

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF BUILT ENVIRONMENT

BACHELOR OF QUANTITY SURVEYING (HONOURS) DEGREE

PART IV FIRST SEMESTER EXAMINATIONS APRIL 2009

CONSTRUCTION ACCOUNTING: AQS4106

TIME: 3 Hours

TOTAL MARKS: 100

INSTRUCTIONS:

- a) Answer 2 questions in section A and All questions in Section B
- b) Each question carries 25 marks.
- c) Where information is insufficient, candidates are allowed to make reasonable assumptions. Assumptions made must be stated.

SECTION A

All questions in this section are based on the project with the details below

Item	Tender Amount
Preliminaries and general	50 000.00
External works	100 000.00
Contingencies	200 000.00
3no Administration blocks @1 000 000 each	3000 000.00
1no Class room block	500 000.00
Total tender sum	USD\$3 850 000.00

The BQ has 200 pages. A total of 10 BQ's are required

Photocopying costs 5c a page

Typing costs 10c a page

Binding costs \$2 a document

There were two site visits by the principal partner. The distance from site to the post office in your town is 60km. The partner took 1hr to travel to site and another hour on site. AA mileage rates are \$2/km and the principal's time charge is \$20/hr.

Question 1

Prepare a Quantity Surveyor's fee claim for preparing Bills of Quantities for the above mentioned project. (25 marks)

Question 2

The construction period is five months. At the end of the first month, the following work has been done

Item	Administration blocks (3no)	Classroom block
P&G	calculate	calculate
External works	No work done	No work done
foundations	\$20 000 for each block	\$50 000
Brickwork	\$60 000 for each block	\$100 000
Labour escalations	\$6000 total	\$9000
Variations to brickwork	\$10 000 on each block	\$2000.00
Overtime approved by architect	\$10 000 on each block	\$12 000

Prepare a valuation certificate for submission to the architect.

(25 marks)

Question 3

With the aid of practical examples, describe what a final account is

(25 marks)

SECTION B

Question 1

Nationwide Contractors Plc at 31st December 2008 had three contracts in progress as follows:

Contract No	NC852	NC794	NC881
	\$000	\$000	\$000
Contract value	350	1460	850
Costs incurred to date	165	1100	182
Estimated future costs to complete	110	275	633
Estimated guarantee costs	----	----	95
Payments received on account	190	1200	145
Value of work certified	212	1125	110
Cost of work certified	165	1070	130
Starts date	30 Sept 2007	4 Mar 2007	1 st Jan 2008

(No profits have been taken so far)

Required:

Determine any interim profit that may be taken from each contract using the percentage completion method. **NB** No profit should be taken on any contract which is 15% or less complete. (25 marks)

Question 2

A long term contract to build a factory in Belmont East was started up in November 2007 is expected to be completed in February 2009. The value of the contract is \$1 400 000 and is at the stage that profit can be attributed to it. When work has been certified, the Company that issued the contract for the factory is sent an invoice for progress payments. You are given the following information relating to the year ended 31st October, 2008:

	\$
Material issued to Site from Store	600 000
Materials returned to Store	50 000
Materials remaining on Site 31 October 2008	20 000
Wages paid	250 000
Wages accrued	30 000
Sub-contractors' charges	25 000
Plant purchased at cost	100 000
Value of plant on site 31 October 2008	60 000
Overheads allocated to contract	25 000
Value of work certified at 31 October 2008	1 200 000
Progress payments received at 31 October 2008	1 000 000
Costs to completion	150 000

All costs to date form cost of work certified.

Required

- a) Prepare for the year ended 31 October 2008, the Belmont East Contract account (20 marks)
- b) State 5 features of contracts (5 marks)

END OF EXAMINATION