



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N290(E)(J27)H

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

27 June 2017 (X-Paper)

09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 11 pages and an answer book of 10 pages.

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

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions in the ANSWER BOOK provided.
 2. Read ALL the questions carefully.
 3. Do NOT use any other ANSWER BOOK.
 4. Show ALL calculations where applicable.
 5. The ANSWER BOOK MUST be stapled in the correct order.
 6. Write neatly and legibly.
-

SECTION A**QUESTION 1**

Various options are given as possible answers to the following questions. Choose the answer and make a cross (X) in the block (A. D) next to the question number (1.1. 1.20) in the ANSWER BOOK.

- 1.1 A cost that includes both variable and fixed costs:
- A Mixed cost
 - B Conversion cost
 - C Semisolid cost
 - D Semivariable cost
- 1.2 The size of storage facilities is determined by calculating the ...
- A economic order quantity.
 - B maximum stock.
 - C order point.
 - D order size.
- 1.3 The salary paid to the receptionist is called ...
- A administration cost.
 - B sunk cost.
 - C manufacturing cost.
 - D period cost.
- 1.4 The human resources department is responsible for
- A maintaining personnel files of employees.
 - B ordering raw materials needed for manufacturing.
 - C staff remuneration.
 - D both A and C.
- 1.5 Task cost refers to ...
- A tasks done according to the consumer's needs.
 - B tasks done according to previous production schedules.
 - C tasks done in a very short time (rushed work).
 - D tasks done according to the needs of the organisation.
- 1.6 The net income for a period is calculated in the ...
- A balance sheet.
 - B income statement.
 - C cash flow statement.
 - D production cost statement.

- 1.7 Over-recovery of overheads occurs when ...
- A allocated overheads exceed the actual overheads.
 - B budgeted overheads are less than the actual overheads.
 - C allocated overheads are less than the actual overheads.
 - D allocated overheads exceed the budgeted overheads.
- 1.8 The monthly rental of R12 300 for a photocopier is a ...
- A variable cost.
 - B process cost.
 - C fixed cost.
 - D casual cost.
- 1.9 Property tax paid to the city council is known as ...
- A prime cost.
 - B production cost.
 - C period cost.
 - D process cost.
- 1.10 Direct labour refers to ...
- A wages paid to the supervisor in the factory.
 - B wages paid to the worker for factory cleaning.
 - C wages paid to the worker for maintenance done in the factory.
 - D wages paid to the worker who is part of the manufacturing process.
- 1.11 The formula used when depreciation is calculated according to the diminishing balance method:
- A Units produced during this financial period multiplied by the cost per unit divided by the budgeted units over the expected period
 - B Cost multiplied by the percentage given
 - C Cost less accumulated depreciation multiplied by the percentage given
 - D None of the abovementioned
- 1.12 Clock cards are used to obtain information regarding the ...
- A total of actual hours worked.
 - B total of actual number of units produced.
 - C total of actual time spent on a certain task.
 - D actual number of employees in the organisation.
- 1.13 The cost of raw materials can be seen in the ...
- A production cost statement.
 - B balance sheet.
 - C cash flow statement.
 - D manufacturing account.

- 1.14 Semisolid manufacturing ...
- A differs in relation to the volume of production but remains fixed per unit manufactured.
 - B increases with degree or action in relation to the increase in the volume of production.
 - C demonstrates the characteristics of fixed costs but has a variable element that will come into effect without certain conditions.
 - D comprises both B and C.
- 1.15 Production reports are compiled to calculate the following:
- A Labour costs
 - B Maximum orders period
 - C Stock transport
 - D Order point
- 1.16 Phenya Manufacturers had to create a table according to a consumer's specifications.
- This cost is known as a ...
- A task cost.
 - B process cost.
 - C prima cost.
 - D product cost.
- 1.17 The total variable cost to produce 2 000 shoes is R50 000 and the total fixed cost is R60 000.
- The cost to produce a pair of shoes is ...
- A R50.
 - B R55.
 - C R54.
 - D R53.
- 1.18 The source document used when purchasing raw material:
- A Credit note
 - B Statement
 - C Debit
 - D Stock map
- 1.19 Which ONE of the following is not a human factor that can affect labour productivity:
- A Work is physically demanding for the worker
 - B Weather conditions and high humidity in the factory
 - C Required productivity levels are too high
 - D Proper training was not provided to the workers

1.20 Planning involves the following procedure:

- A Describing steps to be taken to achieve objectives
- B Developing goals in an organisation
- C Comparing the actual performance with the original plans
- D Preparing budgets to achieve goals

(20 × 2) [40]

QUESTION 2

Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A. G) next to the question number (2.1. 2.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1	Cost	A	methods used by firms to collect, process and evaluate all the data relating to a product
2.2	Manufacturing overheads	B	sacrifice of resources, in monetary terms, to obtain some goods
2.3	Cost systems	C	time between ordering and delivery of stock
2.4	Order period	D	management functions consist of planning, organising, leading and control
2.5	Organisational chart	E	assets depreciate every year by the same percentage
		F	all production costs other than direct material and direct labour
		G	various departments and management positions of a business

(5 × 2) [10]

QUESTION 3

Choose the correct word or words from those given in brackets. Write only the word or words next to the question number (3.1. 3.5) in the ANSWER BOOK.

- 3.1 (Over-recovery/Under-recovery) occurs when the allocated overheads are more than the actual overheads.
- 3.2 (Planning/Organisation) takes place when a company's resources are used in such a way that the coordinated plans are effectively performed.
- 3.3 (Order point/Order size) can be determined by calculating the economic order quantity.
- 3.4 (Time rate/Piece rate) refers to when a worker is remunerated according to the work that he/she has done.
- 3.5 (Indirect material/Direct material) forms an integral part of the finished product.

(5 × 2) [10]

TOTAL SECTION A: 60

SECTION B**QUESTION 4**

Thabazimbi Manufacturers has four employees involved in active production on Job TM123 that comprises the production of 150 ceramic vases.

The following labour hours were budgeted for Job TM123:

21 working days at 8 hours per day

The following hours were clocked during July 2013:

C. Maleka	22 days at 8 hours per day
H. Mkhonza	22 days at 8 hours per day
D. Funani	20 days at 8 hours per day (2 days sick leave)
A. Shumane	22 days at 8 hours per day

Budgeted production: July 2013	150 vases
Actual production	180 vases

Compile a production report showing the productivity recorded. [10]

QUESTION 5

Palms Furniture manufactures computer desks.

- Two square metres of wood make one desk.
- The maximum production per year is 90 000 desks.
- The minimum production per year is 75 000 desks.
- To place an order costs R65.
- The maximum order time is three weeks.
- The minimum order time is two weeks.
- The factory works 50 weeks per year.
- The stock holding costs per unit is equal to 10% of the cost of inventory per square metre.
- Timber currently trades at R850 per square metre.

Calculate the following:

- 5.1 Order point (6)
- 5.2 Economic order quantity (7)
- 5.3 Maximum stock level (6)
- [19]**

QUESTION 6

The following information applies to the products of Duma Distributors:

Opening stock was 200 units @ R6,00.

Date	Units purchased	Price per unit	Units issued
01/03/2015	280	R8,50	
04/03/2015			220
07/03/2015	320	R11,00	
09/03/2015			160
12/03/2015			190
22/03/2015	820	R12,50	
26/03/2015	140	R13,00	
29/03/2015			620
30/03/2015	Returned 200 units	Received on 22/03	To the supplier
31/03/2015			100

Calculate the closing stock by using the first-in-first-out (FIFO) method of stock valuation.

[25]

QUESTION 7

The following appears in the books of Rims Manufacturers:

Balance on 1 March 2009

Raw materials	R26 400
Work in process	R 9 850
Finished products	R22 600

Summary of transactions for the year ended 28 February 2010

Cash purchases of raw materials	R292 000
Transport cash purchases	R 35 600
Raw materials for processing issued	R284 000
Labour: Direct	R200 000
Labour: Indirect	R 38 200
Factory rental	R 84 300
Insurance for factory	R 6 480
Maintenance of the plant	R 38 300
Depreciation on the plant	R 13 800
Cost of sales of finished products	R420 000
Sales (finished goods sold)	R780 000
Balance of half-finished products on 28 February 2010	R 14 800

Additional information:

Overheads are allocated to 80% of direct labour costs.

Draw up the following ledger accounts in the integrated accounting system:

7.1	Raw materials	(6)
7.2	Labour control	(5)
7.3	Manufacturing overheads control	(8)
7.4	Production control	(8)
7.5	Finished goods	(5)
7.6	Cost of sales	(4)
7.7	Profit and loss	(4)
		[40]

QUESTION 8

The following information is provided to you by the cost and management accountant of Thandeka Traders (Pty) Ltd:

Stock 1 April 2011

Raw materials	R85 000
Finished goods	R36 000
Work in process	R44 000

Stock 31 March 2012

Raw materials	R45 000
Finished goods	R18 000
Work in process	R32 000

Transactions recorded for 2011/2012:

Direct labour: Factory	R260 000
Rent: Factory	R120 000
Rent: Administration	R142 000
Salary: Production manager	R100 000
Salary: Sales manager	R 85 000
Debtors	R 38 000
Creditors	R 26 000
Factory equipment at cost (purchased on 1 April 2009)	R380 000
Depreciation (15% p.a. cost price)	R ?
Raw materials received from suppliers	R222 000
Insurance: Factory	R 32 000
Insurance: Administration	R 28 000
Raw materials returned to suppliers	R 13 000
Manufacturing recovered during the financial year	R320 000

Prepare a production cost statement for the year ended 31 March 2012.

[20]**QUESTION 9**

The following information was taken from the books of Wheels Manufacturers:

Fixed costs	R400 000
Variable costs	R 60 000
Production (units)	R 3 000

- 9.1 Calculate the fixed cost per unit. (2)
- 9.2 Calculate the total fixed cost if 8 500 units were produced. (2)
- 9.3 Calculate the variable cost per unit. (2)
- 9.4 Calculate the total variable cost if 9 500 units were produced. (2)
- 9.5 Calculate the total cost of production if 3 500 units were produced. (3)

[11]

QUESTION 10

The following information was taken from the books of Wheels Manufacturers:

Factory plant and machinery at gross purchase price	R800 000
Depreciation rate	15% per year
Date purchased	1 July 2000

Calculate the depreciation on plant and machinery up to 30 June 2002 by using the following methods:

- 10.1 Straight-line method (4)
- 10.2 Diminishing balance method (8)
- [12]**

QUESTION 11

Name THREE components of production costs. **[3]**

TOTAL SECTION B: 140
GRAND TOTAL: 200

**EXAMINATION
NUMBER**

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CENTRE NUMBER

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COST AND MANAGEMENT ACCOUNTING N5

27 JUNE 2017

ANSWER BOOK

QUESTION 1	
QUESTION 2	
QUESTION 3	
QUESTION 4	
QUESTION 5	
QUESTION 6	
QUESTION 7	
QUESTION 8	
QUESTION 9	
QUESTION 10	
QUESTION 11	
TOTAL	
PERCENTAGE	

**EXAMINATION
NUMBER**

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QUESTION 1

1.1	A	B	C	D
1.2	A	B	C	D
1.3	A	B	C	D
1.4	A	B	C	D
1.5	A	B	C	D
1.6	A	B	C	D
1.7	A	B	C	D
1.8	A	B	C	D
1.9	A	B	C	D
1.10	A	B	C	D
1.11	A	B	C	D
1.12	A	B	C	D
1.13	A	B	C	D
1.14	A	B	C	D
1.15	A	B	C	D
1.16	A	B	C	D
1.17	A	B	C	D
1.18	A	B	C	D
1.19	A	B	C	D
1.20	A	B	C	D

(20 × 2) [40]

QUESTION 2

2.1	
2.2	
2.3	
2.4	
2.5	

(5 × 2) [10]

QUESTION 3

3.1	
3.2	
3.3	
3.4	
3.5	

(5 × 2) [10]

TOTAL SECTION A: 60

**EXAMINATION
NUMBER**

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QUESTION 5

5.1

(6)

5.2

(7)

5.3

(6)
[19]

**EXAMINATION
NUMBER**

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QUESTION 7

7.1 RAW MATERIALS

(6)

7.2 LABOUR CONTROL

(5)

7.3 MANUFACTURING OVERHEADS CONTROL

(8)

**EXAMINATION
NUMBER**

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7.4

PRODUCTION CONTROL

(8)

7.5

FINISHED GOODS

(5)

7.6

COST OF SALES

(4)

7.7

PROFIT AND LOSS

(4)
[40]

**EXAMINATION
NUMBER**

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QUESTION 9

9.1

(2)

9.2

(2)

9.3

(2)

9.4

(2)

9.5

(3)

[11]

**EXAMINATION
NUMBER**

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QUESTION 10

10.1

(4)

10.2

(8)
[12]

QUESTION 11

[3]

**TOTAL SECTION B: 140
GRAND TOTAL: 200**