higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

COST AND MANAGEMENT ACCOUNTING N5

30 NOVEMBER 2015

This marking guideline consists of 7 pages.

QUESTION 1

1.1	1.1.1	D	
	1.1.2	C	
	1.1.3	A	
	1.1.4	A	
	1.1.5	B	
	1.1.6	B	
	1.1.7	B	
	1.1.8	C	
	1.1.9	C	
	1.1.10	D	
	1.1.11	D	
	1.1.12	B	
	1.1.13	C	
	1.1.14	C	
	1.1.15	A	
	1.1.16	B	
	1.1.7	B	
	1.1.8	A	
	1.1.19	D	
	1.1.20	D	
			(20 x 2) (40)

1.2	1.2.1	True	
	1.2.2	True	
	1.2.3	True	
	1.2.4	True	
	1.2.5	True	
			(5 x 2) (10)

1.3 1.3.1 Planning is the development of objectives in an organisation and preparation of various budgets to achieve these objectives.

1.3.2 Variable costs change in direct proportion to the changes in production.

1.3.3 Idle time is time lost during the production process due to machine breakdowns, bottlenecks and lack of material.

1.3.4 Buffer stock forms the buffer between supply and consumption in situations where there is constant supply, but consumption is inconsistent.

1.3.5 Cost accounting deals with collection and calculations of data in order to provide information for external and internal reporting.

(5 x 2) (10)

[60]

QUESTION 2

2.1

PRODUCTION COST STATEMENT OF KWAN SUGAR MANUFACTURERS			
Raw/Direct material			
Stock (01 January 2015)	84 000	✓	
Plus: Purchases	195 900	✓	
Less: Material returned to suppliers	22 600	✓	
Stock available for use	257 300	✓	
Less: Closing stock	66 400	✓	
Direct material used		190 900	✓
Plus: Direct labour		185 800	✓
Prime cost		376 700	✓
Factory overheads recovered		482 300	✓
Factory rent	64 000	✓	
Indirect labour	130 000	✓	
Depreciation	45 060	✓✓	
Rates and taxes	32 300	✓	
Factory insurance	38 700	✓	
Factory electricity	44 200	✓	
Factory water	28 950	✓	
Actual manufacturing overheads	383 210	✓	
Add: Over-recovered overheads	99 090	✓	
Total cost of production		859 000	✓
Add: Work in process (01 January 2015)		38 500	✓
		897 500	✓
Less: Work in process (31 December 2015)		18 500	✓
Cost of production of finished goods		879 000	✓✓

(26)

2.2

	R
2.2.1	879 000✓
2.2.2	931 000✓
2.2.3	892 500✓
2.2.4	607 500✓
2.2.5	65 400✓
2.2.6	38 400✓
2.2.7	503 700✓✓

(8)

2.3 **FIONA'S NET WAGE FOR WEEK 15**

Normal pay (40 hours @ R38,50)	1 540,00	✓✓
Overtime pay (5 hours @ R48,13)	240,65	✓✓
Production bonus (200/20 x 18,50)	185,00	✓✓✓
TOTAL GROSS WAGE	2 206,30	✓✓✓
Less: Pension fund contribution (1 540 x 8%)	123.20	✓✓
Less: Medical aid	35,00	✓✓
Less: PAYE (7,5% of (2206,30 – 123,20))	156,23	✓✓✓
NET WAGE FOR THE WEEK	1 891,87	✓✓✓

(20)
[54]

QUESTION 3

3.1

RAW MATERIAL CONTROL							
March	Balance	38 500	✓	Feb	Production control	165 000	✓
Feb	Bank	276 800	✓		Balance c/d	188 500	✓✓
	Bank (carriage)	38 200	✓				
		353 500		✓		353 500	

(6)

3.2

LABOUR CONTROL							
Feb	Bank	195 600	✓	Feb	Production control	195 600	✓
	Bank	45 700	✓		Manufacturing overheads	45 700	✓
		241 300		✓		241 300	

(4)

3.3

MANUFACTURING OVERHEADS CONTROL							
Feb	Labour control	45 700	✓	Feb	Production control	156 480	✓
	Rent	42 000	✓		Cost of sales	18 620	✓
	Insurance	12 800	✓				
	Maintenance	52 300	✓				
	Depreciation	22 300	✓				
		175 100	✓			175 100	✓

(8)

3.4

PRODUCTION CONTROL							
March	Balance	8 650	✓	Feb	Finished goods	515 880	✓
Feb	Raw material control	165 000	✓		Balance c/d	9 850	✓
	Labour control	195 600	✓				
	Overheads control	156 480	✓				
		525 730		P		525 730	

(7)

3.5

FINISHED GOODS							
March	Balance	18 450	✓	Feb	Cost of sales	460 900	✓
Feb	Production control	515 880	✓		Balance c/d	73 430	✓
		534 330		✓		534 330	✓

(4)

3.6

COST OF SALES							
Feb	Finished goods	460 900	✓	Feb	Trading Account	479 520	✓
	Overheads	18 620	✓				
		479 520		✓		479 520	

(3)

3.7

TRADING ACCOUNT							
Feb	Cost of sales	479 520	✓	Feb	Sales	690 800	✓
	Gross profit	211 280	✓	✓			
		690 800	✓			690 800	

(4)
[36]

QUESTION 4

4.1 4.1.1

$$\frac{2 \text{ x Annual consumption x Order cost}}{18} \quad ✓✓$$

$$\frac{3\,600\,000}{6} \quad ✓✓$$

600 000

774/775 ✓ (7)

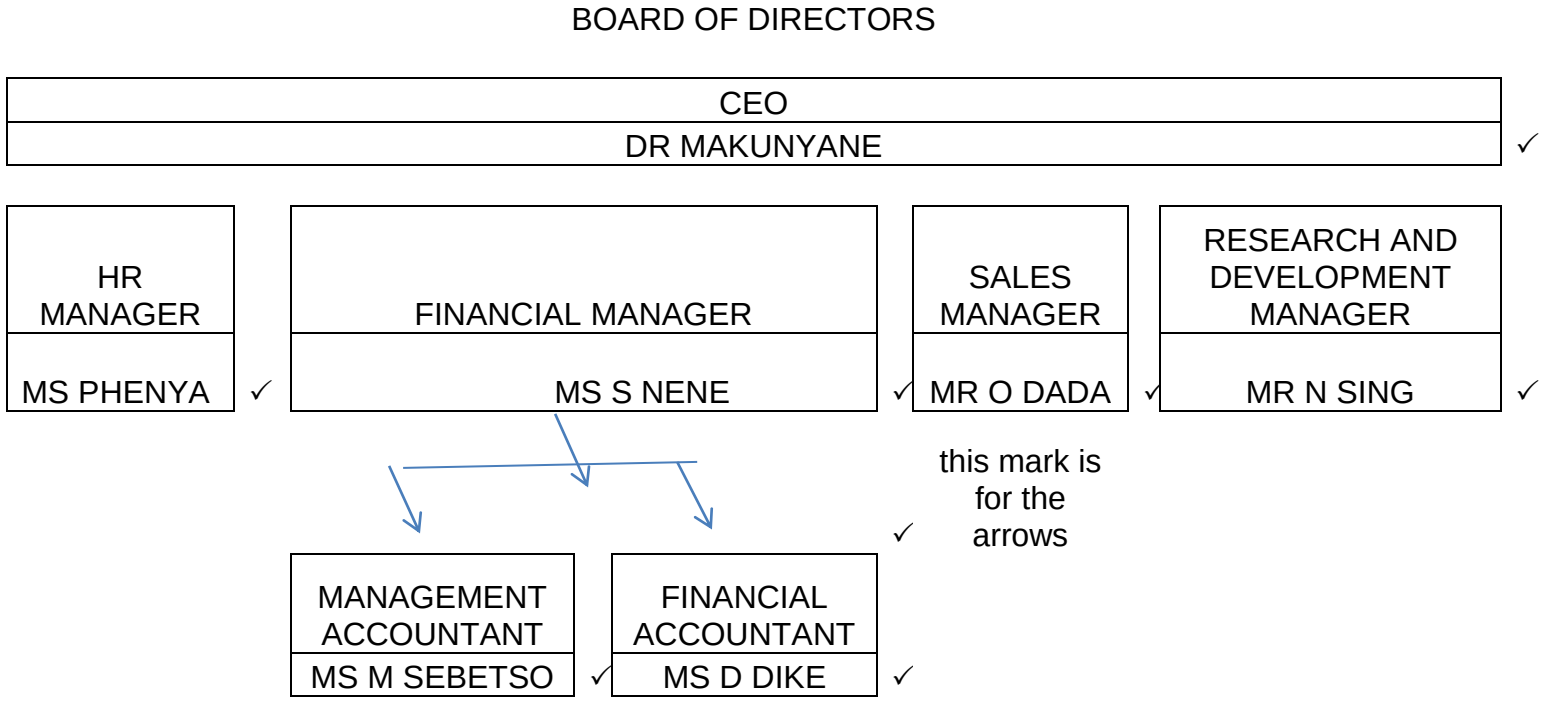
4.1.2 Maximum order period x Maximum use✓

2 x (1 500 x 6)✓✓
18 000 kg✓✓ (5)

4.1.3 Order point + EOQ – (Min. use x Minimum. order period)✓✓

18 000 + 774 – (950 x 6 x 1)✓✓
13 074 kg✓✓ (6)

4.2


BOARD OF DIRECTORS
CEO
DR MAKUNYANE ✓
HR MANAGER
MS PHENYA ✓
FINANCIAL MANAGER
MS S NENE ✓
SALES MANAGER
MR O DADA ✓
RESEARCH AND DEVELOPMENT MANAGER
MR N SING ✓
MANAGEMENT ACCOUNTANT
MS M SEBETSO ✓
FINANCIAL ACCOUNTANT
MS D DIKE ✓
this mark is for the arrows ✓

(8)

4.3 4.3.1 = 32 000
16 000✓
= R2 per unit✓✓ (3)

4.3.2 24 000 ✓
16 000 ✓✓
R1,50 per unit ✓✓

1.50 x 20 000 = 30 000✓✓
2 x 20 000 = 40 000
= 30 000 + 40 000
= R70 000✓✓ (9)

4.4 4.4.1 Budgeted overheads x 100
Budgeted direct material cost✓✓

250 000 x 100
(15 000 x 20) ✓✓

8,3%

4.4.2 Budgeted overheads x 100
Budgeted direct labour cost✓✓

250 000 x 100
15 000 x 50 ✓✓

3,3% ✓✓

(2 x 6) (12)
[50]

TOTAL: 200