



PAMIBIA
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

QUALIFICATION: DIPLOMA IN BUSINESS PROCESS MANAGEMENT	
QUALIFICATION CODE: 06DBPM	LEVEL: 6
COURSE CODE: BAC521C	COURSE NAME: BUSINESS ACCOUNTING 1B
SESSION: JUNE 2025	PAPER: PAPER 2
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER	Lameck Odada
MODERATOR	Hendrina Kangala

INSTRUCTIONS
<ol style="list-style-type: none">1. This question paper comprises FOUR (4) questions.2. Answer ALL the questions in blue or black ink. NO pencil3. Start each question on a new page in your answer booklet and show all your workings.4. Unless otherwise stated, round off only final answers to two (2) decimal places where necessary.5. Questions relating to this examination may be raised in the initial 30 minutes after the start of the paper. Thereafter, candidates must use their initiative to deal with any perceived error or ambiguity & any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

1. Silent, non-programmable calculators

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

QUESTION 1**[24 MARKS]**

For questions 1 – 12, 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. The following item is NOT a manufacturing overhead cost:
 - a) Depreciation of plant and equipment
 - b) Rent of office
 - c) Indirect labour
 - d) Indirect material
2. Conversion cost can be defined as:
 - a) The cost of the first stage of the manufacture of a product
 - b) The total direct labour and manufacturing overhead costs
 - c) The total direct costs of manufacturing a product
 - d) The total costs of manufacturing a product
3. The following statement is NOT true:
 - a) Total ordering cost = Cost per order x Number of orders
 - b) Safety inventory = Minimum inventory
 - c) Economic order quantity = Reorder level
 - d) Average inventory = Minimum inventory level + $\frac{1}{2}$ (Economic order quantity)
4. The following item is NOT an example of direct material cost:
 - a) Cotton
 - b) Wood
 - c) Steel
 - d) Gel

The following details refer to questions 1.5 – 1.6:

Turtle Ltd supplied the following information for the past year:

	<u>N\$</u>
Direct material used	100 000
Indirect labour costs	50 000
Direct labour costs	200 000
Indirect material used	20 000
Depreciation: plant and equipment	15 000
Sundry factory overheads	10 000

10. A firm produced 5 000 units during the past month and incurred the following costs:
Fixed cost N\$8 250; Variable cost N\$12 500. The total cost budgeted for the following month for 3 500 units will be:
- a) N\$18 000
 - b) N\$17 000
 - c) N\$14 000
 - d) N\$19 000
11. Under-absorbed overheads occur when:
- a) The amount of actual overheads incurred is less than the overheads that have been charged to production
 - b) Actual overheads have fallen in relation to what they were expected to be
 - c) budgeted overheads are less than the actual overheads incurred.
 - d) The overheads charged to production are lower than the actual overheads incurred.
12. An employee is paid N\$30 per hour and normally works eight hours daily from Monday to Friday. During a certain week, he also worked four (4) hours on Saturday, for which he was remunerated at time-and-a-half. On Sunday, he worked for five (5) hours at a double rate. His/her gross wage for the week amounted to?
- a) N\$1 800
 - b) N\$1 180
 - c) N\$1 680
 - d) N\$1 690

1 X 2 marks each = 24 marks

QUESTION 2**[26 MARKS]**

The storekeeper of a tyre manufacturing company has to plan the firm's inventory requirements for the valves used in the tyres. The monthly usage is 500 valves. The storekeeper has reported that the cost to keep one valve in the storeroom for one year is N\$5. The valves are supplied by a firm in Angola, which normally delivers the valves between one month and 2 months after the order is placed. The cost to place an order is N\$150. The parts are used evenly throughout the year, and the company operates 12 months in a year. The storekeeper has asked you to assist him in calculating some of the inventory levels.

REQUIRED: Calculate the following		MARKS
a)	Economic order quantity (EOQ)	4
b)	Re-order level (Re-order point)	3
c)	Minimum inventory level (Safety stock	3
d)	Average inventory level	3
e)	Maximum inventory level	3
f)	Annual ordering cost	3
g)	Annual carrying cost	3
h)	Total inventory cost	4

QUESTION 3**[32 MARKS]**

Shikongo Leather Shop has two manufacturing departments and two service departments. Manufacturing department 1 is labour intensive while manufacturing department 2 is machine intensive. The following information relates to the Shikongo leather shop:

		Manufacturing Departments		Service Departments	
	TOTAL	MD 1	MD 2	SD 1	SD 2
	N\$	N\$	N\$	N\$	N\$
Allocated Overheads	86 850	32 400	29 200	12 400	12 850
General Overheads					
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				
TOTAL	223 900				

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

	Manufacturing Departments		Service Departments	
	MD 1	MD 2	SD 1	SD 2
	N\$	N\$	N\$	N\$
Floor area (m ²)	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	
	MD 1	MD 2
Service Department 1 overheads	20%	80%
Service Department 2 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
Direct labour hours	Hours	Hours
Manufacturing Department 1	40	25
Manufacturing Department 2	4	5

REQUIRED: Work with whole numbers		MARKS
a)	Perform the primary allocation of overheads between the four (4) departments, clearly indicating the basis of apportionment.	14
b)	Perform the secondary apportionment of the two (2) service department costs to the manufacturing departments.	4
c)	Determine a suitable overhead absorption rate for each department, using a basis that you deem suitable (<i>answers to two (2) decimal places</i>)	4
d)	Show the total cost of Job 230 and the total cost of Job 240. (<i>answers to two (2) decimal places</i>)	10

QUESTION 4**[18 MARKS]**

The time sheet of employee Daya shows that she worked 44 hours during a 40-hour working week because she worked two hours of overtime on Monday and Friday. Overtime is compensated at a time and a half of the normal tariff. Her normal wage is N\$6 per hour. Medical aid and pension fund contributions (6% and 10%, respectively) are paid on a 50:50 basis by employer and employee, while Pay As You Earn (PAYE) is deducted at 12%. Assume that a year comprises 52 working weeks, that she is entitled to three weeks of annual vacation leave, and that the business is closed for eight public holidays. Normal idle time is estimated at 7.5%, and employee Daya is entitled to a leave bonus equal to three weeks' normal wage.

REQUIRED:		MARKS
a)	Calculate employee Daya's net earnings for the week to the nearest dollar	7
b)	Determine the total annual labour cost to the nearest dollar	4
c)	Calculate the annual productive labour hours to the nearest whole number	5
d)	Calculate the labour tariff per hour for employee Daya to the nearest dollar	2

END OF EXAMINATION QUESTION PAPER