



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

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

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>COURSE CODE:</b> BAC1200S	<b>COURSE NAME:</b> BUSINESS ACCOUNTING 1B
<b>SESSION:</b> DECEMBER 2025	<b>PAPER:</b> THEORY AND CALCULATIONS
<b>DURATION:</b> 2 HOURS	<b>MARKS:</b> 100
<b>SUPPLEMENTARY EXAMINATION PAPER</b>	
<b>EXAMINER</b>	DR Z. VAN DER WALT
<b>MODERATOR:</b>	MR G. SHEEHAMA
	<ul style="list-style-type: none"><li>• Answer ALL the questions on the answer sheet</li><li>• Read all the questions carefully before answering.</li><li>• This paper consists of 53 questions.</li><li>• All questions count for one mark unless otherwise indicated</li><li>• There is only one correct option, the shading of more than one option will be marked as incorrect</li><li>• Make sure to shade your student number correctly</li></ul>

**THIS MEMORANDUM CONSISTS OF 16 PAGES** (Including this front page)

**"Develop a passion for learning. If you do, you will never cease to grow"**

### Questions 1-3

#### ***Introduction of Cost Accounting (Theory) (3 Questions x 1 mark)***

- 1. Which one of the following statements is incorrect (1 mark)**
  - a. Financial Accounting uses historical information.
  - b. No specific body or organisation govern Financial Accounting.
  - c. Financial Accounting produces statements for external users.
  - d. A cash flow statement is part of a set of financial statements.
  - e. None of the above.
- 2. Sunk costs refer to (1 mark)**
  - a. Costs directly influenced by the decisions of the unit manager
  - b. Costs that should be incurred in a specific production process
  - c. Past costs that are now irrevocable
  - a. Costs that may be eliminated if production levels decrease
  - b. None of the above
- 3. Which of the following best describes a fixed cost (1 mark)**
  - a. It may change in total where such a change is unrelated to units of production
  - b. It may change in total where such a change is related to units of production
  - c. It remains constant per unit produced
  - d. It may change in total, depending on production within a relevant range.
  - e. None of the above

### Questions 4-11

#### ***Materials and inventory control (Theory, application and calculations) (16 marks)***

- 4. Which entry is recorded when materials are transferred to production? (2 marks)**
  - a. Debit Raw Materials and Credit Work in Process
  - b. Debit Manufacturing Overhead and Credit Raw Materials
  - c. Debit Materials Expense and Credit Raw Materials
  - d. Debit Work in Process and Credit Raw Materials
- 5. Which entry is recorded when materials with a cost of N\$20,000 are sold to a customer? The customer paid cash for the goods (4 marks)**
  - a. Debit cost of sales, credit finished goods, debit bank, credit Sales
  - b. Debit finished goods, credit cost of sales, debit bank, credit Sales
  - c. Debit finished goods, credit cost of sales, debit bank, credit cash sales
  - d. Debit finished goods, credit cost of sales, debit bank, credit cash sales

This information relates to Question 6. Below are the company's costs per month, along with the units produced, specifically baby bottles, for a six-month period. When performing these calculations, round the amount to the nearest N\$ throughout. (Example: N\$10.50 will become N\$11.00, but N\$10.49 will remain N\$10.00)

Month	Total Cost per Month	Units (Books)
January	\$1,650	70

Month	Total Cost per Month	Units (Books)
February	\$790	30
March	\$950	41
April	\$2,680	120
May	\$720	28
June	\$400	13

6. Using the high-low method, which of the following options represents the variable cost per unit (2 marks)
- N\$21.00
  - N\$32.00
  - N\$40.00
  - N\$1300.00
  - None of the above

*A company has recorded the following details for a speaker used in the production of a smart TV. The speakers are purchased in boxes of 10. Each television has two speakers. The monthly demand for televisions is 150. The ordering cost is N\$23 per order, and the speakers' purchase price is N\$2,000 per box. The holding cost is calculated at 13% of the purchase price. The purchase department currently orders 40 boxes at a time.*

7. Name the source document issued by the production department when requesting the purchase of the speakers (1 mark)
- Purchase requisition
  - Purchase order
  - Material requisition
  - Goods received note
  - None of the above is the correct answer
8. Calculate the annual holding cost (2 marks)
- N\$10,400
  - N\$5,200
  - N\$260
  - N\$2,000
  - None of the above is the correct answer
9. Calculate the Economic Order Quantity (3 marks)
- 81 speakers
  - 56 speakers
  - 6 boxes
  - 8 boxes
  - None of the above is the correct answer

10. Which one of the following costs does not form part of holding cost (1 mark)

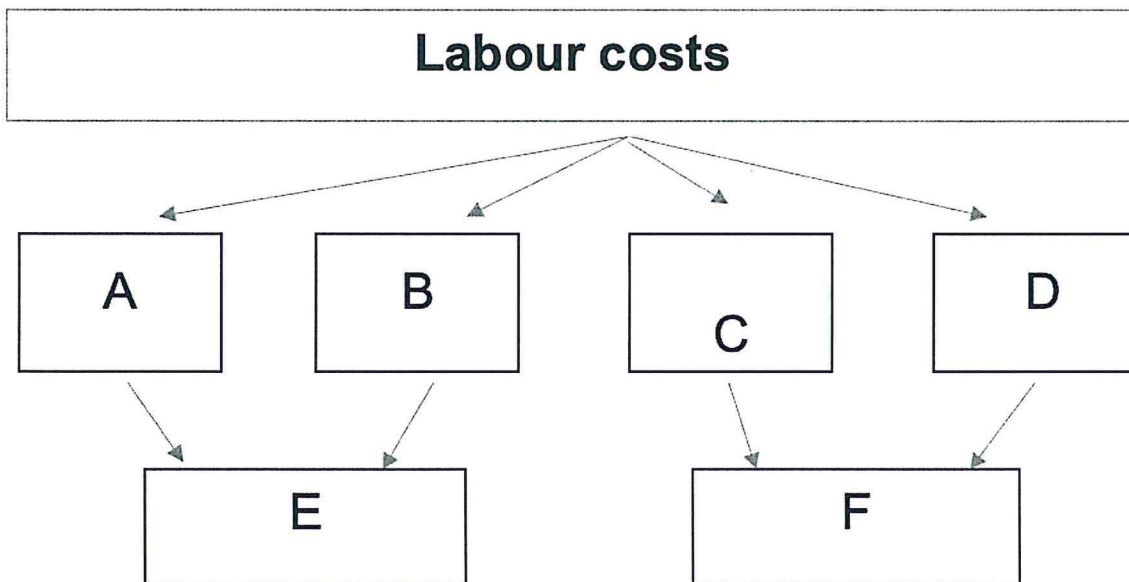
- a. Insurance
- b. Deterioration
- c. Obsolescence
- d. Salaries and wages
- e. All of the above can be included in the holding cost

11. What are the typical disadvantages of incorrect inventory levels? Which one of the options is incorrect (1 mark)

- a. Customer demand cannot be satisfied
- b. Ordering and holding costs are higher than they should be
- c. The cost of capital tied up in inventory due to low inventory levels
- d. High inventory levels will lose value if the cost prices of raw materials suddenly drop
- e. All of the above statements are true

**Questions 12-26**

**Labour Considerations (Theory, Application and Calculations) (28 marks)**



The placeholders can be replaced by: Normal Wages; Overtime Premium Specific; Overtime Premium General; Fringe Benefits; Direct Labour; Manufacturing Overheads.

12. Choose the correct option for placeholders A and B if E is Direct Labour (2 Marks)

- a. A = Normal Wages; B = Overtime Premium Specific
- b. A = Normal wages; B = Fringe Benefits
- c. A = Overtime Premium General; B = Manufacturing Overheads
- d. A = Overtime Premium Specific; B = Overtime Premium general
- e. None of the above

**13. Choose the correct option for placeholders C and F if D is General Overtime Premium (2 marks)**

- a. C = Normal Wages; F = Overtime Premium Specific
- b. C = Fringe Benefits; F = Manufacturing Overheads
- c. C = Fringe Benefits; F = Direct Labour
- d. C = Overtime Premium Specific; F = Manufacturing Overheads
- e. None of the above

**14. The following remuneration schemes are available (1 mark)**

- a. Basic salary, overtime and other benefits
- b. Piece work remuneration, bonuses, time-based pay
- c. PAYE, Social Security and Overtime
- d. Specific and general overtime and bonuses
- e. None of the above

**15. Which one of the following is not a component of manufacturing overheads (if paid to a production worker) (1 mark)**

- a. Specific Overtime
- b. General Overtime
- c. Pension fund contribution by the employer
- d. Housing allowances
- e. None of the above

**16. The normal wages for manufacturing workers are N\$55,000; specific overtime, N\$5,000; and allowances, N\$10,000. Which one of the following options below represents the Wages Control Account (3 marks)**

Option A

Date	Details	N\$	Date	Details	N\$
15	Total wages	70000	15	Production	60000
			15	Overheads control	10000

Option B

Date	Details	N\$	Date	Details	N\$
15	Total wages	70000	15	Production	70000

Option C

15	Production	70000	15	Total Wages	60000
			15	Overheads control	10000

Option D

Date	Details	N\$	Date	Details	N\$
	Total wages	70000		Overheads control	70000

*The following information relates to Questions 17-19.*

*A normal week is 45 hours. Josh, a production worker, worked 48 hours during the week and 2 hours on Sunday. Only the Sunday overtime relates to a specific order. The normal hourly rate is N\$200. Toys are Us applied the overtime rate as stipulated in the Labour Act.*

**17. The overtime premium allocated to direct labour will be (1 mark)**

- a. N\$400
- b. N\$700
- c. N\$800
- d. N\$1,000
- e. None of the above

**18. The overtime premium allocated to manufacturing overheads will be (1 mark)**

- a. N\$400
- b. N\$300
- c. N\$800
- d. Zero
- e. None of the above

**19. The Namibian Labour Act has specific provisions regarding overtime. Which statement is correct (1 mark)**

- a. Overtime during the week is paid at the normal hourly wage x 1.5
- b. Overtime on a Saturday or public holiday is paid at twice the normal hourly wage
- c. Overtime during the week is paid at twice the normal hourly wage
- d. An employer is not allowed to remunerate overtime at a rate above the prescribed rate
- e. None of the above

*The following information relates to Questions 20 to 25. John receives a travelling allowance of N\$1,000 and a basic salary of N\$16,000 per month. John contributes towards a pension fund; the total contribution is 7% of pensionable income. He further contributes N\$800 towards the medical aid, while the employer contributes an equal amount to the fund. PAYE is calculated at 15% of taxable income.*

**20. Calculate John's gross wage (2 marks)**

- a. N\$17,000
- b. N\$17,800
- c. N\$16,000
- d. N\$15,880
- e. None of the above

**21. Assume a taxable income of N\$17,000, and a gross wage of N\$16,500, calculate the income tax payable (2 marks):**

- a. N\$3,150
- b. N\$2,550
- c. N\$2,475
- d. N\$2,382
- e. None of the above

**22. When the employer makes a payment to the pension fund, the following entry should be made in the general ledger (2 marks)**

- a. Debit pension fund (creditor) and credit Bank
- b. Debit Bank and credit pension fund (creditor)
- c. Debit pension fund (creditor) and credit cash
- d. Debit Bank and employee benefits
- e. None of the above

**23. Assuming John is directly involved in the manufacturing process, how much of his remuneration will be allocated to manufacturing overheads (2 marks)**

- a. N\$1,800
- b. N\$1,000
- c. N\$1,600
- d. N\$17,000
- e. None of the above

**24. Assume a taxable income of N\$15,000. Calculate the net pay before tax (2 marks)**

- a. N\$14,200
- b. N\$15,000
- c. N\$13,080
- d. N\$16,000
- e. None of the above

**25. Which one of the following options represents the "Namra - Creditor Account" after payment to NamRA has been made? Assume the tax liability was correctly calculated as N\$3,000 (2 marks)**

Option A

Date	Details	N\$	Date	Details	N\$
30	Bank	3,000	15	Wages Control	3,000

Option B

15	Wages Control	3,000	30	Bank	3,000
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Option C

30	Bank	3,000	30	Employee Tax	3,000
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Option D

15	Wages Control	3,000	30	Payments	3,000
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**26. Specific terminology is used when calculating remuneration. You are required to fill in the missing terminology (4 marks)**

Detail	N\$
Basic salary	10000
Allowances	6000
<b>A</b>	16000
Less: <b>B</b>	-800
<b>C</b>	15200
Less: Other Deductions	
Less: PAYE	
Less: Social Security	
<b>D</b>	

- A=Gross remuneration; B = Pension fund contributions; C = Taxable Income: D = Nett Remuneration
- A=Gross remuneration; B = Medical Aid Fund Contributions; C = Taxable Income: D = Nett Remuneration
- A=Taxable Income; B = Social Security Contributions; C = Net Remuneration: D = Gross Remuneration
- A=Taxable Income; B = Pension fund contributions; C = Gross Remuneration: D = Nett Remuneration

**Questions 27-31**

**Manufacturing overhead control (Theory, application in the accounting records and calculations) (9 marks)**

- 27. Which of the following is most likely to occur with the application of overheads if the activity levels are lower than planned, while actual overhead cost is similar to the planned cost (1 mark)**
- a. Over-application of overheads
  - b. Under-application of overheads
  - c. Fixed production cost will be higher
  - d. Fixed production cost will be lower
  - e. None of the above
- 28. A company paid rent for the entire premises used for production (A), administration (B) and marketing (C). The floors of the three departments are 150 sq m, 60 sq m, and 100 sq m. The total rent is N\$50,000 per month. Floor area is used to proportion the rent expense. Carefully consider the following options and choose the correct one. All amounts are rounded off to the nearest N\$ (3 marks)**
- a. A = N\$24,194; B = N\$9,677; C = N\$16,129
  - b. A = N\$24,19; B = N\$16,129; C = N\$9,677
  - c. A = N\$9,677; B = N\$24,194; N\$16,129
  - d. A = N\$16,667; B = N\$16,667; C = N\$16,666
  - e. None of the above

***This information relates to Questions 29 and 30. A company applied overheads using labour hours as an allocation base. Labour hours were budgeted at 19,000 with overheads of N\$437,000. The actual results were 19,800 hours, with overheads of N\$424,000.***

- 29. The predetermined overhead rate is (Round amounts off to the nearest N\$ (1 mark))**
- a. N\$21 per labour hour
  - b. N\$22 per labour hour
  - c. N\$23 per labour hour
  - d. N\$25 per labour hour
  - e. None of the above options are correct
- 30. Assume a POR of N\$21 per labour hour. How much is the under or over application (2 marks):**
- a. Overheads were under-applied by N\$8,200
  - b. Overheads were over-applied by N\$8,200
  - c. Overheads were under-applied by N\$13,000
  - d. Overheads were over-applied by N\$13,000
  - e. None of the above

31. Which one of the following options represents the accounts in the general ledger with actual overheads of N\$50,000 and applied overheads of N\$47,000 (3 marks)

Option A

Date	Details	N\$	Date	Details	N\$
1	Bank	50,000	15	Production	47,000
30	Production	3,000			

Option B

Date	Details	N\$	Date	Details	N\$
1	Bank	50,000	15	Production	47,000
30				Cost of Sales	3,000

Option C

Date	Details	N\$	Date	Details	N\$
15	Production	50,000	1	Bank	50,000

Option D

Date	Details	N\$	Date	Details	N\$
1	Bank	50,000	15	Production	50,000

### Questions 32-38

*Manufacturing accounts (Theory, calculations and application in the accounting records)*  
(21 marks)

32. Total manufacturing cost transferred to production could be calculated as (1 mark)

- Direct material plus Direct Labour.
- Prime cost less Closing inventory of raw materials
- Prime Cost Plus Manufacturing Overheads
- Direct Material available for use plus Closing inventory work in progress.
- None of the above options is correct.

The information below relates to Questions 33 and 34. Accountants use a specific format to compile a statement of cost of goods manufactured. Carefully consider the format below and fill in the missing terminology.

<u>Raw Materials</u>		
<b>A</b>	xxx	
Plus: Purchases raw materials	<u>xxx</u>	
<b>B</b>	xxx	
Deduct Closing raw materials	(xxx)	
Raw materials used in production		xxx
Add: <b>C</b>		<u>xxx</u>

D		xxx
Add: E		xxx
Total manufacturing cost transferred to work in process		xxx
Add: E		xxx
Deduct: Closing work in process inventory		(xxx)
Cost of goods manufactured transferred to finished goods		xxx

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

- A = Opening Inventory of raw materials; B = Raw materials available for use; C = Direct Labour
- A = Closing inventory of raw materials; B = Prime Cost; C = Direct Labour
- A = Opening inventory of raw materials; B = Manufacturing Overheads; C = Cost of goods sold
- A = Opening inventory of finished goods; B = Closing inventory of raw materials, C = Prime Cost
- None of the above options is correct

**34. Replace the placeholders D, E and F. Carefully consider the statements below and choose the correct one (3 marks)**

- D = Total Manufacturing overheads; E = Prime Cost; F = Goods available for sale
- D = Prime Cost; E = Total Manufacturing overheads; F = Opening inventory of Work in Progress
- D = Prime Cost; E = Total Manufacturing overheads; F = Goods available for sale
- D = Opening inventory of finished goods; E = Goods available for sale; F = Closing work in process inventory
- None of the above options is correct.

**This information relates to Questions 35 and 38. Balances obtained from the company's records for the year ended 30 September 2025:**

Raw material (1 October 2024)	90,000
Raw material (30 September 2025)	95,000
Work in process (1 October 2024)	35,000
Work in process (30 September 2025)	21,000
Finished Goods (1 October 2024)	60,000

Finished Goods (30 September 2025)	100,000
Raw Material purchased	250,000
Freight on direct materials	5,000
Import taxes paid on the purchase of direct materials	10,000
Direct labour	100,000
Indirect labour	6,000
Water and Electricity (Note 1)	40,000
Indirect material used	3,000
Selling and administrative costs	13,800
Office Equipment at cost (Note 2)	100,000

**Notes:**

1. The water and electricity are divided in a 60:40 ratio between the factory and the administrative building.
2. Depreciation on the 5-year-old equipment is provided at a rate of 10% per annum. No residual value is applicable.

**35. From the information provided, calculate the amount to be taken into account as raw direct materials purchased (3 marks).**

- a. N\$265,000
- b. N\$255,000
- c. N\$260,000
- d. N\$253,000
- e. None of the above options is correct

**36. From the information above, calculate the manufacturing overheads (4 marks)**

- a. N\$19,500
- b. N\$9,000
- c. N\$49,000
- d. N\$24,000
- e. None of the above options is correct

**37. From the information above, calculate the period cost (5 marks)**

- a. N\$39,800
- b. N\$29,800
- c. N\$63,800
- d. N\$53,800
- e. None of the above

**38. Calculate the prime cost assuming that the raw materials used in production are correctly calculated as N\$220,000 (2 Marks)**

- a. N\$320,000
- b. N\$220,000
- c. N\$326,000
- d. N\$323,000
- e. None of the above

***Questions 39-53***

***Cash budget (Theory, calculations and application in the accounting records) (23 marks)***

**39. Choose the incorrect statement (1 mark)**

- a. A cash budget includes all debtor receipts
- b. A cash budget includes all purchases (cash and credit) made by the business.
- c. A cash budget outlines all the exact cash inflows and outflows for a specific period.
- d. A cash budget is done for short-term planning
- e. None of the above options is incorrect.

**40. The following are reasons why a cash budget and profit or loss statement may differ. Choose the correct option (1 mark)**

- a. Depreciation is not included
- b. Loan repayments are not included
- c. Interest received is not included
- d. Cash sales are not included
- e. None of the above options is correct.

**41. A cash budget comprises specific elements. Choose the incorrect option (1 mark)**

- a. Cash received from customers
- b. Cash received from suppliers
- c. Cash paid for operating expenses
- d. Cash paid for purchases
- e. None of the above options is incorrect.

- 42. The following transactions will be shown as an inflow in the cash budget. Which one of the options is correct (1 mark)**
- a. Cash to credit suppliers (purchases)
  - b. Cash to cash suppliers (purchases)
  - c. Customer settles his/her account
  - d. Cash to operating expenses
  - e. All of the above options are a cash outflow
- 43. Net inflow/outflow will be calculated as (1 mark)**
- a. All cash sales, minus cash purchases
  - b. Cash inflows minus cash outflows
  - c. Cash outflows less cash inflows
  - d. All cash sales less credit purchases
  - e. None of the above options is correct.
- 44. Which one of the following statements regarding a cash budget is true (1 mark)**
- a. Cash budgets show the estimated opening balance at the beginning of the budget period.
  - b. Cash budgets are long-term in nature.
  - c. Cash budgets show the estimated cash balance at the end of a specific period.
  - d. Cash budgets do not include loan repayments.
  - e. None of the above
- 45. The business sells goods at a 60% markup. What would the selling price be if it sold an item costing N\$1,000 (1 mark)**
- a. N\$1,000
  - b. N\$1,600
  - c. N\$1,060
  - d. N\$1,006
  - e. None of the above
- 46. What is the effect of dividends declared on a cash budget (1 mark)**
- a. Cash inflow will increase
  - b. Cash inflow will decrease
  - c. Cash outflow will decrease
  - d. None of the above
- 47. Which one of the following items usually forms part of a cash budget (1 mark)**
- a. Dividends declared
  - b. Depreciation
  - c. Loss on the sale of assets
  - d. Sale of an asset
  - e. None of the above



**48. Which of the following will appear on a cash budget (1 mark)**

- a. Collection from debtors
- b. Dividends paid
- c. Income tax paid
- d. None of the above
- e. All of the above

**49. If 35% of sales are made in cash and the total sales are N\$100,000, how much will be regarded as credit sales (1 mark)**

- a. N\$35,000
- b. N\$65,000
- c. N\$100,000
- d. N\$96,500

**Company X started trading on August 1<sup>st</sup> and is preparing a cash budget for the next three months.**

**Sales are expected to be N\$30,000 in August and are projected to grow at a rate of 5% per month. Fifty per cent of the sales are cash sales, while the remaining 50% of the sales are paid within the next month after the sales were made.**

**Monthly payments:**

**Purchases of N\$7,000 are payable in the following month.**

**Other operational expenses amount to N\$6,000 per month, payable at the end of each month.**

**Cash of N\$40,000 is available on 1<sup>st</sup> August. Use this information to answer Questions 50-53.**

**50. What are the total collections in September (2 marks)**

- a. N\$30,750
- b. N\$15,000
- c. N\$15,750
- d. N\$17,750

**51. How much is the total cash outflow in October (2 marks)**

- a. N\$6,000
- b. N\$7,000
- c. N\$13,000
- d. N\$17,750

**52. How much is the total sales from August to October (5 marks)**

- a. N\$94,575
- b. N\$90,000
- c. N\$47,288
- d. N\$30,750
- e. None of the above

53. Assume a cash balance of N\$86,038 at the end of October, a cash balance of N\$66,750 on the first day of October, and a total cash outflow of N\$13,000 during October. What is the total cash inflow for October (3 marks)

- a. N\$32,288
- b. N\$6,288
- c. N\$90,000
- d. N\$33,075
- e. None of the above

**End of the examination paper**

Student Name

Student Number

Mode of Study/Centre

- 1 (A) (B) (C) (D) (E) 22 (A) (B) (C) (D) (E) 43 (A) (B) (C) (D) (E)
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- 6 (A) (B) (C) (D) (E) 27 (A) (B) (C) (D) (E) 48 (A) (B) (C) (D) (E)
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- 16 (A) (B) (C) (D) (E) 37 (A) (B) (C) (D) (E)
- 17 (A) (B) (C) (D) (E) 38 (A) (B) (C) (D) (E)
- 18 (A) (B) (C) (D) (E) 39 (A) (B) (C) (D) (E)
- 19 (A) (B) (C) (D) (E) 40 (A) (B) (C) (D) (E)
- 20 (A) (B) (C) (D) (E) 41 (A) (B) (C) (D) (E)
- 21 (A) (B) (C) (D) (E) 42 (A) (B) (C) (D) (E)

Student Nr

0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9