NAMIBIA UNIVERSITY OF SCIENCE AND TECHNOLOGY | HP-GSB HAROLD PUPKEWITZ Graduate School of Business

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	**LEVEL:** 6
COURSE CODE: BAC521C	**COURSE NAME:** BUSINESS ACCOUNTING 1B
SESSION: JUNE 2024	**PAPER:** PAPER 1
DURATION: 3 HOURS	**MARKS:** 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER	Lameck Odada
MODERATOR	Hendrina Kangala

INSTRUCTIONS

1. This question paper comprises **FOUR (4)** questions.
2. Answer **ALL** the questions and in blue or black ink. **NO** pencil
3. Start each question on a new page in your answer booklet and **show all workings.**
4. Work with whole numbers in all your calculations and only round off only final answers to two (2) decimal places where necessary unless otherwise stated.
5. 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. Silent, non-programmable calculators

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

QUESTION 1 **[20 MARKS]**

For questions 1.1 – 1.10, just write the answer only (the correct letter chosen) in your answer book and not on the question paper. Do not copy the question again.

1.1 Which of the following is described as the process of determining how a particular cost behaves?

a) Cost prediction
b) Cost behaviour
c) Cost estimation
d) Cost prevention

1.2 Which of the following is a forecast of cost at a particular level of activity?

a) Cost prediction
b) Cost behaviour
c) Cost estimation
d) Cost prevention

1.3 Which of the following refers to the relationship between cost and activity?

a) Cost prediction
b) Cost behaviour
c) Cost estimation
d) Cost prevention

1.4 The cost of insurance and taxes are included in

a) Cost of ordering
b) Set up cost
c) Inventory carrying cost
d) Cost of shortages

1.5 Which of the following is true for Inventory control?

a) Economic order quantity has a minimum total cost per order
b) Inventory carrying costs increases with the quantity per order
c) Ordering cost decreases with low size
d) All of the above

1.6 The time period between placing an order and its receipt in stock is known as

a) Lead time
b) Carrying time
c) Shortage time

d) Overtime

1.7 The best way of allocating fixed overheads between products is:

a) Equally between different products

b) As a proportion of direct cost incurred by each product

c) Based on the number of people involved in the production of each product

d) There is no 'best' way of allocating overheads

1.8 A company absorbs overheads on machine hours which were budgeted to be 11,250 with overheads of N$258,750. Actual results were 10,980 hours with overheads of N$254,692. Overheads were:

a) Over-absorbed by N$2 152

b) Over-absorbed by N$4 058

c) Under-absorbed by N$4 058

d) Under-absorbed by N$2 152

Questions 1.9 and 1.10 are based on the following information:

Bushbuck Ltd supplied the following figures regarding the number of units produced during the past six months together with the corresponding production cost:

Production units	Production cost (N$)
2 000	64 500
1 000	60 000
3 000	68 000
2 000	65 000
4 000	72 000
5 000	75 000

1.9 According to the high-low method of separating fixed and variable costs, the variable cost rate is:

a) N$1.75

b) N$4.75

c) N$2.75

d) N$3.75

1.10 According to the high-low method of separating fixed and variable costs, the fixed cost is:

a) N$56 250

b) N$42 250

c) N$37 500

d) N$47 500

QUESTION 2 **[25 MARKS]**

Plastic Packaging Limited manufactures and sells plastic containers used in the pharmaceutical industry in Namibia. The factory where production takes place is comprised of two production departments (Cutting and Shaping), and two service departments –(Service A and Service B). The information provided below has been extracted from the company's budget for the next financial year, which ends on 31 March 2025:

Allocated overhead cost	N$
Cutting Department	140 000
Shaping Department	160 000
Service department A	35 000
Service department B	28 000

Other Production Overheads	N$
Factory rent	5 250 000
Factory building insurance	700 000
Plant and machinery insurance	390 000
Plant and machinery depreciation	585 000
Canteen subsidy	1 500 000

The following information is also provided:

	Production Departments		Service Departments	
	Cutting	**Shaping**	**Service A**	**Service B**
Floor area (m^2)	18 000	12 000	3 000	2 000
Value of Plant and Machinery (N$)	3 000 000	500 000	250 000	150 000
Number of requisitions	1 000	500		
Maintenance hours	2 700	2 000	300	
Number of employees	34	60	4	2
Machine hours	12 000	2 200		
Labour hours	9 000	15 000		

Additional information:

- Secondary allocation should be done on the following bases:
  - Service department A - number of requisitions.
  - Service department B - maintenance hours.
- Calculation of the Predetermined/Absorption rate should be done on the following bases:
  - Cutting department – machine hours
  - Shaping department – labour hours

REQUIRED: ***(Work with whole numbers for allocation and re-apportionment)***		**MARKS**
a)	Perform the primary overhead apportionment showing the allocation of each overhead item. Indicate the basis of apportionment for each overhead.	**15**
b)	**Using the step method,** re-apportion the service department costs and calculate the overhead absorption rate for each production department ***to the nearest dollar.***	**10**

QUESTION 3 **[25 MARKS]**

The timesheet of employee Danielle shows that she worked 44 hours during a 40-hour workweek. The normal overtime remuneration (1½ x normal wage) is paid. Her normal wage is N$6 per hour. Medical aid and pension fund contributions (3% and 5% of normal wages respectively) are paid on an equal basis by employer and employee. PAYE (12% of taxable income) is the only other deduction being made.

REQUIRED: ***(Work with whole numbers for all your calculations)***		**MARKS**
a)	Calculate the net earnings of employee Danielle for the week.	**8**
Assuming that a year consists of 52 working weeks, that Danielle gets 3 weeks of holiday leave per year, and that the enterprise is closed for eight (8) public holidays during the year. Normal idle time is budgeted as 7½% and a holiday bonus equal to 3 weeks' wages is paid.		
b)	Determine the total annual labour cost to the nearest dollar	**6**
c)	Calculate the annual productive labour hours to the nearest whole number	**7**
d)	Define the Labour Recovery Rate and determine the labour tariff per hour for employee Danielle to the nearest dollar.	**4**

QUESTION 4 **[30 MARKS]**

FG is a public sector organisation using an incremental budgeting approach and is preparing its cash budgets for January, February, and March. Budgeted data is as follows:

	November	December	January	February	March
Sales (units)	750	800	800	850	900
Production (units)	800	800	850	900	950

The selling price per unit is N$200. The purchase price per kg of raw material is N$25. Each unit of finished product requires 2kgs of raw materials which are purchased on credit in the month before they are used in production. Suppliers of raw materials are paid one month after purchase. All sales are on credit. 80% of customers, by sales value, pay one month after sale and the remainder pay two months after sale. The fixed overheads (N$80,000 per month) are paid in the month in which they are incurred. Machinery costing N$100, 000 will be delivered in February and paid for in March. The opening cash balance on 1 January is estimated to be N$15,000.

REQUIRED:	**MARKS**
Prepare a cash budget for each of the three months January, February, and March.	**30**

END OF EXAMINATION QUESTION PAPER