF PAPER