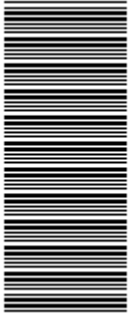


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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N250(E)(N30)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

30 November 2015 (X-Paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 11 pages and an 11-page answer book.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
COST AND MANAGEMENT ACCOUNTING N5
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS TO INVIGILATORS

1. Ensure that all candidates use the ANSWER BOOK provided at the end of this question paper.
2. DO NOT ATTACH ANY OTHER ANSWER BOOK to the one provided at the end of this question paper.
3. Students will be penalised if the ANSWER BOOK provided at the back of this question paper is placed inside another ANSWER BOOK.
4. If the ANSWER BOOK provided at the end of this question paper is not stapled in the correct order, please instruct candidates to open the staple, put the ANSWER BOOK in the correct order and then re-staple the ANSWER BOOK.

INSTRUCTIONS TO CANDIDATES

1. Answer ALL the questions.
 2. Read ALL the questions carefully.
 3. Number the answers according to the numbering system used in this question paper.
 4. Answer ALL questions in the ANSWER BOOK provided at the end of this question paper.
 5. Do NOT use any other ANSWER BOOK to answer this question paper and do NOT attach any other ANSWER BOOK to the one provided.
 6. ALL calculations, where applicable, MUST be shown.
 7. Write neatly and legibly.
-

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.20) in the ANSWER BOOK.

1.1.1 The income statement is used to calculate ...

- A total assets.
- B total equity and liability.
- C total production costs.
- D net profit for the year.

1.1.2 The organisation chart shows the ...

- A performance of each employee.
- B objectives of the company.
- C the company's management structure.
- D the functions of the human resource manager.

1.1.3 The decision by management to buy or rent premises is called a/an ... decision.

- A long-term
- B financial
- C short-term
- D operational

1.1.4 TAU Productions have sent stock to Barolong Traders. The stock have not yet arrived at Barolong Traders but they have included the stock in their books. The stock will be known as ...

- A stock in transit.
- B safety stock.
- C buffer stock
- D normal stock.

1.1.5 A cost that contains both variable and fixed cost elements is known as ... cost.

- A prime
- B mixed
- C conversion
- D process

1.1.6 The size of storing facilities is determined by calculating the ...

- A minimum stock.
- B maximum stock.
- C order point.
- D order size.

- 1.1.7 The production control account will not be debited with the following entry:
- A Manufacturing overheads
 - B Indirect labour
 - C Direct labour
 - D Direct material
- 1.1.8 Koko is paid according to the piece rate system and her wages will be calculated as follows:
- A hours worked multiplied by rate per hour.
 - B units produced multiplied by rate per hour.
 - C units produced multiplied by rate per unit.
 - D hours worked multiplied by rate per unit.
- 1.1.9 ONE of the elements of production is ...
- A fixed cost.
 - B unit cost.
 - C direct labour cost.
 - D variable cost.
- 1.1.10 The source document that is used with purchases of material is a/an ...
- A debit note.
 - B credit note.
 - C stock card.
 - D invoice.
- 1.1.11 The following forms part of wage control:
- A Planning
 - B Leading
 - C Control
 - D Staff records
- 1.1.12 ONE of the journals to get a total of overheads actually spent during the year.
- A Petty cash payments journal
 - B Cash payments journal
 - C Cash receipts journal
 - D Creditors allowances journal
- 1.1.13 To calculate the net salary for an employee:
- A Gross salary plus total deductions
 - B Overtime payment plus normal salary payment
 - C Gross salary minus total deductions
 - D Gross salary minus overtime

- 1.1.14 ONE of the management functions is ...
- A keeping records for all transactions.
 - B compiling financial statement.
 - C controlling.
 - D drawing up a medium-term budget.
- 1.1.15 Actual manufacturing overheads are ...
- A the total of overheads spent during the year.
 - B overheads for the future.
 - C overheads budgeted for the future.
 - D overheads for a short period of time.
- 1.1.16 Indirect labour can be classified as the wage paid to the ...
- A worker moving scaffolding on a building site.
 - B worker assembling components for a product.
 - C painter decorating toys in a toy-production company.
 - D painter who is part of the maintenance team.
- 1.1.17 Over-recovery of overheads occur when the ...
- A allocated overheads are more than the budgeted overheads.
 - B allocated overheads are more than the actual overheads.
 - C allocated overheads are less than the actual overheads.
 - D budgeted overheads are less than the actual overheads.
- 1.1.18 Recording the under-recovered overheads:
- A Dr. Cost of sales
Cr. Manufacturing overheads control account.
 - B Dr. Manufacturing overheads control account.
Cr. Cost of sales.
 - C Dr. Cost of sales
Cr. Finished goods control account.
 - D Dr. Cost of sales
Cr. Trading stock.
- 1.1.19 ONE example of direct labour is ...
- A wage paid to the supervisor in the factory.
 - B wage paid to worker cleaning the factory.
 - C wage paid to the worker maintaining the factory.
 - D wage paid to the worker using a tool in producing the product.

- 1.1.20 ONE example of the human factor that influences labour productivity is ...
- A political unrest.
 - B bad working conditions.
 - C weather conditions.
 - D productivity is set too high.
- (20 x 2) (40)
- 1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.
- 1.2.1 Bad working conditions are one of the external factors that influence labour productivity.
- 1.2.2 One disadvantage of the time wages system is that there is no direct relation to the number of units produced.
- 1.2.3 Creditors require information on the business' ability to pay its debts.
- 1.2.4 Financial accounting provides information for external use.
- 1.2.5 Leading means the skill of influencing and inspiring performance.
- (5 x 2) (10)
- 1.3 Explain the following terms:
- 1.3.1 Planning
 - 1.3.2 Variable cost
 - 1.3.3 Idle time
 - 1.3.4 Buffer stock
 - 1.3.5 Cost accounting
- (5 x 2) (10)
[60]

QUESTION 2

2.1 The following information appears in the books of Kwan Sugar Manufacturers.

Stock on 01 January 2015:

Material	R84 000
Finished goods	R52 000
Work in process	R38 500

Figures for 2015:

Direct factory wages	R185 800
Factory rent	R64 000
Salary: Production manager	R130 000
Salary: Sales department	R65 400
Turnover for the year	R1 500 000
Debtors	R58 600
Creditors	R92 400
Material returned to suppliers	R22 600
Factory equipment at cost price	R450 600
Depreciation (10% p.a. according to cost price method)	R?
Material used	R195 900
Rates and taxes: factory	R32 300
Insurance: factory	R38 700
Electricity: factory	R44 200
Water: factory	R28 950
Marketing costs	R38 400

ADDITIONAL INFORMATION

- Manufacturing overheads recovered during the year amounted to R482 300.
- Stock on 31 December 2015:

Material	R66 400
Finished goods	R38 500
Work in process	R18 500

REQUIRED

Prepare a production cost statement for the year ended 31 December 2015. (26)

- 2.2 The following incomplete income statement for the year ended 31 December 2015 has been compiled from the information given in QUESTION 2.1.

**INCOME STATEMENT OF KWAN SUGAR MANUFACTURERS FOR THE
YEAR ENDED 31 DECEMBER 2015**

Sales		1 500 000
Less: Cost of sales		(2.2.3)
Finished goods (1 January 2015)	52 000	
Add: Cost of production of finished goods	(2.2.1)	
Finished goods available for sale	(2.2.2)	
Less: Finished goods (31 December 2015)	38 500	
Gross profit		(2.2.4)
Less: Other expenses		
Salary: sales department	(2.2.5)	
Marketing costs	(2.2.6)	
Net profit for the year		(2.2.7)

REQUIRED

Calculate the values of QUESTION 2.2.1–2.2.7. Write down only the answers next to the appropriate question number in the ANSWER BOOK.

(8)

- 2.3 The following information is available regarding a weekly paid employee, Fiona Lebes:

Normal working hours per week	40 hours
Hours worked	45 hours
Units produced	200 units
Normal wages per hour	R38,50
Overtime rate	125% of normal time rate
Production bonus for every 20 units produced	R18,50
Pension	8% of normal wage
Medical aid	R35.00 per week
PAYE	7,5% on gross income after pension
UIF	1,6% of normal wage

REQUIRED

Calculate Fiona's net wage for week 15 of 2015.

(20)
[54]

QUESTION 3

The following appear in the books of Sona Traders:

Balances on 1 March 2014

Raw material	R38 500
Work in process	R8 650
Finished goods	R18 450

Summary of transactions for the year ended 28 February 2015

Raw material purchased	R276 800
Carriage on purchases	R38 200
Direct labour	R195 600
Indirect labour	R45 700
Factory rent	R42 000
Factory insurance	R12 800
Maintenance of plant	R52 300
Depreciation on plant	R22 300
Cost of finished goods	R460 900
Sales (finished goods)	R690 800
Raw material issued	R165 000
Balance of unfinished goods on 28 February 2015	R9 850

ADDITIONAL INFORMATION

Overheads are allocated at 80% of direct labour cost.

REQUIRED

Draw up the following ledger accounts:

- | | | |
|-----|---------------------------------|-----|
| 3.1 | Raw material control | (6) |
| 3.2 | Labour control | (4) |
| 3.3 | Manufacturing overheads control | (8) |
| 3.4 | Production control | (7) |
| 3.5 | Finished goods | (4) |
| 3.6 | Cost of sales | (3) |
| 3.7 | Trading account | (4) |

[36]

QUESTION 4

- 4.1 Kgadi runs a community candle-making business that sells candles. 6 kg of material is used to make one box of candles. Production for the year amounted to 120 000 boxes. Placing an order costs R15. Maximum order time is two weeks and minimum order time is one week. Maximum production is 1 500 and minimum is 950 boxes per week. The cost to store 1 kg of material is R18 per year.

REQUIRED

Calculate the following:

- 4.1.1 The economic order quality (7)
- 4.1.2 The order point (5)
- 4.1.3 The maximum stock (6)
- 4.2 The following staff was appointed as part of Tembisa's senior team for 2015.

CEO	Dr Makunyane
Financial Accountant	Ms D Dike
HR Manager	Ms M Phenya
Financial Manager	Ms S Nene
Management Accountant	Ms M Sebetso
Research and Development Manager	Mr N Sing
Sales Manager	Mr O Dada
Board of directors	

REQUIRED

- Compile an organisational chart showing both the position and the name of the person in that position. (8)
- 4.3 Sara Baloyi is a street vendor who sells fruits and vegetables in her community. Her turnover for the month of December 2014 was 16 000 units, the total variable costs amounted to R24 000 and the total fixed costs R32 000.

She has the capacity to sell between 18 000 and 26 000 units per month.

REQUIRED

Calculate the following:

- 4.3.1 The fixed costs per unit for December 2014. (3)
- 4.3.2 The total cost if the company were to produce 20 000 units. (9)

- 4.4 Ms Nancy Kgomo is the cost accountant for Kgomo Dairy producers. She estimated the following for the 2015 financial year.

Total manufacturing overheads for the year 2015 to be R250 000.

The budgeted units are 15 000.

Direct material cost per unit is R20.

Direct labour cost R50 per unit.

Labour hours per unit are 3 hours.

Machine hours per unit are 2 hours.

REQUIRED

Round off the answer to one decimal point.

- 4.4.1 Calculate the overhead application rate using material as base.
- 4.4.2 Calculate the overhead application rate using direct labour cost as basis.

(2 x 6) (12)
[50]

TOTAL: 200

EXAMINATION NUMBER:

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CENTRE NUMBER:

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COST AND MANAGEMENT ACCOUNTING N5

30 NOVEMBER 2015

ANSWER BOOK

QUESTION 1	
QUESTION 2	
QUESTION 3	
QUESTION 4	
TOTAL	

GENERAL STUDIES

EXAMINATION NUMBER:

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CENTRE NUMBER:

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QUESTION 1

- 1.1 1.1.1 _____
- 1.1.2 _____
- 1.1.3 _____
- 1.1.4 _____
- 1.1.5 _____
- 1.1.6 _____
- 1.1.7 _____
- 1.1.8 _____
- 1.1.9 _____
- 1.1.10 _____
- 1.1.11 _____
- 1.1.12 _____
- 1.1.13 _____
- 1.1.14 _____
- 1.1.15 _____
- 1.1.16 _____
- 1.1.17 _____
- 1.1.18 _____
- 1.1.19 _____
- 1.1.20 _____

(20 x 2) (40)

EXAMINATION NUMBER:

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CENTRE NUMBER:

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- 1.2 1.2.1 _____
- 1.2.2 _____
- 1.2.3 _____
- 1.2.4 _____
- 1.2.5 _____

(5 x 2) (10)

- 1.3 1.3.1 _____
- _____
- _____
- 1.3.2 _____
- _____
- _____
- 1.3.3 _____
- _____
- _____
- 1.3.4 _____
- _____
- _____
- 1.3.5 _____
- _____
- _____

(5 x 2) (10)
[60]

EXAMINATION NUMBER:

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CENTRE NUMBER:

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2.2

2.2.1

2.2.2

2.2.3

2.2.4

2.2.5

2.2.6

2.2.7

(8)

2.3

(20)
[54]

EXAMINATION NUMBER:

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CENTRE NUMBER:

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QUESTION 3

3.1

RAW MATERIAL CONTROL					

(6)

3.2

LABOUR CONTROL					

(4)

3.3

MANUFACTURING OVERHEADS CONTROL					

(8)

3.4

PRODUCTION CONTROL					

(7)

EXAMINATION NUMBER:

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CENTRE NUMBER:

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3.5

FINISHED GOODS					

(4)

3.6

COST OF SALES					

(3)

3.7

TRADING ACCOUNT					

(4)

[36]

EXAMINATION NUMBER:

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CENTRE NUMBER:

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QUESTION 4

4.1 4.1.1

(7)

4.1.2

(5)

4.1.3

(6)

EXAMINATION NUMBER:

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CENTRE NUMBER:

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4.2

GENERAL STUDIES

EXAMINATION NUMBER:

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CENTRE NUMBER:

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4.3 4.3.1 _____

_____ (3)

4.3.2

_____ (9)

4.4 4.4.1

_____ (6)

EXAMINATION NUMBER:

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CENTRE NUMBER:

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4.4.2

(6)
[50]

TOTAL: 200

