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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N270**(E)**(J22)H

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

22 June 2018 (X-Paper)
09:00–12:00

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

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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.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Write neatly and legibly.

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SECTION A

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 Clock cards are used to obtain information regarding the …

A total actual hours worked.
B total actual number of units produced.
C total actual time spent on a specific job.
D actual number of employees the company has.

1.1.2 Variable cost per unit …

A changes according to the number of goods produced.
B stays the same at all levels of production.
C changes if levels of production change.
D changes in direct proportion to the changes in levels of production.

1.1.3 Period costs are costs that …

A are associated with a given accounting period rather than with a given product.
B remain constant irrespective of the changes in the units produced.
C may be saved by not accepting a given alternative.
D change in direct proportion to the changes in volume.

1.1.4 Production costs consist of direct material plus …

A direct labour plus manufacturing overheads.
B direct labour.
C manufacturing overheads.
D indirect costs.

1.1.5 The cost of raw materials used can be seen in the …

A production cost statement.
B balance sheet.
C cash flow statement.
D manufacturing overheads account.

1.1.6 Overrecovery means the …

A actual overheads are more than the allocated overheads.
B applied overheads for the period.
C allocated overheads are more than the actual overheads.
D NONE of the above

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1.1.7 Conversion costs refer to the combination of …

A manufacturing overheads plus direct material.
B direct labour cost plus manufacturing overheads.
C direct material plus manufacturing overheads.
D Both A and B

1.1.8 Job costing means a job done …

A according to the client's needs.
B according to previous production schedules.
C at a very short time (rushed job).
D according to a company's need.

1.1.9 The net income for a period is calculated in the …

A balance sheet.
B income statement.
C cash flow statement.
D production cost statement.

1.1.10 Management accounting deals with the provision of information to …

A people outside the business.
B people within the business.
C shareholders.
D the customers.

1.1.11 Short-term decisions can be seen as …

A strategic decisions.
B decisions to open or close branches of the company.
C operational decisions.
D Both A and C

1.1.12 ONE of the management functions includes …

A control.
B maintenance of the organisational chart.
C planning.
D Both A and C

1.1.13 ONE of the disadvantages of the piecework wage system is that …

A there is no direct relation to the pay and the number of units produced.
B workers are not paid according to their performance.
C it may lead to poor quality.
D it is simple to use.

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1.1.14 Work in process means work …

A completed.
B in production.
C still to be done.
D Both B and C

1.1.15 All payments by cheque will be recorded in the …

A cash receipts journal.
B creditor's journal.
C cash payments journal.
D general journal.

1.1.16 Prime costs include direct …

A material plus direct labour cost.
B labour cost plus manufacturing overheads.
C material plus factory overheads.
D material plus direct labour plus factory overheads.

1.1.17 Payroll is compiled to keep record of …

A all the employees' personal information.
B payments made during the financial period.
C all wages and salaries paid to the workers.
D payments made to suppliers.

1.1.18 When direct material is purchased, the material control account is …

A debited and the debtors control credited.
B debited and the production control credited.
C debited and the creditors control credited.
D credited and the creditors control debited.

1.1.19 Idle time means lost time due to …

A bottlenecks.
B wrong production.
C machine breakdowns.
D Both A and C

1.1.20 Cost accounting forms a link between financial accounting and …

A management accounting.
B business management.
C stock management.
D Both A and B

(20 × 2) (40)

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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 (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 Unit cost is the cost of producing one unit product.

1.2.2 Financial accounting provides information to external users.

1.2.3 Irrelevant costs are those costs that will not be affected by decisions.

1.2.4 Money paid to a painter decorating toys will be classified as direct labour.

1.2.5 Overtime premiums are regarded as indirect labour.

1.2.6 The cost of idle time is not treated as manufacturing overheads.

1.2.7 Political unrest does not have any influence on the labour productivity.

1.2.8 The cost system is the different ways in which the cost date is processed and evaluated.

1.2.9 Job costing is done on the basis of historical costs.

1.2.10 Leading is the skill of influencing and inspiring performance.

(10 × 2) (20)
[60]

TOTAL SECTION A: 60

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SECTION B

QUESTION 2

2.1 The following information from the records of DBZ Manufacturers was submitted to you for the week ended 15 September 2017.

Normal working days: Monday to Friday
Lunch time: Any time after 12:00 for ONE hour (remunerated)
Normal wage per hour: R15,00
Overtime rate: Saturday 1,25 of normal rate
: Sunday double the normal rate

Pension deductible at 9% of normal remuneration
Medical aid: 0,8% of normal remuneration
SITE (income tax): 10% of taxable income
Staff association: R60,00
UIF: 1% of normal remuneration

TABLE 1

TIME SHEET FOR NELISIWE NTULI – 17 SEPTEMBER 2017

WEEK DAY	MORNING		AFTERNOON		NORMAL TIME
	IN	OUT	IN	OUT	
Monday	08:00	12:00	13:00	16:00	(2.1.1)
Tuesday	08:00	12:00	13:00	16:00	(2.1.2)
Wednesday	08:00	12:00	13:00	16:00	(2.1.3)
Thursday	08:00	12:00	13:00	16:00	(2.1.4)
Friday	08:00	12:00	13:00	14:00	(2.1.5)
Saturday	08:00	12:00			(2.1.6)
Sunday	08:00	11:00			(2.1.7)

TABLE 2

EARNINGS FOR NELISIWE NTULI

REMUNERATION	HOURS	RATE	AMOUNT	DEDUCTIONS	AMOUNT
		R	R		
Normal income	(2.1.8)	R15	(2.1.9)	UIF	(2.1.16)
Overtime:1,25		(2.1.10)	(2.1.11)	Income tax	(2.1.17)
Overtime: 2		(2.1.12)	(2.1.13)	Medical aid	(2.1.18)
Total remunerations			(2.1.14)	Staff association	R50
Taxable income			(2.1.15)	Pension	(2.1.19)
				Total deductions	(2.1.20)
Net wage					(2.1.21)

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REQUIRED

Calculate the values in TABLE 1 and TABLE 2 by writing only the answer next to the question number (2.1.1–2.1.21) in the ANSWER BOOK.

NOTE: Use TABLE 1 (time sheet) and the given information to calculate TABLE 2 (earnings). (25)

2.2 The following are production costs of Photo Frame Manufacturers for December 2017:

Fixed costs	R400 000,00
Variable costs	R40 000,00
Units produced	2 000,00

2.2.1 Calculate the fixed cost per unit when 200 000 units would be produced. (2)

2.2.2 Determine the total fixed costs when 10 000 units would be produced. (2)

2.2.3 Calculate the variable cost per unit if 4 000 units would be produced. (3)

2.2.4 Calculate the total cost if the company would produce 5 000 units. (3)
[35]

QUESTION 3

Pure Car Ltd. produces spare parts for cars.

Balances on 1 August 2016

Raw materials on hand	40 000
Work still in production	50 000
Finished goods	60 000

The following transactions have to be recorded for August 2016:

Raw material issued to production	
Direct material	170 000
Indirect material	29 000
Wages paid	
Direct labour (5 500 hours worked)	320 000
Indirect labour	64 000
Raw material purchased from various creditors	202 000
Depreciation on factory equipment	22 000
Cost of sales for August 2016	570 000

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Goods to the value of R650 000,00 were completed and must be transferred to the finished goods account. Manufacturing overheads are recovered at R35,00 per labour hour.

REQUIRED

Draw up the following ledger accounts in the integrated accounting system. All ledger accounts must be properly balanced at the end of August 2016.

3.1 Material control (6)

3.2 Production control (7)

3.3 Finished goods control (5)

3.4 Manufacturing overheads control (7)

[25]

QUESTION 4

4.1 Mrs Smith is the owner of Designer Sitting Ltd. Designer Sitting Ltd. manufactures designer couches and uses a maximum of 250 000 m² and a minimum of 115 000 m² of wood per year. Ordering costs amount to R15,00 m² per order. Maximum order time is two weeks and minimum order time is one week. Last year stock holding costs per year were R10,00 per m², but these costs have since increased by 20%.

The company operates 50 weeks per year.

REQUIRED

4.1.1 Calculate the order point (5)

4.1.2 Calculate the economic order quantity (7)

4.1.3 Calculate the maximum stock (5)

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4.2 Cellphone Manufacturers had the following transactions in respect of material CD01 for May 2016. They buy all their raw materials from Inspection Suppliers.

May	1	Stock on hand: 75 units @ R7,00 each
	2	Bought 100 units @ R8,00 each
	4	Issued 50 units to the factory
	5	Bought 200 units @11,00 each
	9	Issued 60 units to the factory
	24	Issued 90 units to the factory
	28	Bought 170 units @ R16,00 each
	30	Returned 100 units to Inspection Suppliers (Received 28 May)

REQUIRED

Calculate the value of Material CD01 using the weighted average method. (Round off all amounts to the nearest TWO decimals). (18)
[35]

QUESTION 5

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

	INVENTORIES	
	1 March 2015	**29 February 2016**
Material control	57 000	43 000
Work in process	43 000	22 300
Finished goods	56 000	44 000

TRANSACTIONS RECORDED

Materials purchased	250 000
Turnover	840 000
Direct labour	70 000
Indirect labour	44 000
Administrative costs	52 000
Insurance of factory	42 000
Marketing costs	35 000
Electricity for factory	48 600
Rent of factory premises	26 400
Depreciation of factory machinery	32 800
Direct material transferred to factory	190 000

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ADDITIONAL INFORMATION

Manufacturing overheads are applied at 70% of direct material used.

REQUIRED

5.1 Prepare a production cost statement for the year ended on 29 February 2016. (20)

5.2 Calculate the income statement for the year ended on 29 February 2016. (10)
[30]

QUESTION 6

The following information relates to a manufacturing department of Comfortable Furniture:

	BUDGETED DATA	ACTUAL DATA
Direct material	100 000	140 000
Direct labour	200 000	250 000
Production overheads	200 000	230 000
Direct labour hours	50 000	62 500
Machine hours	40 000	50 000

REQUIRED

6.1 Calculate the predetermined overhead rate for the period based on:

6.1.1 Direct labour cost

6.1.2 Machine hours

(2 × 3) (6)

6.2 Calculate the production overhead cost to be charged based on the overhead rates calculated in QUESTIONS 6.1.1 and 6.1.2. (6)

6.3 Calculate the under-/overrecovery of the production overheads, assuming that the machine hour rate of absorption is used. (3)
[15]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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EXAMINATION NUMBER:

COST AND MANAGEMENT ACCOUNTING N5

22 JUNE 2017

ANSWER BOOK

FOR EXAMINER'S AND MODERATOR'S USE ONLY		
QUESTIONS	**EXAMINER'S MARK**	**MODERATOR'S MARK**
SECTION A		
QUESTION 1		
SECTION B		
QUESTION 2		
QUESTION 3		
QUESTION 4		
QUESTION 5		
QUESTION 6		
TOTAL		
PERCENTAGE		**%**

DO NOT PLACE THIS ANSWER BOOK IN ANY OTHER ANSWER BOOK.

This answer book consists of 10 pages.

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EXAMINATION NUMBER: | | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | |

SECTION A

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 × 2) (40)

1.2 1.2.1 _____
1.2.2 _____
1.2.3 _____
1.2.4 _____
1.2.5 _____
1.2.6 _____
1.2.7 _____
1.2.8 _____
1.2.9 _____
1.2.10 _____

(10 × 2) (20)
[60]

TOTAL SECTION A: 60

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EXAMINATION NUMBER: | | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | |

SECTION B

QUESTION 2

2.1

2.1.1 _____

2.1.2 _____

2.1.3 _____

2.1.4 _____

2.1.5 _____

2.1.6 _____

2.1.7 _____

2.1.8 _____

2.1.9 _____

2.1.10 _____

2.1.11 _____

2.1.12 _____

2.1.13 _____

2.1.14 _____

2.1.15 _____

2.1.16 _____

2.1.17 _____

2.1.18 _____

2.1.19 _____

2.1.20 _____

2.1.21 _____

(25)

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EXAMINATION NUMBER: | | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | |

2.2 2.2.1 _____

_____

_____ (2)

2.2.2 _____ (2)

2.2.3 _____

_____

_____

_____ (3)

2.2.4 _____

_____

_____

_____ (3)

[35]

QUESTION 3

3.1

Dr		**MATERIALS CONTROL ACCOUNT**			**Cr**

(6)

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CENTRE NUMBER: | | | | | | | |

3.2

Dr	PRODUCTION CONTROL ACCOUNT				Cr

(7)

3.3

Dr	FINISHED GOODS ACCOUNT				Cr

(5)

3.4

Dr	MANUFACTURING OVERHEADS CONTROL ACCOUNT				Cr

(7)
[25]

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QUESTION 4

4.1 4.1.1

(5)

4.1.2

(7)

4.1.3

(5)

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4.2 **STOCK LEDGER CARD OF CELLPHONE MANUFACTURERS: MATERIAL CD01**

DATE	RECEIPTS			ISSUES			BALANCE		
	UNITS	PRICE	TOTAL	UNITS	PRICE	TOTAL	UNITS	PRICE	TOTAL
		R	R		R	R		R	R
1									

(18)
[35]

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CENTRE NUMBER: | | | | | | | |

QUESTION 5

5.1 **PRODUCTION COST STATEMENT OF BOOTH MANUFACTURERS FOR THE YEAR ENDED 29 FEBRUARY 2016**

(20)

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CENTRE NUMBER: | | | | | | | |

5.2 **INCOME STATEMENT OF BOOTH MANUFACTURERS FOR THE YEAR ENDED 29 FEBRUARY 2016**

(10)
[30]

QUESTION 6

6.1 6.1.1 _____

_____

_____

_____

_____

_____

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CENTRE NUMBER: | | | | | | | |

6.1.2

(2 × 3) (6)

6.2

(6)

6.3

(3)
[15]

TOTAL SECTION A: 140
GRAND TOTAL: 200

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