

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF BUILT ENVIRONMENT

BACHELOR OF QUANTITY SURVEYING

PART IV FIRST SEMESTER FINAL EXAMINATIONS JANUARY 2008

CONSTRUCTION ACCOUNTING – AQS 4106

TIME: 3 Hours

TOTAL MARKS: 100

INSTRUCTIONS:

Answer all questions

QUESTION 1

The following draft balance sheet as at 31 March 2006 of Sparks Quantity Surveyors, was prepared quickly after the year end.

<u>Fixed Assets</u>	<u>Cost</u>	<u>Dep</u>	<u>NBV</u>
Freehold Property	24 000	4 800	19 200
Motor Vehicles	18 000	9 000	9 000
	<u>42 000</u>	<u>13 800</u>	28 200
 <u>Current Assets:</u>			
Stock		13 000	
Debtors		9 000	
Balance at Bank		<u>1 600</u>	
		23 600	
 <u>Less Current Liabilities</u>			
Creditors and Accruals		<u>3 800</u>	<u>19 800</u>
			<u>48 000</u>
 <u>Financed By:</u>			
Capital			50 000
Add Net Profit for the year ended 31 March 2007			<u>10 000</u>
			60 000
<u>Less Drawings</u>			<u>12 000</u>
			<u>48 000</u>

After the draft balance sheet had been prepared, the following discoveries were made.

- a. A quantity of goods sent to T. Beal on a sale return basis remained unsold on 31 March 2007. These goods had cost sparks \$600 and were expected to sell for \$1 000. In preparing the draft amounts for the year ended 31 March 2007, it was assumed that all the goods had been sold, on credit, by T. Beal is to be paid a commission of 2% on the gross proceeds of all sales made for Sparks Quantity Surveyors.
- b. Debtors include \$200 due from K. Peacock who has now been declared bankrupt. It is unlikely that any money will be received for this debt.
- c. A provision of doubtful debts at 31 March 2007 of 2% of Debtors at that date is to be credited.
- d. Provision is to be made for electricity charges of \$700 accrued due at 31 March 2007.
- e. On 1 October 2006, Sparks hired (leased) a motor van for one year from Hire Vehicles Ltd, the hire charge of \$3 000 was paid in advance. However, in preparing the above draft accounts, it was assumed that the motor van had been purchased for \$3 000.

Additional information:

Firehold property and Motor Vehicles are to be depreciated at 10% and 25% respectively per annum on cost.

**Required:**

A corrected balance sheet as at 31 March 2007.

*(15 Marks)*

**QUESTION 2**

Alan Pannil is a Commercial Constructor. Job no. 59 is for the construction of a building for Daff Fido Dog Foods. Alan estimates that the construction will require materials costing \$800 and will require 18 hours of his time, which he charges for at \$20 an hour. Overheads are recovered on the basis of \$30 per direct labour hour. Although Alan normally expects a profit margin of 25% on cost, he knows that a competitor is quoting for the job, as Alan wants to secure the job for prestige purposes, he will undercut the competitor and get the contract.

Alan gains the contract and, on its completion, calculates actual costs as follows:

Materials \$640

Direct labour hours; Alan 20, assistant 15

**Required:**

Prepare the job Cost Sheet for Job 59, showing the estimated and actual costs and profits.

*(15 marks)*

## **SECTION B**

Answer all questions

### **QUESTION 1**

#### **VALUATIONS**

Prepare Interim Valuation No. 20 using the following information:

Name and address of Quantity Surveyor

DC Quantity Surveyors

P.O. Box 1705,

Harare

Zimbabwe

Telephone (04) 784321

Fax (04) 784481

Name and address of Architects

Talents Architects

1001 Simon Parirenyatwa Avenue,

Bulawayo

Zimbabwe

Telephone (09) 69281

Fax (09) 69314

The name of the Architect is Mr. C. Zviuya.

(See Appendix 1)

***(40 Marks)***

**QUESTION 2**

You are required to produce Final account Fees for Petra High School project using the following information:

- Name of Quantity Surveyors – Rozvi & Rozvi Registered Quantity Surveyors.
- Name of Client – Petra High School, P.O. Box FM 304, Fomona, Bulawayo
- The work carried out by the Quantity Surveyors was as follows:
  - Preparing bills of quantities and surveying works in progress for and preparing and issuing statements for certificates.
  - The tender sum for the whole project was \$8,002. 757-16
  - Contingences allowed in the bills of Quantities amounted to \$300 000-00
  - The project comprised:

Administration block

Tender Value           \$834 137-15

Boys W. C. Block

Tender Value           \$458 803-63

Girls W.C. Block

Tender Value           \$431 743-67

Caretaker's House

Tender Value           \$195 923-35

Classroom Blocks (9 No.)

Tender Value           \$5 782 149-36

- The Final Account was prepared and agreed upon of the works as executed on the total value of the measurement of provisional quantities (for external works due to change of site).

The adjustments made to external works amounted to \$1 073 274-00

The variation accounts were as follows:

- Measured Variations \$1 547 513-01
- Fluctuations \$2 955 153-35
- Provisional Sums:           Final Value           \$364 825-55
- Original Value       \$960 000-00

Cost Reports were also prepared and the surveyor took 20hrs @ 358.67

Disbursements

- To produce Bills of Quantities, etc, it cost us \$9 215-00
- Typing master copy of statement of final 16 pages long @ \$30.00
- Copying, including collating, corner fastening and paper (6 no. copies): 96 pages @ \$2.00
- Traveling to site cost us \$5 005-44 between 16<sup>th</sup> February 1999 and 31<sup>st</sup> December 1999.
- Previous Fees claimed total \$190 356-99
- VAT is 15%

*(30 Marks)*