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 2025	**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 in blue or black ink. **NO** pencil
3. Start each question on a new page in your answer booklet and **show all your workings**.
4. Unless otherwise stated, round off only final answers to two (2) decimal places where necessary.
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 ambiguity & any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

1. Silent, non-programmable calculators

THIS QUESTION PAPER CONSISTS OF 7 PAGES (including this front page)

QUESTION 1 **[30 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 A company would classify the audit fee paid by a manufacturing company as:

a) Production overhead cost

b) Selling and distribution cost

c) Research and development cost

d) Administration cost

1.2 A hospital's records show that the cost of carrying out health checks in the last five accounting periods have been as follows:

Period	Number of patients	Total cost (N$)
1	650	17 125
2	940	17 800
3	1 260	18 650
4	990	17 980
5	1 150	18 360

What is the estimated cost of carrying out health checks on 850 patients in period 6 Using the high-low method?

a) N$17 515

b) N$17 570

c) N$17 625

d) N$17 680

1.3 Which ONE of the following costs would NOT be classified as a production overhead cost in a food processing company?

a) The cost of renting the factory building

b) The salary of the factory manager

c) The depreciation of equipment located in the materials store

d) The cost of ingredients

1.4 In the Formula Y = a + bx; b refers to

a) Slope

b) Intercept

c) Dependent variable

d) Total variable costs

1.5 Which of the following costs remain constant in total when the level of the activity driver varies?

a) Conversion costs
b) Direct costs
c) Fixed costs
d) Mixed costs

1.6 Which of the following differentiates Financial Accounting from Managerial Accounting?

a) Financial Accounting emphasizes forecasts of future performance.
b) Financial Accounting summarizes information for the company as a whole.
c) Financial Accounting is private information for company managers
d) Financial Accounting emphasizes timeliness over precision.

1.7 Conversion costs include:

a) Manufacturing overhead costs
b) Direct material costs
c) Sales commission costs
d) Advertising costs

1.8 The following costs were incurred in September 2020:

Direct materials	N$39 000
Direct labour	N$23 000
Manufacturing overhead	N$17 000
Selling expenses	N$14 000
Administrative expenses	N$27 000

How much is total Prime costs for the month?

a) N$79 000
b) N$120 000
c) N$62 000
d) N$40 000

1.9 Which of the below methods is NOT used to estimate and separate mixed costs?

a) High Low method
b) Scatter Graph method
c) Least squares method
d) Contribution method

1.10 Which of the following costs is an example of a period rather than a product cost?

a) Depreciation on production equipment
b) Salaries of salespersons
c) Wages of production machine operators
d) Insurance on production equipment

1.11 Costs can be classified by the following EXCEPT.

a) Element
b) Behaviour
c) Importance to the business
d) Timing

1.12 Fixed costs that management can decide not to incur at any time are

a) Always variable costs
b) Unavoidable costs
c) Controllable costs
d) Discretionary costs

1.13 As volume changes, which of these costs could be considered a mixed cost?

a) Sales commission expense
b) Assembly line labour
c) Salaries of the accountant
d) Utilities at the manufacturing plant

1.14 The potential benefit of one alternative that is lost by choosing another alternative is known as

a) Sunk cost
b) Differential cost
c) Opportunity cost
d) Out-of-pocket cost

1.15 Manufacturing costs typically consist of

a) Direct materials, direct labour, and manufacturing overhead.
b) Production and shipping costs.
c) Production and marketing costs.
d) Direct materials, direct labour, and administrative costs. e. direct materials, direct labour, marketing and administrative costs.

1 x 2 marks each = 30 marks

QUESTION 2 [25 MARKS]

Transworld Cargo Stores (TWCS) management uses the First In, First Out (FIFO) inventory valuation method and is disputing which inventory valuation method should be used. The records show that on 28 February 2025, the store had a closing balance of 600 goods worth N$6 000. The following information regarding the movement of goods was provided to you by the Store Manager in March 2025.

Receipts (buy) from suppliers were as follows:

- 1 March: Received 2 500 goods at N$15 per good.
- 2 March: Received 1 050 goods at a total cost of N$16 380.
- 4 March: Received 1 300 goods at N$16.80 per good.
- 5 March: Received 1 100 goods at N$17.40 per good.
- 10 March: Received 1 500 goods at a total cost of N$24 000.

The issues (sales) made to customers were as follows:

- 3 March: Dispatched 1 900 goods.
- 6 March: Dispatched 1 780 goods.
- 9 March: Dispatched 950 goods.
- 12 March: Dispatched 1 400 goods.

REQUIRED		MARKS
a)	Record the above movement of the inventory in the store ledger card of TWCS during the month of March 2025	20
b)	Calculate the gross profit of TWCS. The selling price is N$30 per good.	5

QUESTION 3 *(THIS QUESTION HAS TWO (2) UNRELATED PARTS)* [25 MARKS]

PART A [8 MARKS]

Moses is an intern at the Hyundai manufacturing plant. Therefore, he wants to buy a motor vehicle and is trying to determine his affordability. Moses is remunerated at N$50 per hour. He works, on average, 40 hours per week. The following information is in respect of medical aid and pension fund contributions by employee and employer:

- Medical aid: 5% of the normal wage per week for both employer and employee
- Pension fund: 8% per week for both employer and employee
- PAYE: 33% of taxable income

Moses worked as follows for the week ending 6 June 2025:

Day	Hours
Monday	10
Tuesday	10.5
Wednesday	8
Thursday	9.5
Friday	8
Saturday	3

Normal overtime is remunerated 1.5 times the normal rate, while Sundays and public holidays are remunerated twice the normal rate

REQUIRED:	MARKS
Calculate the net wage for Moses for the week ending 6 June 2025	8

PART B **[17 MARKS]**

The following information relates to Vistorina, a Metro Cash and Carry employee.

Basic Salary	N$ 6 500 per month
Telephone Allowance	N$ 250 per month
Travel Allowance	N$ 800 per month
Bonus	10% of the basic salary
Pension contributions (Employer)	7.5% of the basic salary
Medical contributions (Employer)	2.5% of the basic salary
Annual leave	3 weeks per year
Public holidays	11 days
Idle time	5% of available time
Normal working hours	40 hours (5-day week)
Weeks in a year	52

REQUIRED:		MARKS
a)	Calculate the annual labour cost for Vistorina	7
b)	Calculate the annual productive hours for Vistorina	6
c)	Define the Labour Recovery Rate (LRR) and determine the LRR for Vistorina	4

QUESTION 4 **[20 MARKS]**

Adri Manufacturers specialises in clay pot production and operates two production departments (Department 1 and Department 2) and a service department (Department 3). Department 1 is a hands-on process; pots are put in Department 2 for drying.

Some of the expected overheads for the financial year 2023 have been estimated as follows:

	N$
Depreciation of equipment	32 000
Safety boots	18 000
Heating and lighting	22 500
TOTAL	**72 500**

The following data for 2023 and relating to the factory is also provided:

	Department 1	**Department 2**	**Department 3**
Value of equipment	N$74 000	N$29 000	N$25 000
Value of Building	N$300 000	N$140 000	N$60 000
Kilowatt hours used (KwH)	50	175	25
Number of employees	145	20	15
Direct labour hours	2 500	3 700	2 000
Machine hours	10 000	2 000	1 000

REQUIRED:		**MARKS**
a)	Allocate the overheads between the production and service departments, indicating the appropriate allocation base. *(Round off all calculations to the nearest whole number)*	**12**
b)	Re-apportion the service department's overheads using the number of machine hours *(Round off all calculations to the nearest whole number)*	**2**
c)	Calculate the overhead absorption rates (OAR) for Department 1 using direct labour and Department 2 using kilowatt hours used. *(Round off all calculations to the nearest whole number)*	**6**

END OF EXAMINATION QUESTION PAPER