



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

COURSE CODE: BAC1200S		COURSE NAME: BUSINESS ACCOUNTING 1B	
SESSION: NOVEMBER 2024		PAPER: THEORY AND CALCULATIONS	
DURATION: 2 HOURS		80 MARKS	
FIRST OPPORTUNITY EXAMINATION			
EXAMINER	DR Z VAN DER WALT		
MODERATOR:	MR G SHEEHAMA		
	INSTRUCTIONS		
<div><div>1. Answer ALL the questions on the answer sheet.</div><div>2. Read all the questions carefully before answering.</div><div>3. The examination paper consists of 50 questions</div><div>4. The use of a non-programmable calculator is allowed</div><div>5. There is only one correct option, the shading of more than one option will be marked as incorrect</div><div>6. Make sure to shade your student number correctly</div></div>			
INFORMATION			
The question paper is divided into different sections. The first section contains theoretical knowledge questions and counts for one mark each. Section B assesses your ability to record information in the accounting records, and the last section consists of calculations based on various topics. The mark allocation for Sections B and C are indicated next to the questions.			

THIS MEMORANDUM CONSISTS OF 14 PAGES (Including this front page)

Best of luck!

SECTION A THEORETICAL KNOWLEDGE (20 QUESTIONS, 1 MARK EACH)

- 1. Salaries paid to permanent manufacturing staff members are an example of?**
 - a. Fixed Costs
 - b. Variable costs
 - c. Mixed Costs
 - d. Product Costs
 - e. None of the above
- 2. A mixed cost is:**
 - a. Is fixed over a broader range of activity than a variable cost.
 - b. Is product and period costs.
 - c. Contains both fixed and variable components.
 - d. Always increases on a per-unit basis.
 - e. None of the above
- 3. Variable cost per unit due to an increase in production? Fill in the missing word.**
 - a. Remains the same
 - b. Increase
 - c. Decrease
 - d. Partly increase
 - e. None of the above
- 4. Non-manufacturing costs are also called:**
 - a. Manufacturing
 - b. Marketing costs
 - c. Period
 - d. Administrative costs
 - e. All of the above
- 5. Sunk costs are:**
 - a. Relevant for decision-making
 - b. Not relevant for decision-making.
 - c. Cost to be incurred in future.
 - d. Future costs.
 - e. None of the above.
- 6. Which of the following is not a recognised method to calculate the variable cost portion included in the mixed cost?**
 - a. High/Low method
 - b. Least Square method
 - c. Scatter Graph method
 - d. Simple mixed method
 - e. All options are recognised methods

- 7. Discounts received on bulk orders have the following effect. Which one of the options is incorrect?**
- a. Purchase prices decrease
 - b. Holding Costs decreases
 - c. Ordering costs decrease
 - d. Increase in Profits
 - e. All the options are correct
- 8. Which document is issued by the production department when they need material?**
- a. Purchase order
 - b. Purchase requisition order
 - c. Goods received note
 - d. Material requisition order
 - e. None of the above
- 9. An overhead absorption rate is used to**
- a. Charge overheads to products
 - b. Share out common costs over benefiting cost centres
 - c. Find the total actual overheads for a cost centre
 - d. Allocate actual overheads to products
 - e. None of the above
- 10. Overheads can be absorbed into cost units by means of:**
- a. Physical unit produced
 - b. Percentage of prime cost
 - c. Percentage of direct wages
 - d. Machine hour rate
 - e. All of the above
- 11. If the amount of production overheads applied to product costs is more than the actual production overhead expenditure, there are:**
- a. Over-applied overhead
 - b. Under-applied overhead
 - c. Neither A or B
 - d. None
 - e. The information is insufficient
- 12. A cash budget consists of certain elements. Choose the incorrect option.**
- a. Cash received from customers
 - b. Cash paid for operating expenses
 - c. Cash paid for purchases
 - d. Cash paid to customers
 - e. None of the above options are incorrect

Continue on page 4...

- 13. Which of the following will not be included when preparing a cash budget?**
- a. Depreciation
 - b. Loss on the sale of an asset
 - c. Credit Sales
 - d. All of the above will be included
 - e. None of the above will be included
- 14. Which of the following are the purposes for preparing a cash budget?**
- a. To determine the need for short-term financing
 - b. Indicates the probable cash position as a result of the planned activities
 - c. Indicates cash shortages in advance
 - d. All of the above
 - e. None of the above
- 15. Choose the correct statement**
- a. A cash budget shows the debtors' and creditors' outstanding balances
 - b. A cash budget is part of a set of financial statements
 - c. A cash budget states all the cash inflows and outflows for a certain period of time
 - d. A cash budget is done to calculate profits
 - e. None of the above options are correct.
- 16. Net cash flow will be calculated as:**
- a. Opening cash balance, plus all cash sales, less cash purchases
 - b. Cash inputs less cash outputs
 - c. Cash outputs less cash inputs
 - d. Opening cash balance, plus all cash receipts, less all cash payouts
 - e. None of the above options is correct.
- 17. If overtime is resorted to at the desire of the customer, then the overtime premium:**
- a. It should be included as an overhead
 - b. It should not be charged at all
 - c. It should be charged to the job directly
 - d. It should be charged to the highest profit-making department
 - e. None of the above
- 18. Planning provides _____ and reducing the risk of uncertainty, planning helps managers in many other ways." Fill in the missing word.**
- a. Actions
 - b. Direction
 - c. Coordination
 - d. Source documents
 - e. None of the above

Continue on page 5 ...

19. Which one of the following statements is correct?

- a. Gross remuneration is also known as “take-home pay.”
- b. **Nett remuneration is also known as “take-home pay.”**
- c. Pension fund contributions by an employer are compulsory
- d. The employer and not the employee make Social Security contributions.
- e. None of the above.

20. Taxable gross earnings are calculated as follows:

- a. **Gross earnings less Pension fund contributions**
- b. Gross earnings less Social Security
- c. Gross earnings less overtime
- d. Gross earnings less all deductions
- e. None of the above

SECTION C APPLICATION IN THE ACCOUNTING RECORDS (13 QUESTIONS, 30 MARKS)

21. ABC Woodworx CC paid salaries and wages via EFT on 25th September 2024. The total amount paid was N\$100,000. N\$70,000 can directly be associated with Product A, while N\$30,000 cannot directly be related to the production of specific products and involves the supervision of the manufacturing processes. As the management accountant, you are required to allocate the labour costs in the general journal (3 marks)

Option a

Direct labour	70,000	
Manufacturing overheads	30,000	
Salaries and wages control		100,000
Allocation of labour costs		

Option b

Salaries and wages control	100,000	
Direct Labour		100,000
Allocation of labour costs		

Option c

Direct Labour	100,000	
Salaries and wages control		100,000
Allocation of labour costs		

Option d

Salaries and wages control	100,000	
Direct Labour		70,000
Manufacturing Overheads		30,000
Allocation of labour costs		

Option e

None of the above options are correct.

22. As the management accountant, you received the following information:
The business uses a time-based system. A normal week consists of 40 hours and is paid N\$100 per hour. Overtime is paid according to the current Labour Act provisions. You are required to enter the following information in the general ledger. Eight employees each worked 40 hours during the week, and in addition, worked 20 hours of overtime. These hours, all on a Saturday were not related to a specific order (2 marks)

Option a**Salaries and wages control**

30	Direct Labour	32,000	30	Gross Wages	38,000
	Manufacturing Overheads	6,000			

Direct Labour

			30	Salaries and Wages control	32,000
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Manufacturing Overheads

			30	Salaries and Wages control	6,000
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Option b**Salaries and wages control**

30	Gross wages	38,000	30	Direct Labour	36,000
				Manufacturing Overheads	2,000

Direct Labour

30	Salaries and Wages control	36,000			
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Manufacturing Overheads

30	Salaries and Wages control	2,000			
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Continue on page 7 ...

Option c

Salaries and wages control

30	Gross wages	38,000	30	Direct Labour	32,000
				Manufacturing Overheads	6,000

Direct Labour

30	Salaries and Wages control	32,000			
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Manufacturing Overheads

30	Salaries and Wages control	6,000			
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Option d

Salaries and wages control

30	Gross wages	38,000	30	Manufacturing Overheads	38,000
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Manufacturing Overheads

30	Salaries and Wages control	38,000			
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Option e

None of the above options are correct.

The following information relates to the September 2024 payroll.

Questions 23-27 are based on this information.

Item	N\$
Basic salaries	40,000
Housing Allowances	10,000
Pension fund contributions (Note 1)	7% of the basic salaries
Social Security contributions (Note 2)	1% of the basic salaries

- 1) The employer does not contribute towards the pension fund.
- 2) Employers and employees each contribute 1% of the basic salaries to Social Security.

23. Which is the correct option for posting the employees' social security contributions to the general ledger (2 marks)

- a. Debit Wages control, credit social security
- b. Debit social security, credit wages control
- c. Debit employee, credit social security
- d. Debit wages, credit bank
- e. None of the above

- 24. Which of the following is the correct option when paying the SSC? The payment was made via EFT (2 marks)**
- a. Debit employee, credit bank
 - b. Debit social security, credit bank
 - c. Debit Wages control, credit bank
 - d. Debit bank, credit wages control
 - e. None of the above
- 25. Which of the following is the correct option when providing for the employees' net wage (2 marks)**
- a. Debit wages control, credit bank
 - b. Debit wages for creditors, credit bank
 - c. Debit wages control, credit wages for creditors
 - d. Debit bank, credit wages control
 - e. None of the above
- 26. The amount calculated as the pension fund contributions will be (1 mark):**
- a. N\$3,500
 - b. N\$2,800
 - c. N\$2,562
 - d. N\$2,744
 - e. None of the above options is correct
- 27. Assume a tax liability of N\$11,000, calculate the take-home pay (4 marks)**
- a. N\$24,800
 - b. N\$35,100
 - c. N\$26,200
 - d. N\$29,000
 - e. None of the above
- 28. An over-allocation of overheads will be recorded in the general journal as: (2 marks):**
- a. Debit cost of sales and credit manufacturing overheads
 - b. Debit manufacturing overheads and credit cost of sales
 - c. Debit manufacturing overheads and credit bank
 - d. Debit work in progress (WIP) and credit cost of sales
 - e. None of the above entries are correct
- 29. The entry to record the completion of products would be: (2 marks):**
- a. Debit Work in Process and Credit Finished Goods.
 - b. Debit Overhead Control and Credit Finished Goods.
 - c. Debit Cost of Goods Sold and Credit Work in Process
 - d. Debit Finished Goods and Credit Work in Process
 - e. None of the above entries are correct

30. Which entry is recorded when materials are moved from the storeroom to production (2 marks)

- a. Debit Work in Process and Credit Raw Materials
- b. Debit Raw Materials and Credit Work in Process.
- c. Debit Manufacturing Overhead and Credit Raw Materials
- d. Debit Materials Expense and Credit Raw Materials
- e. None of the above entries are correct

31. Which of the following journal entries would record the allocation of overheads to a specific job (2 marks)

- a. Debit manufacturing overheads, credit finished products
- b. Debit manufacturing overheads, credit production (WIP)
- c. Debit production, credit finished goods
- d. Debit production (WIP), credit manufacturing overheads
- e. None of the above entries are correct

The information below relates to Questions 32 and 33. Accountants use a specific format to compile a cost of goods manufactured statement. Carefully consider the below format and fill in the missing terminology.

Raw Materials		
Opening inventory	xxx	
Plus: Purchases of raw materials	xxx	
= Raw materials available for use	xxx	
Deduct: A	(xxx)	
= Raw materials used in production		xxx
Add: B		xxx
= C		xxx
Add: D		xxx
= Total manufacturing cost transferred to work in process		xxx
Add: Opening Work in process inventory		xxx
Deduct: E		(xxx)
= Cost of goods manufactured transferred to finished goods		xxx
Add: opening inventory of finished goods		xxx
= F		xxx
Deduct closing inventory of finished goods		(xxx)
= Cost of goods sold		xxx

32. Replace the placeholders (A, B and C) with the correct terminology.

Carefully consider the below and choose the correct option (3 marks)

- a. A = Closing work in process inventory; B = Total Manufacturing overheads; C = Prime Cost
- b. A = Opening inventory of finished goods; B = Closing work in process inventory; C = Prime Cost
- c. A = Closing work in process inventory; B = Closing inventory of raw materials; C = Cost of goods sold
- d. A = Closing inventory of raw materials; B = Direct labour; C = Prime Cost
- e. None of the above options is correct.

33. Replace the placeholders (D, E and F) with the correct terminology.

Carefully consider the statements below and choose the correct one (3 marks)

- a. D = Total Manufacturing overheads; E = Closing Work in process inventory; F = Cost of goods manufactured transferred to finished goods
- b. D = Total Manufacturing overheads; E = Closing work in process inventory; F = Goods available for sale
- c. D = Closing Work in process inventory; E = Total Manufacturing Overheads; F = Prime Cost
- d. D = Total Manufacturing overheads; E = Cost of goods sold; F = Cost of goods sold
- e. None of the above options is correct.

SECTION C CALCULATIONS (17 QUESTIONS, 30 MARKS)

Any manufacturer must be able to calculate their costs. The following questions assess your ability to perform necessary calculations regarding materials, labour, and manufacturing overheads.

A company uses components at a rate of 1000 monthly units, bought for N\$3.00 each from the supplier. It costs N\$30 to place an order each time, regardless of the quantity ordered. The total holding cost is 20% per annum of the value of inventory held. The average inventory is 700 units.

34. You are required to calculate the Economic Order Quantity (2 marks)

- a. 775 units
- b. 1095 units
- c. 316 units
- d. 1000 units
- e. None of the above

35. Calculate the annual holding cost for this specific unit (1 mark)

- a. N\$420
- b. N\$2,100
- c. N\$0.60
- d. N\$7,200
- e. None of the above

The following details relate to "Toys are U" CC's inventory

EOQ	60 000 units
Lead time	8-10 working days
Average usage	2500 units per day
Minimum usage	2000 units per day
Maximum usage	2800 units per day

36. The re-order level is....(1 mark)

- a. 28,000 units
- b. 72,000 units
- c. 5500 units
- d. 12 000 units
- e. None of the above

MS Plumbers employs Joseph. Joseph worked 55 hours during the week and 4 hours on Sunday. A normal week is 40 hours. Normal hours are paid N\$100 per hour, and overtime rates follow the Labour Act. The employer offers a housing allowance of N\$300 per week. The employer does not contribute to Joseph's retirement. Pension fund contributions are calculated at 8% of normal wage, and income tax is calculated at 20% of taxable income. Answer Questions 37 – 41.

37. Assume the overtime worked was to finish a specific order. Calculate the overtime premium accounted for during the week (2 marks)

- a. N\$3,050
- b. N\$750
- c. N\$400
- d. N\$1,150
- e. None of the above

38. Assume the overtime worked was general of nature. Calculate the amount allocated to direct labour (2 marks)

- a. N\$800
- b. N\$300
- c. N\$5,900
- d. N\$1,100
- e. None of the above

39. How would your answer differ if the overtime was worked to complete a specific order (1 mark)

- a. Direct labour will increase, and overheads will decrease
- b. Direct labour will decrease, and manufacturing overheads will increase
- c. Prime cost will increase, and manufacturing overheads will decrease
- d. Conversion cost will decrease and manufacturing overheads will increase
- e. None of the above options is correct

A bakery employs Lucas to decorate chocolate cakes. Based on normal wages, he will receive N\$100 per standard hour for a standard 8-hour day or an agreed-upon piecework rate of N\$36 per unit. The bakery estimates that it would take 20 minutes to decorate a cake. He decorated 30 cakes for the day. Carefully consider this information and answer questions 40 - 42.

- 40. If Lucas is remunerated according to a time-based system, what will his gross remuneration be for one day, assuming he worked for a full day (1 mark)**
- a. N\$800 per day
 - b. N\$1,080 per day
 - c. N\$280 per day
 - d. N\$500 per day
 - e. None of the above
- 41. Based on the information, how does the actual output differ from the estimated output (1 mark)**
- a. Lucas decorated six fewer cakes than supposed to, according to the estimates.
 - b. Lucas decorated 12 fewer cakes than supposed to, according to the estimates.
 - c. Lucas decorated six more cakes than supposed to, according to the estimates.
 - d. The information is insufficient.
 - e. None of the above
- 42. If Lucas is remunerated according to the piecework system, what will his gross earnings for the day be (1 mark)**
- a. N\$800 per day
 - b. N\$1,080 per day
 - c. N\$280 per day
 - d. N\$500 per day
 - e. None of the above
- 43. A business applied overheads on a direct labour hourly basis, which were budgeted at 2,700 labour hours with overheads of N\$52,500. Actual results were 2,600 hours with overheads of N\$54,000. Calculate the POR (1 mark)**
- a. N\$19.44
 - b. N\$20.19
 - c. N\$20.76
 - d. N\$20.00
 - e. None of the above

44. Based on question 43, calculate the under or over-allocation of overheads (1 mark)

- a. N\$3,456 Over-allocated
- b. N\$3,456 under-allocated
- c. N\$3,500 under- allocated
- d. N\$3,500 over-allocated
- e. None of the above

45. A company produces three types of products- product A, product B and product C. Product A requires 200 machine hours. Product B requires 400 machine hours. Product C requires 620 machine hours. The company uses machine hours as a cost driver. The total overhead cost assigned to that cost pool was \$183,000. The machine hours overhead assigned to each of the products were (3 marks):

- a. N\$61,000 for A; N\$61,000 for B; N\$61,000 for C
- b. N\$61,000 for A; N\$30,500 for B; N\$91,500 for C
- c. N\$30,000 for A; N\$60,000 for B; N\$93,000 for C
- d. N\$30,000 for A; N\$63,000 for B; N\$90,000 for C
- e. None of the above

The following information relates to Questions 46 to 51. These balances were obtained from the company's records for the year ended 30 June 2024:

Raw material (1 July 2023)	380,000
Raw material (30 June 2024)	396,000
Work in process (1 July 2023)	270,000
Work in process (30 June 2024)	248,000
Finished Goods (1 July 2023)	280,000
Finished Goods (30 June 2024)	400,000
Raw Material purchased	700,000
Direct labour	400,000
Indirect labour	156,000
Factory Managers' salary	216,000
Other Factory overheads	209,000
Indirect material used	46,000
Selling and administrative costs	108,000

46. Use the above information and calculate the prime cost (3 marks)

- a. N\$1,084,000
- b. N\$1,080,000
- c. N\$780,000
- d. N\$700,000
- e. None of the above

47. Use the above information and calculate the period cost (1 mark)

- a. N\$209,000
- b. N\$46,000
- c. N\$108,000
- d. N\$156,000
- e. None of the above

48. Use the above information and calculate the total manufacturing overheads (3 marks).

- a. N\$202,000
- b. N\$627,000
- c. N\$372,000
- d. N\$46,000
- e. None of the above

49. Assume the prime cost is calculated correctly as N\$500,000 and manufacturing overheads are N\$100,000; calculate the cost of goods manufactured (3 marks)

- a. N\$600,000
- b. N\$750,000
- c. N\$870,000
- d. N\$676,000
- e. None of the above

You are provided with the following information for Company A.

- Sales are expected to be N\$10,000 in January and are expected to grow at 10% per month.
- 30% of the sales are cash sales.
- 50% of the sales are paid within the month the sales took place.
- The remaining 20% will be received in the month following the sales transactions.

50. Using the information above, the cash flow budget for February displays the following amounts (3 marks)

- a. N\$10,800
- b. N\$5,300
- c. N\$5,500
- d. N\$8,800
- e. None of the above options are correct

END OF THE EXAMINATION PAPER

GOOD LUCK WITH THE REST OF YOUR STUDIES



SURNAME, INITIALS

STUDENT NUMBER

FM/PM/DI

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|------------------------|------------------------|------------------------|
| 1 (A) (B) (C) (D) (E) | 21 (A) (B) (C) (D) (E) | 41 (A) (B) (C) (D) (E) |
| 2 (A) (B) (C) (D) (E) | 22 (A) (B) (C) (D) (E) | 42 (A) (B) (C) (D) (E) |
| 3 (A) (B) (C) (D) (E) | 23 (A) (B) (C) (D) (E) | 43 (A) (B) (C) (D) (E) |
| 4 (A) (B) (C) (D) (E) | 24 (A) (B) (C) (D) (E) | 44 (A) (B) (C) (D) (E) |
| 5 (A) (B) (C) (D) (E) | 25 (A) (B) (C) (D) (E) | 45 (A) (B) (C) (D) (E) |
| 6 (A) (B) (C) (D) (E) | 26 (A) (B) (C) (D) (E) | 46 (A) (B) (C) (D) (E) |
| 7 (A) (B) (C) (D) (E) | 27 (A) (B) (C) (D) (E) | 47 (A) (B) (C) (D) (E) |
| 8 (A) (B) (C) (D) (E) | 28 (A) (B) (C) (D) (E) | 48 (A) (B) (C) (D) (E) |
| 9 (A) (B) (C) (D) (E) | 29 (A) (B) (C) (D) (E) | 49 (A) (B) (C) (D) (E) |
| 10 (A) (B) (C) (D) (E) | 30 (A) (B) (C) (D) (E) | 50 (A) (B) (C) (D) (E) |

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| 11 (A) (B) (C) (D) (E) | 31 (A) (B) (C) (D) (E) |
| 12 (A) (B) (C) (D) (E) | 32 (A) (B) (C) (D) (E) |
| 13 (A) (B) (C) (D) (E) | 33 (A) (B) (C) (D) (E) |
| 14 (A) (B) (C) (D) (E) | 34 (A) (B) (C) (D) (E) |
| 15 (A) (B) (C) (D) (E) | 35 (A) (B) (C) (D) (E) |
| 16 (A) (B) (C) (D) (E) | 36 (A) (B) (C) (D) (E) |
| 17 (A) (B) (C) (D) (E) | 37 (A) (B) (C) (D) (E) |
| 18 (A) (B) (C) (D) (E) | 38 (A) (B) (C) (D) (E) |
| 19 (A) (B) (C) (D) (E) | 39 (A) (B) (C) (D) (E) |
| 20 (A) (B) (C) (D) (E) | 40 (A) (B) (C) (D) (E) |

Student Nr

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1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9