NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BGAC	**LEVEL:** 6
COURSE CODE: CMA611S	**COURSE NAME:** COST & MANAGEMENT ACCOUNTING 201
SESSION: JULY 2025	**PAPER:** THEORY AND CALCULATIONS
DURATION: 3 HOURS	**MARKS:** 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS	Mrs Modestus, M., Ms Mkhulisi, M., Ms Shikoyeni, F .and Mr Sheehama, K.G.H.
MODERATOR	Ms Kangala, H.

INSTRUCTIONS

- Answer ALL the questions in blue or black ink only. **NO PENCIL.**
- Start each question on a new page, number the answers correctly and clearly.
- Write clearly, and neatly showing all your workings/assumptions.
- Work with at least four (4) decimal places in all your calculations and only round off final answers to two (2) decimal places.
- Questions relating to this examination may be raised in the initial 30 minutes after the start of the examination. Thereafter, candidates must use their initiative to deal with any perceived errors or ambiguities and any assumptions made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

- Silent, non-programmable calculators

THIS QUESTION PAPER CONSISTS OF _4_ PAGES (excluding this front page)

QUESTION 1 **[20 Marks]**

Turaco Ltd manufactures and sells a particular type of pen. On 1 December 2024, the company budgeted to produce 4 800 pens during the year, and the fixed manufacturing overheads would amount to N$81 600. Actual information for the year ending 31 December 2024 was as follows:

Production (units)	5 000
Sales (units)	4 500
	N$
Selling price per unit	165.00
Direct material	56 500
Direct labour	187 500
Variable production overheads	30 000
Fixed manufacturing overheads	75 000
Fixed administration costs	90 000
Variable selling costs	22 500

REQUIRED:

a) Prepare the statement of profit or loss for the month ended 31 December2024 according to the direct costing method. (9 marks)

b) Prepare the statement of profit or loss for the month ended 31 December2024 according to the absorption costing method. (11 Marks)

QUESTION 2 **(30 Marks)**

Chop-Your-Money Limited produces two types of luxury yachts (A and B) and employs a standard absorption costing system. Below is the company's budgeted statement of profit or loss for the year ending 30 June 2024 in **thousands** of dollars

	A N$' '000	B N$ '000	Total N$ '000
Sales	730.0	580.0	**1 310.0**
Cost of sales	568.0	461.5	**1 029.5**
Opening inventory	-----	------	-------
Production cost (A 350 units; B 180 units)	736.3	488.0	**1 224.9**
Closing inventory	-168.3	- 27.1	**-195.4**
Administration costs	136.0	76.0	**212.0**
Profit	26.0	42.5	**68.5**

The above production costs comprise variable materials, variable labour and **fixed production overheads of N$270 000** which are recovered per machine hour. There are no variable production overheads.

Yacht A requires 18 machine hours per unit and Yacht B requires 15 machine hours per unit. The closing inventory are valued at standard production costs per unit.

Chop-Your-Money Limited decided to change to an activity-based costing system. Factory statistics reflect the following:

	Yacht A	Yacht B
Budgeted production (number of yachts)	350	180
Yachts per production run	10	4
Inspections per production run	10	7
Number of component deliveries during the year	150	100
Number of issues from stores	800	700

Total budgeted fixed production overheads of N$270 000 per main activity cost pools were:

	N$
Machining costs	90 000
Set up costs	16 000
Quality inspections	54 000
Stores receiving	50 000
Stores issues	60 000

Required:

REQUIRED:		**Marks**
(a)	Calculate the total amount of fixed production overheads to be allocated to Yachts A and B based on the traditional/absorption costing method.	(5)
(b)	Calculate the budgeted production cost of one unit of Yachts A and B based on the activity-based costing information given above	25

QUESTION 3 **(25 marks)**

Yakima provides personal training service and sells clothing products to its clients. Yakima also generates some revenue from protein drink sales. The net realizable value from drink sales is accounted for as a reduction in the joint cost assigned to the personal training service and clothing products. Protein drink sells for N$2.50 per bottle. The cost associated with making and packaging the drinks is N$1.00 per bottle.

Joint cost is to be allocated to personal training service and clothing products based on net realizable values. For May, total revenues were N$753 000 from personal training service and N$289 000 from clothing products. The following joint cost were incurred:

	N$
Rent	36 000
Insurance	43 750
Utilities	3 000

Separate costs were as follows:

	Personal Training N$	Clothing N$
Labour	231 000	33 250
Supplies	151 300	700
Equipment depreciation	165 000	1 200
Administration	103 000	3 700

For the month of May 2025, 2 500 bottles of protein drinks were sold.

Requirement:		(25)
a)	Prepare Yakima's Profit or Loss Statement for the month of May 2025, the product & each services information should be shown.	(18)
b)	Explain the factors that should influence the choice of method when allocating joint costs to products.	(5)
c)	With an example, provide two industries that produce both joint products and by-products	(2)

QUESTION 4 **(25 Marks)**

Pet Food Delights Limited, based in Okahandja, produces cat food for the retail market. The production process involves two stages, mixing and baking. Manufacturing cost comprises materials, which are added at the start of the process, and conversion costs (labour and overheads), which are incurred evenly throughout production. The following details relate to the mixing process for the month of March:

	Degree of completion	N$
Opening WIP (39 000 kgs)		
- Material	60%	67 350
- Conversion cost	40%	12 045
Materials input and costs incurred		
- Materials (630 000 kgs)		837 900
- Conversion costs		396 240
Output 646 500 kgs		
Closing WIP (22 500 kgs)		
- Materials	60%	
- Labour	40%	

REQUIREMENTS:		**(25)**
a)	Assume that Pet Food Delights Ltd uses the weighted average method of valuing inventory. Prepare a quantity schedule or physical units, equivalent units and equivalent unit cost for the materials and the conversion costs	(11)
b)	Assume that Pet Food Delights Ltd uses FIFO method of valuing inventory. Prepare a quantity schedule or physical units, equivalent units and equivalent unit cost for the materials and the conversion costs	(14)

End of question paper.