



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(HP-GSB)

HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	LEVEL: 6
COURSE CODE: BAC621C	COURSE NAME: INTRODUCTION TO BUSINESS MANAGEMENT
SESSION: JULY 2023	PAPER: PAPER 2
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER	Sheehama, K.G.H.
MODERATOR	Odada, L

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly, showing all your workings3. Number the answers clearly.4. Round off your final answers to 2 decimal places

PERMISSIBLE MATERIALS

1. Examination paper
2. Examination script
3. Non-programmable calculator

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

What amount should be budgeted for direct labour in February?

(2)

- A. N\$160 000
- B. N\$140 000
- C. N\$146 000
- D. 136 500

1.3 Explain any three (3) of functions of budgets.

(6)

QUESTION 2

(20 MARKS)

NamRadios Ltd (pty) is a manufacturer of radios based in Windhoek. The managing director has become aware of the disadvantages of fixed budgets and asks you to prepare a flexible budget for the next accounting period.

The following for 2023 is available:

Cost item	8 000 units N\$	10 000 radios N\$	11 000 radios N\$
Direct labour	40 000	50 000	55 000
Direct materials	32 000	40 000	44 000
Indirect labour	76 000	80 000	82 000
Indirect materials	24 000	30 000	33 000
Maintenance	45 000	55 000	60 000
Energy	30 000	35 000	37 500
Depreciation	10 000	10 000	10 000
Total costs	257 000	300 000	321 500

The actual activity level of 9 000 units are manufactured and the following analysis is available:

Cost item	9 000 radios N\$
Direct labour	48 000
Direct materials	35 000
Indirect labour	76 000
Indirect materials	28 000
Maintenance	52 000
Energy	37 500
Depreciation	10 000
Total costs	286 500

REQUIRED

Compile performance report for activity level of 9 000 units, clearly indicate flexible budget and variances.

REQUIRED:

Prepare the following budgets in (N\$) for the year ended 30 April 2023:

- 3.1 Sales budget (3)
- 3.2 Production budget (4)
- 3.3 Direct materials purchased budget (6)
- 3.4 Direct labour budget (3)
- 3.5 Manufacturing overheads budget (3)
- 3.6 Total fixed costs budget (1)

QUESTION 4**(20 Marks)**

Angie Silva has recently opened The Sandal Shop in Rundu, a store that specializes in fashionable sandals. Angie has just received a degree at the NUST and she is anxious to apply the principles she has learned. In time, she hopes to open a chain of sandal shops. As a first step, she has prepared the following analysis for her new store:

Sales price per pair of sandals	N\$400	Variable
expenses per pair of sandals	<u>160</u>	
Contribution margin per pair of sandals	<u>N\$240</u>	
Pair of sandals sold	320	
Fixed expenses per year:		
Building rental	N\$15 000	
Equipment depreciation	7 000	
Selling expenses	20 000	
Administrative expenses	<u>18 000</u>	
Total fixed expenses	<u>N\$60 000</u>	

REQUIRED:

- 4.1 Calculate how many pairs of sandals must be sold each year to break even in **units and N\$**. (6)
- 4.2 Angie has decided that she must earn at least N\$31 200 as profit in the first year to justify her time and effort. Calculate how many pairs of sandals must be sold to reach this target profit. (3)
- 4.3 Angie now has two salespersons working in the store – one full time and one part time. It will cost her an additional fixed expense N\$40 000 per year to convert the part-time position to a full-time position. Angie believes that the change will bring in additional 300 pair of sandals annually. Would you recommend her to change the position? Justify. (11)

APPENDIX TABLE 1

Present Value Tables

Number of Years	Interest Rate per Year														
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
1	.990	.980	.971	.962	.952	.943	.935	.926	.917	.909	.901	.893	.885	.877	.870
2	.980	.961	.943	.925	.907	.890	.873	.857	.842	.826	.812	.797	.783	.769	.756
3	.971	.942	.915	.889	.864	.840	.816	.794	.772	.751	.731	.712	.693	.675	.658
4	.961	.924	.888	.855	.823	.792	.763	.735	.708	.683	.659	.636	.613	.592	.572
5	.951	.906	.863	.822	.784	.747	.713	.681	.650	.621	.593	.567	.543	.519	.497
6	.942	.888	.837	.790	.746	.705	.666	.630	.596	.564	.535	.507	.480	.456	.432
7	.933	.871	.813	.760	.711	.665	.623	.583	.547	.513	.482	.452	.425	.400	.376
8	.923	.853	.789	.731	.677	.627	.582	.540	.502	.467	.434	.404	.376	.351	.327
9	.914	.837	.766	.703	.645	.592	.544	.500	.460	.424	.391	.361	.333	.308	.284
10	.905	.820	.744	.676	.614	.558	.508	.463	.422	.386	.352	.322	.295	.270	.247
11	.896	.804	.722	.650	.585	.527	.475	.429	.388	.350	.317	.287	.261	.237	.215
12	.887	.788	.701	.625	.557	.497	.444	.397	.356	.319	.286	.257	.231	.208	.187
13	.879	.773	.681	.601	.530	.469	.415	.368	.326	.290	.258	.229	.204	.182	.163
14	.870	.758	.661	.577	.505	.442	.388	.340	.299	.263	.232	.205	.181	.160	.141
15	.861	.743	.642	.555	.481	.417	.362	.315	.275	.239	.209	.183	.160	.140	.123
16	.853	.728	.623	.534	.458	.394	.339	.292	.252	.218	.188	.163	.141	.123	.107
17	.844	.714	.605	.513	.436	.371	.317	.270	.231	.198	.170	.146	.125	.108	.093
18	.836	.700	.587	.494	.416	.350	.296	.250	.212	.180	.153	.130	.111	.095	.081
19	.828	.686	.570	.475	.396	.331	.277	.232	.194	.164	.138	.116	.098	.083	.070
20	.820	.673	.554	.456	.377	.312	.258	.215	.178	.149	.124	.104	.087	.073	.061

Discount factors: Present value of \$1 to be received after t years = $1/(1 + r)^t$.

Number of Years	Interest Rate per Year														
	16%	17%	18%	19%	20%	21%	22%	23%	24%	25%	26%	27%	28%	29%	30%
1	.862	.855	.847	.840	.833	.826	.820	.813	.806	.800	.794	.787	.781	.775	.769
2	.743	.731	.718	.706	.694	.683	.672	.661	.650	.640	.630	.620	.610	.601	.592
3	.641	.624	.609	.593	.579	.564	.551	.537	.524	.512	.500	.488	.477	.466	.455
4	.552	.534	.516	.499	.482	.467	.451	.437	.423	.410	.397	.384	.373	.361	.350
5	.476	.456	.437	.419	.402	.386	.370	.355	.341	.328	.315	.303	.291	.280	.269
6	.410	.390	.370	.352	.335	.319	.303	.289	.275	.262	.250	.238	.227	.217	.207
7	.354	.333	.314	.296	.279	.263	.249	.235	.222	.210	.198	.188	.178	.168	.159
8	.305	.285	.266	.249	.233	.218	.204	.191	.179	.168	.157	.148	.139	.130	.123
9	.263	.243	.225	.209	.194	.180	.167	.155	.144	.134	.125	.116	.108	.101	.094
10	.227	.208	.191	.176	.162	.149	.137	.126	.116	.107	.099	.092	.085	.078	.073
11	.195	.178	.162	.148	.135	.123	.112	.103	.094	.086	.079	.072	.066	.061	.056
12	.168	.152	.137	.124	.112	.102	.092	.083	.076	.069	.062	.057	.052	.047	.043
13	.145	.130	.116	.104	.093	.084	.075	.068	.061	.055	.050	.045	.040	.037	.033
14	.125	.111	.099	.088	.078	.069	.062	.055	.049	.044	.039	.035	.032	.028	.025
15	.108	.095	.084	.074	.065	.057	.051	.045	.040	.035	.031	.028	.025	.022	.020
16	.093	.081	.071	.062	.054	.047	.042	.036	.032	.028	.025	.022	.019	.017	.015
17	.080	.069	.060	.052	.045	.039	.034	.030	.026	.023	.020	.017	.015	.013	.012
18	.069	.059	.051	.044	.038	.032	.028	.024	.021	.018	.016	.014	.012	.010	.009
19	.060	.051	.043	.037	.031	.027	.023	.020	.017	.014	.012	.011	.009	.008	.007
20	.051	.043	.037	.031	.026	.022	.019	.016	.014	.012	.010	.008	.007	.006	.005

Note: For example, if the interest rate is 10% per year, the present value of \$1 received at year 5 is \$.621.