



**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: JANUARY 2025	PAPER: THEORY AND CALCULATIONS
DURATION: 2 HOURS	80 MARKS
SUPPLEMENTARY/2ND OPPORTUNITY EXAMINATION	
EXAMINER	DR Z VAN DER WALT
MODERATOR:	MR G SHEEHAMA
	INSTRUCTIONS
<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>	
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 EXAMINATION PAPER CONSISTS OF 15 PAGES (Including this front page)

Best of luck!

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

- 1. Direct costs incurred can be identified with**
 - a. Each factory cleaner wage
 - b. Each unit of production
 - c. Each month
 - d. Each factory supervisor wage
 - e. None of the above
- 2. When the production level is zero**
 - a. Fixed cost will be zero
 - b. Fixed cost will be positive
 - c. Fixed cost will be negative
 - d. None of the above
 - e. The information is insufficient
- 3. Element/s of Cost of a product are:**
 - a. Material only
 - b. Labour only
 - c. Expenses only
 - d. Material, Labour and overheads
 - e. None of the above is correct
- 4. When classifying cost into behaviour, costs can be classified as. Which one is incorrect?**
 - a. Variable
 - b. Fixed
 - c. Period
 - d. Step
 - e. None of the above
- 5. The following assumptions underlie the Economic Order Quantity model. Which one is incorrect?**
 - a. Demand is certain
 - b. Lead time is certain
 - c. Purchase prices are certain
 - d. Discounts on bulk orders are not available
 - e. All the options are correct.
- 6. The total of all the direct costs is known as**
 - a. Cost of production
 - b. Cost of sales
 - c. Prime cost
 - d. Works cost
 - e. None of the above

- 7. When classifying costs according to behaviour, costs can be classified as. Which option is incorrect?**
- a. Variable
 - b. Fixed
 - c. Uncontrollable
 - d. Step
 - e. None of the above
- 8. The formula to calculate the predetermined overhead rate for the allocation of overheads is:**
- a. Total estimated overhead/total estimated activity
 - b. Total actual overhead/total actual activity
 - c. Total estimated activity/Total estimated overhead
 - d. Total actual activity/Total actual overhead
 - e. None of the above
- 9. Which inventory consists of manufacturing costs of goods completed?**
- a. WIP
 - b. Raw materials
 - c. Finished Goods
 - d. Manufacturing overheads
 - e. None of the above
- 10. Which document is issued by the stores' department when they need material?**
- a. Purchase order
 - b. Purchase requisition order
 - c. Material requisition order
 - d. Goods received note
 - e. None of the above
- 11. Identify the different ways in which total costs can be classified into:**
- a. Behaviour, Function.
 - b. Nature, Timing
 - c. Avoidable and Unavoidable Costs.
 - d. Period and Product Costs.
 - e. All of the above.
- 12. What would be the most appropriate way of apportioning depreciation costs across different manufacturing departments?**
- a. Floor space
 - b. Numbers of personnel
 - c. Value of buildings and equipment
 - d. Administration costs
 - e. None of the above.

13. Choose the correct statement.

- a. A cash budget states all the cash inflows and outflows for a certain period of time
- b. A cash budget indicates the debtors' and creditors' outstanding balances
- c. A cash budget is part of a set of financial statements
- d. A cash budget is done to calculate profits
- e. None of the above options are correct.

14. A cash budget is in nature. Fill in the missing word.

- a. Strategic
- b. Short term
- c. Mid-term
- d. None of the above
- e. All of the above

15. The following transactions will be shown as an outflow in the cash budget. Which one of the options is incorrect?

- a. Cash to credit suppliers (purchases)
- b. Cash to cash suppliers (purchases)
- c. Credit customers settle their accounts
- d. Cash to operating expenses
- e. All of the above options are a cash outflow

16. The following are reasons why a cash budget and profit or loss statement may differ. Choose the incorrect option.

- a. Depreciation is not included
- b. Loans are not included
- c. Dividends are not included
- d. Cash sales are not included
- e. None of the above options are incorrect.

17. What item is not included in cost accounting?

- a. Product costing
- b. Profit sharing
- c. Planning
- d. Controlling
- e. None of the above

18. When using the high/low method, the following statement is incorrect

- a. D in Activity/D in Cost
- b. Delta constitutes the difference between the high and low levels.
- c. The formula only uses two observations.
- d. Based on the assumption that fixed cost does not change with output, and the change in cost at different output levels is, therefore, variable cost.
- e. None of the above

19. The following costs can be included in holding costs. Which one is incorrect?

- a. Insurance
- b. Storage Rent
- c. Interest Paid on purchases
- d. Sales Commission
- e. None of the above

20. Lead time refers to the..... Which one is correct?

- a. The time from placing an order until payment for the order is made.
- b. The time from creating a material requisition until the goods (materials) are used in production.
- c. The time from placing an order until receiving the order
- d. The time from creating a purchase requisition until delivery of the materials.
- e. None of the above

SECTION B APPLICATION IN THE ACCOUNTING RECORDS (11 QUESTIONS, 27 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 ledger (2 marks)

Option a

Salaries and wages control

30	Direct Labour	70,000	30	Gross Wages	100,000
	Manufacturing Overheads	30,000			

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	100,000	30	Direct Labour	70,000
				Manufacturing Overheads	30,000

Direct Labour

30	Salaries and Wages control	70,000			
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Manufacturing Overheads

30	Salaries and Wages control	30,000			
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Option c

Salaries and wages control

30	Gross wages	100,000	30	Direct Labour	100,000
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Direct Labour

30	Salaries and Wages control	100,000			
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Option d

Salaries and wages control

30	Gross wages	100,000	30	Manufacturing Overheads	100,000
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Manufacturing Overheads

30	Salaries and Wages control	100,000			
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Option e

None of the above options are correct.

The following information relates to the September 2024 payroll.

Questions 22 - 24 are based on this information.

Item	N\$
Basic salaries	30,000
Housing Allowances	7,000
Pension fund contributions (Note 1)	7% of the basic salaries
Social Security contributions (Note 2)	1% of the basic salaries

1) The employer and employee each contribute 7% towards the pension fund

2) Employers and employees contribute 1% of the basic salaries to Social Security.

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

Option a		
Salaries and Wages control	300	
Social Security creditor		300

Option b		
Social Security Creditor	300	
Bank		300

Option c		
Social Security Creditor	300	
Salaries and wages control		300

Option d		
Employees	300	
Social Security Creditor		300

Option e: None of the above is correct

23. Which is the correct option (general journal) when submitting the pension fund contributions to the pension fund? (2 marks)

Option a		
Bank	4,200	
Pension fund creditor		4,200

Option b		
Salaries and wages control	4,200	
Bank (1)		4,200

Option c		
Pension fund creditor	4,200	
Bank		4,200

Option d		
Employees	4,200	
Pension fund creditor		4,200

Option e: None of the above is correct

24. Which is the correct option when paying the employee salaries? (2 marks)

- a. Debit Wages control, credit bank
- b. Debit wages for creditors, credit bank
- c. Debit employees, credit Wages control
- d. Debit Wages Control, credit employees
- e. None of the above

25. An 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 manufacturing overheads
- e. None of the above entries are correct

26. An under-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 manufacturing overheads
- e. None of the above entries are correct

27. The entry to record the transfer of raw materials to production would be: (2 marks):

- a. Debit Raw Materials and Credit Finished Goods.
- b. Debit WIP and Credit Raw Materials.
- c. Debit Cost of Goods Sold and Credit Work in Process
- d. Debit WIP and Credit Finished Goods
- e. None of the above entries are correct

28. Specific terminology is used when calculating remuneration. You are required to fill in the missing terminology (4 marks)

	N\$
Basic salary	
Allowances	
A	
Less: B	
C	
Less: Deductions	
Less: PAYE	
Less: Social Security	
D	

- a. A=Gross remuneration; B = Medical Aid Fund Contributions; C = Taxable Income; D = Nett Remuneration
- b. A=Taxable Income; B = Social Security Contributions; C = Net Remuneration; D = Gross Remuneration

- c. A=Gross remuneration; B = Pension fund contributions; C = Taxable Income; D = Nett Remuneration
- d. A=Taxable Income; B = Pension fund contributions; C = Gross Remuneration; D = Nett Remuneration
- e. None of the above options is correct

The information below relates to Questions 29 - 31. 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: A	<u>xxx</u>	
Raw materials available for use	xxx	
Deduct: B	(xxx)	
Raw materials used in production		xxx
Add: Direct Labour		<u>xxx</u>
C		xxx
Add: D		<u>xxx</u>
Total manufacturing cost transferred to work in process		xxx
Add: E		xxx
Deduct: Closing work in process inventory		<u>(xxx)</u>
F		xxx
Add: opening inventory of finished goods		<u>xxx</u>
G		xxx
Deduct H		<u>(xxx)</u>
I		xxx

29. Replace the placeholders (A, B and C) with the correct terminology. Carefully consider the statements below and choose the correct one (3 marks)

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

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

31. Replace the placeholders (G, H and I) with the correct terminology. Carefully consider the statements below and choose the correct one (3 marks)

- a. G = Purchases of raw materials; H = Closing work in process inventory; I = Cost of goods sold
- b. G = Goods available for sale; H = closing work in process inventory; I = Prime Cost
- c. G = Goods available for sale; H = closing inventory of finished goods; I = Cost of goods sold
- d. G = Opening Work in process inventory; H = closing work in process inventory; I = Cost of goods manufactured transferred to finished goods
- e. None of the above options is correct.

SECTION C CALCULATIONS (19 QUESTIONS, 33 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 three machines to produce different products. The managers took out an insurance policy on the machinery and paid N\$60,000 for the year. The values of the machinery are Machine A: N\$100,000; Machine B: N\$150,000; and Machine C: N\$200,000.

32. Based on the above provided information, you are required to allocate the annual insurance premium using the asset values as the allocation base (3 marks)

- a. N\$13,333 for A; N\$20,000 for B; N\$26,667 for C
- b. N\$20,000 for A; N\$26,667 for B; N\$13,333 for C
- c. N\$30,000 for A; N\$10,000 for B; N\$20,000 for C
- d. N\$19,000 for A; N\$25,000 for B; N\$16,000 for C
- e. None of the above

This information relates to Questions 33 and 34. A company applied overheads using machine hours as an allocation base. Machine hours were budgeted at 19,000 with overheads of N\$360,000. Actual results were 17,200 hours with overheads of N\$345,000.

33. The predetermined overhead rate is (Round amounts off to the nearest N\$). (1 mark)

- a. N\$22 per machine hour
- b. N\$19 per machine hour
- c. N\$21 per machine hour
- d. N\$25 per machine hour
- e. None of the above options is correct

34. Choose the correct option below (2 marks):

- a. Overheads were under-applied by N\$18,200
- b. Overheads were over-applied by N\$18,200
- c. Overheads were under-applied by N\$33,20
- d. Overheads were over-applied by N\$33,200
- e. None of the above

35. Calculate the overheads applied using an assumed POR of N\$21.00 (1 Mark)

- a. N\$399,000
- b. N\$326,800
- c. N\$309,000
- d. N\$361,200
- e. None of the above

This information relates to Questions 36 and 39. Balances obtained from the company's records for the year ended 31 October 2024:

Raw material (1 November 2023)	90,000
Raw material (31 October 2024)	98,000
Work in process (1 November 2023)	35,000
Work in process (31 October 2024)	24,000
Finished Goods (1 November 2023)	40,000
Finished Goods (31 October 2024)	100,000
Raw Material purchased	150,000
Direct labour	110,000
Indirect labour	4,000
Supervisors' wages	9,000
Other Factory overheads	9,500
Indirect material used	3,000
Selling and administrative costs	11,800

- 36. From the information provided, calculate the prime cost (3 marks).**
- a. N\$240,000
 - b. N\$260,000
 - c. N\$300,000
 - d. N\$252,000
 - e. None of the above options is correct
- 37. From the information above, calculate the total manufacturing overheads (3 marks)**
- a. N\$9,500
 - b. N\$16,000
 - c. N\$25,500
 - d. N\$7,000
 - e. None of the above options is correct
- 38. From the information provided, the period costs are calculated as: (1 mark)**
- a. N\$11,800
 - b. N\$4,000
 - c. N\$9,000
 - d. N\$3,000
 - e. None of the above
- 39. Assume the raw materials used in production are correctly calculated as N\$500,000 and manufacturing overheads as N\$100,000; calculate the cost of goods manufactured and transferred to WIP. (3 marks)**
- a. N\$210,000
 - b. N\$600,000
 - c. N\$714,000
 - d. N\$710,000
 - e. None of the above
- 40. Suppose the annual demand is 1500 units, the cost per order is N\$50, and the annual holding cost is N\$18 per unit; then what will the economic order quantity (EOQ) be? Choose the correct option below. Round amounts off to the nearest (3 marks)**
- a. 69 units
 - b. 135 units
 - c. 91 units
 - d. 33 units
 - e. None of the options above are correct

The following information relates to Questions 41 and 42.

A typical week is 40 hours. James worked 48 hours during the week and 5 hours on Sunday. The overtime during the week does not relate to a specific order or job; however, the overtime on Sunday is associated with a particular order. The

regular hourly rate is N\$200. AC Manufacturers applied the rate for overtime as stipulated in the Labour Act.

41. The following amount will be allocated to direct labour (2 marks):

- a. N\$11,600
- b. N\$10,000
- c. N8,000
- d. N\$9,000
- e. None of the above

42. The following amount will be allocated to manufacturing overheads: (1 mark)

- a. N\$1,800
- b. N\$800
- c. N\$1,600
- d. N\$2,000
- e. None of the above

The following information relates to Questions 43 - 45. James receives a non-taxable housing allowance of N\$2,000 per month. His basic salary is N\$15,000. His pension fund contributions are 7%, and his medical aid contributions are N\$830 monthly. PAYE is calculated at 18% of taxable income. Social Security contributions are N\$80 monthly.

43. James' gross remuneration is (1 mark)

- a. N\$13,000
- b. N\$17,830
- c. N\$15,000
- d. N\$17,000
- e. None of the above

44. The employees' pension fund contribution for the specific month will be (1 mark)

- a. N\$1,050
- b. N\$1,190
- c. N\$1,132
- d. N\$1,250
- e. None of the above

45. Assume a gross remuneration of N\$15,000, calculate the PAYE payable (1 mark)

- a. N\$2,700
- b. N\$2,511
- c. N\$2,550
- d. N\$2,350
- e. None of the above

The table below shows the output and corresponding mixed costs in different months. You are required to answer Questions 46 and 47.

Month	Total Cost per Month	Units (Books)
January	\$1,400	70
February	\$790	30
March	\$950	41
April	\$680	25
May	\$720	28
June	\$300	10

46. Using the high/low method, which one of the following options is the total fixed cost at the highest level (1 mark)

- a. N\$1,260
- b. N\$1,460
- c. N\$120
- d. N\$140
- e. None of the above

47. Using the high/low method, which one of the following options is total fixed cost at the lowest level (1 mark)

- a. N\$110
- b. N\$180
- c. N\$120
- d. N\$100
- e. None of the above

This information relates to Question 48. The following details relate to the Chocoholic CC inventory.

EOQ – 12000 units

Lead time – 8 to 10 days

Minimum usage – 400 units per day

Maximum usage – 600 units per day

48. Which one of the following is the minimum inventory level (1 mark)

- a. 1,100 units
- b. 2,800 units
- c. 6,000 units
- d. 1,500 units
- e. None of the above options is correct.

This information relates to Questions 49 and 50. Toys CC manufactures radio control cars. One of the materials is a transmitter.

Toys CC purchases and installs 3000 transmitters every year. The transmitters are purchased in a box containing 20 units. Each transmitter costs N\$100. The controller estimates that placing and receiving an order costs N\$50.00. Annual holding cost per unit is N\$18. Suppose the controller orders 200 transmitters each time. Toys CC does not keep minimum stock or safety inventory.

49. Which one of the options below is the total annual holding costs (2 marks)

- a. N\$1,000
- b. N\$1,800
- c. N\$3,600
- d. N\$4,000
- e. None of the options above are correct

50. Which one of the options below is the total ordering cost per annum (2 marks)

- a. N\$50
- b. N\$500
- c. N\$650
- d. N\$750
- e. None of the options are correct

END OF EXAMINATION PAPER



SURNAME, INITIALS

STUDENT NUMBER

FM/PM/DI

- | | | |
|------------------------|------------------------|------------------------|
| 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) |

- | | |
|------------------------|------------------------|
| 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

0	0	0	0	0	0	0	0	0
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