



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>QUALIFICATION: BACHELOR OF ACCOUNTING</b>	
<b>QUALIFICATION CODE: 07BOAC</b>	<b>LEVEL: 5</b>
<b>COURSE CODE: CMA512S</b>	<b>COURSE NAME: COST &amp; MANAGEMENT ACCOUNTING 102</b>
<b>SESSION: JANUARY 2024</b>	<b>PAPER: THEORY AND CALCULATIONS</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINERS</b>	Jessy Angula; Gerhardt Sheehama and Lameck Odada
<b>MODERATOR</b>	Helmut Namwandi

<p style="text-align: center;"><b>INSTRUCTIONS</b></p> <ol style="list-style-type: none"><li>1. This question paper consists of <b>FOUR (4)</b> questions</li><li>2. Answer <b>ALL</b> questions in blue or black ink only. <b>NO PENCIL.</b></li><li>3. Start each question on a new page, and number the answers correctly and clearly.</li><li>4. Write clearly, and neatly showing all your formulas and workings.</li><li>5. 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.</li></ol>
--

**PERMISSIBLE MATERIALS**

- Silent, non-programmable calculators

**THIS EXAMINATION QUESTION PAPER CONSISTS OF 8 PAGES (including this cover page)**



**QUESTION 1**

**[30 MARKS]**

**For questions 1.1 – 1.15, 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 states how a fixed cost behaves as volume changes?

- a) remains constant in total and remains constant per unit
- b) remains constant in total and changes per unit
- c) changes in total and remains constant per unit
- d) changes in total and changes per unit
- e) None of the above

1.2 Indirect labour costs are manufacturing overhead because:

- a) it is easy to determine how much is used to make one product
- b) they are so insignificant that you don't have to use them to make the product
- c) they are difficult to track and a necessary cost to make the product
- d) they are expensed as incurred
- e) None of the above

1.3 The cost of window frames to a homebuilder would be what type of cost?

- a) period, direct materials
- b) period, indirect materials
- c) product, direct materials
- d) product, indirect materials
- e) None of the above

1.4 Conversion costs would consist of

- a) wood in a table and the worker that makes the table
- b) the supervisor's wages and the worker who makes the table
- c) wood in a table and the cost of utilities at the plant
- d) the steel tubing in the table and the worker that makes the table
- e) None of the above

1.5 The distinction between direct and indirect costs depends on whether a cost

- a) is controllable or non controllable
- b) can be conveniently traced to a product
- c) is included in manufacturing costs
- d) is paid weekly or monthly product, indirect materials
- e) None of the above



1.6 A manufacturing company makes cell phones. Conversion costs that change raw materials to become finished products cost N\$669 000. The workers on the production line were paid N\$550 000. The prime cost at the manufacturing plant cost N\$730 000. The company had no opening or closing inventories of work-in-progress. What was the cost of goods manufactured for the period?

- a) N\$849 000
- b) N\$730 000
- c) N\$669 000
- d) N\$550 000
- e) None of the above

**The following details refer to questions 1.7 - 1.9:**

Vungo Ltd has been using an overhead absorption rate based on direct labour costs. At the beginning of the year, the company estimated that the conversion and direct labour costs would be N\$540 000 and N\$240 000, respectively. During the year, the company incurred N\$500 000 and N\$200 000, in actual conversion and direct labour costs, respectively.

1.7 The amount of budgeted absorption overhead rate during the year was:

- a) 125% of direct labour cost
- b) 44% of direct labour cost
- c) 125% of conversion cost
- d) 40% of conversion cost
- e) None of the above

1.8 The amount of applied manufactured overheads for the period was...

- a) N\$120 000
- b) N\$150 000
- c) N\$250 000
- d) N\$220 000
- e) None of the above

1.9 The amount of under/over-applied manufactured overheads for the period was....

- a) N\$60 000
- b) N\$50 000
- c) N\$40 000
- d) N\$30 000
- e) None of the above



1.10 Double Quality Company's direct material cost is 40% of its total prime costs, if conversion is N\$120 000 and direct labour is 70% of its total conversion costs.

The amount of direct material cost incurred during the period was...

- a) N\$84 000
- b) N\$48 000
- c) N\$56 000
- d) N\$36 000
- e) None of the above

**The following information refers to questions 1.11 to 1.13:**

Overton Ltd uses predetermined overhead cost rates in its job costing system. The cost rate is calculated as a cost per labour hour. The following information relates to one month of operations.

Estimated direct labour hours for normal activity	20 000 hours
Estimated factory overhead cost in total	N\$100 000
Actual hours worked on jobs in the month	19 000 hours
Actual factory overhead cost incurred	N\$96 000

1.11 What is the amount of Absorption overhead rate?

- a) N\$5 per machine hour
- b) N\$5 per labour hour
- c) N\$4 per machine hour
- d) N\$4 per labour hour
- e) None of the above

1.12 What is the amount of applied factory overhead?

- a) N\$95 000
- b) N\$96 000
- c) N\$97 000
- d) N\$98 000
- e) None of the above

1.13 What is the amount of under-applied or over-applied overhead?

- a) N\$1 000 over-applied
- b) N\$1 000 under-applied
- c) N\$4 000 over-applied
- d) N\$4 000 under-applied
- e) None of the above





The following information refers to Questions 1.14 and 1.15:

Details	Production cost centres			Service cost centre
	Cost centre 1	Cost centre 2	Cost centre 3	Human Resources
Budgeted overheads	N\$150 500	N\$56 000	N\$108 620	N\$40 000
Number of employees	40	45	55	20
Number of machine hours	15 000	10 000	11 000	-

1.14 When the secondary apportionment of the overheads of the service cost centre is done, the amount to be apportioned to Cost Centre 2 is .....

- a) N\$10 000
- b) N\$11 000
- c) N\$12 000
- d) N\$13 000
- e) None of the above

1.15 The manufacturing overhead absorption rate for Cost Centre 2 is .....

- a) N\$6.20
- b) N\$6.40
- c) N\$6.60
- d) N\$6.80
- e) None of the above

**QUESTION 2**

**[25 MARKS]**

August Twenty-Six Manufacturing (Pty) Ltd is a manufacturer of Specialised Garments, Footwear and Leather products such as Personal Protective Wear, Corporate wear, School Uniforms and Shoes. August Twenty-Six has two manufacturing departments and two service departments. Manufacturing Department 1 is labour-intensive while Department 2 is machine-intensive. The following information relates to August Twenty-Six Manufacturing (Pty) Ltd:

	TOTAL	Manufacturing Departments		Service Departments	
		Dept 1	Dept 2	Dept A	Dept B
		N\$	N\$	N\$	N\$
Allocated Overheads	<b>86 850</b>	32 400	29 200	12 400	12 850
<b>General Overheads</b>					
Indirect Labour	32 000				
Heat and Light	48 600				
Repairs and Maintenance	34 700				
Canteen Subsidy	5 100				
Machine Depreciation	10 400				
Machine Insurance	6 250				
<b>TOTAL</b>	<b>223 900</b>				



The following additional was extracted from the company's management accounting records

	Manufacturing Departments		Service Departments	
	Dept 1	Dept 2	Dept A	Dept B
	N\$	N\$	N\$	N\$
Floor area m <sup>2</sup>	2 500	4 000	1 000	500
Direct labour hours	30 000	5 000	-	-
Indirect labour hours	30 000	5 000	-	-
Direct labour rate per hour (N\$)	12	8	-	-
Number of staff	30	5	-	-
Machine hours	2 500	25 000		
Machine value (N\$)	40 000	200 000	10 000	

Service department overheads are to be re-apportioned as follows:

	Manufacturing Departments	
	Dept 1	Dept 2
Service dept A overheads	20%	80%
Service dept B overheads	50%	50%

Data on two jobs being undertaken by the company is as follows:

		Job 230	Job 240
Direct material cost		N\$240	N\$420
Machine hours		5	20
<b>Direct labour hours</b>			
Manufacturing dept 1		40	25
Manufacturing dept 2		4	5
REQUIREMENT			MARKS
a)	Perform the primary overhead apportionment showing the allocation of each overhead item (clearly indicate the basis of apportionment, where appropriate). Work to the nearest N\$.	<b>14</b>	
b)	<b>Using the step method</b> , re-apportion the service department costs and calculate the overhead absorption rate (using a basis that you deem suitable) for each manufacturing department <i>to two decimal places</i> .	<b>10</b>	
c)	Other than the step method, identify any other method that can be used for overhead apportionment	<b>1</b>	



**QUESTION 3 (This question consists of two unrelated parts)**

**[25 MARKS]**

**PART A**

Steve Jobs is an intern at the Pupkewitz Toyota manufacturing plant. He wants to buy a motor vehicle and is therefore trying to determine his affordability. Mr Jobs 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 employees and employer:

Medical aid (taxable)	5% of basic/normal wage per week for employer and employee
Pension fund (non-taxable)	8% of basic/normal wage per week for both employer and employee
Pay As You Earn (PAYE)	33% of taxable income
Social Security Commission (SSC)	Both contribute N\$20 per week

Mr Jobs worked as follows for the week ending 7 October 2023:

	Hours
Monday	10
Tuesday	10½
Wednesday	8
Thursday	9½
Friday	8
Saturday	3

Overtime is remunerated as follows:

- Normal overtime: 1½ times normal time
- Sundays and public holidays: twice the normal time

REQUIRED	MARKS
Calculate the net wage for Steve Jobs for the week ended 7 October 2023 to the nearest dollar	9

**PART B**

The following information relates to Mr. B Dlamini, an employee of Strictly Signs (PTY) LTD.

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
Social Security Commission contributions (Employer)	N\$81 per month
Annual leave	3 weeks per year
Public holidays	11 days
Idle time	5% of available time
Normal working hours	40 hours (5-day week)





<b>REQUIRED:</b> Using 52 weeks in a year		<b>MARKS</b>
a)	Calculate the <b>annual</b> labour cost for Mr B Dlamini	<b>9</b>
b)	Calculate the actual production hours for Mr B Dlamini	<b>6</b>
c)	Calculate the hourly recovery rate for Strictly Signs (PTY) LTD	<b>1</b>

**QUESTION 4**

**[20 MARKS]**

At the beginning of 2022, Vavi Ltd budgeted their manufacturing overheads to be N\$460 000 for the year. They also estimated direct labour hours for the year at 115,000. By the end of the year, the following information was recorded:

Actual direct labour hours worked	20 600
	<b><u>N\$</u></b>
Inventory (1 January 2022):	
Raw material	42 000
Work in progress	28 000
Completed goods	22 000
Raw material purchased	184 000
Payroll summary: Direct labour	150 000
Indirect labour	30 000
Factory cleaning material	6 600
Finance charges	1 600
Depreciation: Factory plant	12 000
Office equipment	6 000
Salaries of sales staff	36 000
Sales	628 000
Inventory (31 December 2022):	
Raw material	50 000
Work in progress	18 000
Completed goods	30 000

<b>REQUIRED:</b> Using 52 weeks in a year	<b>MARKS</b>
Prepare the production statements for the year ended 31 December 2022; and prepare the statement of <b>adjusted</b> cost of goods manufactured and sold (cost of sales).	<b>20</b>

**END OF EXAMINATION QUESTION PAPER**

~~Ma~~ al  
17/10/2023