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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

COST AND MANAGEMENT ACCOUNTING N5

4 JUNE 2013

This marking guideline consists of 9 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	A✓✓
	1.1.2	C✓✓
	1.1.3	A✓✓
	1.1.4	A✓✓
	1.1.5	B✓✓
	1.1.6	C✓✓
	1.1.7	B✓✓
	1.1.8	D✓✓
	1.1.9	B✓✓
	1.1.10	C✓✓
	1.1.11	D✓✓
	1.1.12	A✓✓
	1.1.13	C✓✓
	1.1.14	B✓✓
	1.1.15	A✓✓
	1.1.16	A✓✓
	1.1.17	B✓✓
	1.1.18	D✓✓
	1.1.19	C✓✓
	1.1.20	A✓✓

(20 × 2) (40)

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1.2 1.2.1 True✓✓

1.2.2 False✓✓

1.2.3 True✓✓

1.2.4 True✓✓

1.2.5 False✓✓

(5 × 2) (10)

1.3 1.3.1 UNIT COST = What it costs to produce one unit of a specific product. (Total cost divided by number of units produced)✓✓

1.3.2 UNDERRECOVERED OVERHEADS = When the recovered overheads applied to the production process are less than the actual overheads.✓✓

1.3.3 MANUFACTURING OVERHEADS = All other manufacturing costs other than direct material and direct labour.✓✓

1.3.4 OPPORTUNITY COST = Income which is sacrificed when a certain option is chosen in stead of another.✓✓

1.3.5 PAYROLL = A payroll is compiled to record the worker's gross salaries/wages.✓✓

(5 × 2) (10)
[60]

TOTAL SECTION A: 60

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SECTION B

QUESTION 2

2.1	RAW MATERIAL CONTROL						
March	Balance	10 000	✓	March	Production control	18 200	✓
	Creditors/Bank	18 600	✓		Manufacturing overheads	6 600	✓
	Creditors/Bank(railage)	850	✓		Balance c/d	9 200	✓
	Creditors/Bank(indirect mat)	4 550	✓				✓
		34 000				34 000	

(7)

2.2	PRODUCTION CONTROL						
March	Balance	12 000	✓	March	Finished goods	83 200	✓
	Raw material control	18 200	✓		Balance c/d	13 500	✓
	Labour control	21 000	✓				
	Overheads control	45 500	✓				
				✓			
		96 700		✓		96 700	

(6)

2.3	MANUFACTURING OVERHEADS CONTROL						
March	Labour control	8 000	✓	March	Production control	45 500	✓
	Rent	12 000	✓		Cost of sales	3 800	✓
	Insurance	13 800	✓				
	Raw material control	6 600	✓				
	Water and electricity	8 900	✓				
		49 300	✓			49 300	

(8)

2.4	LABOUR CONTROL						
March	Bank	21 000	✓	March	Production control	21 000	✓
	Bank	8 000	✓		Manufacturing overheads	8 000	✓
		29 000		✓		29 000	

(4)

2.5	FINISHED GOODS CONTROL						
March	Balance	6 000	✓	March	Cost of sales	66 800	✓
	Production control	83 200	✓		Balance c/d	22 400	✓
		89 200	✓	✓		89 200	

(5)

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2.6	COST OF SALES						
March	Finished goods	66 800	✓	March	Trading account	70 600	✓
	Overheads	3 800	✓				
		70 600	✓			70 600	

(4)

2.7	TRADING ACCOUNT						
March	Cost of sales	70 600	✓	March	Sales	111 100	✓
	Gross profit	40 500	✓				
		111 100	✓			111 100	

(4)

2.8	PROFIT AND LOSS ACCOUNT						
March	Salaries	13 400	✓	March	Trading account	40 500	✓
	Insurance	7 200	✓		Net loss	4 100	✓
	Rent expense	5 800	✓				
	Advertising	9 300	✓				
	Sundry office expenses	8 900	✓				
		44 600				44 600	

(7)
[45]

QUESTION 3

3.1 3.1.1 R26 000 – R11 700✓✓
14 300✓ (3)

3.1.2 R11,700✓

650 UNITS✓

R18,00 PER UNIT✓ (3)

3.1.3 R14,300✓

650 UNITS✓

R22,00 PER UNIT✓ (3)

3.1.4 (FIXED COST = R14 300) + (VARIABLE COST = 320 UNITS × R18,00)✓✓

R14 300 + R5 760✓✓

R20 060✓ (5)

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3.2 3.2.1

PRODUCTION COST STATEMENT OF SASA MANUFACTURERS – 30 JUNE 2013			
Stock 1 June 2013	45 000		✓
Plus: Purchases	135 000		✓
Stock available for use	180 000		✓
Min: Stock 30 June 2013	28 000		✓
Material used during June 2013		152 000	✓
Plus: Direct labour		160 000	✓
Prime cost		312 000	✓
Plus: Manufacturing overheads		138 000	✓
Cost of production of finished goods		450 000	✓✓

(10)

3.2.2

INCOME STATEMENT OF SASA MANUFACTURERS – 30 JUNE 2013			
Sales		850 000,00	✓
Less: Cost of sales		441 000,00	✓
Finished goods (1 June 2013)	63 000,00		✓
Plus: Cost of production	450 000,00		✓
Finished goods available for use	51 3000,00		✓
Less: Finished goods (30 June 2013)	72 000,00		✓
Gross profit		409,000,00	✓
Less: Expenses		92 000,00	✓
Wages: Administration and sales	55 000,00		✓
Marketing costs	22 000,00		✓
General administration costs	15 000,00		✓
Net profit		317 000,00	✓ ✓

(13)
[37]

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QUESTION 4

4.1	STOCK LEDGER CARD: ITEM KL036											
DATE	RECEIPTS				ISSUES				BALANCE			
	UNITS	PRICE	TOTAL		UNITS	PRICE	TOTAL		UNITS	PRICE	TOTAL	
1									250	8,50	2 125,00	✓
2	250	9,00	2 250	✓					250	8,50	2 125,00	✓
									250	9,00	2 250,00	
6					250	8,50	2 125	✓	250	9,00	2 250,00	✓
8	125	12,00	1 500	✓					250	9,00	2 250,00	✓
									125	12,00	1 500,00	
10					250	9,00	2 250	✓				✓
					100	12,00	1 200	✓	25	12,00	300,00	✓
22	200	13,00	2 600	✓					25	12,00	300,00	✓
									200	13,00	2 600,00	
26	100	13,50	1 350	✓					25	12,00	300,00	
									200	13,00	2 600,00	✓
									100	13,50	1 350,00	
27					25	12,00	300	✓				✓
					105	13,50	1 417,5	✓	95	13,00	1 235,00	✓
								✓	100	13,50	1 350,00	
30	(75)	(13,00)	(975)	✓				✓	20	13,00	260,00	✓
									100	13,50	1 350,00	

(20)

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4.2 4.2.1 ECONOMIC ORDER QUANTITY

$$\frac{2 \times \text{annual consumption} \times \text{order cost/cost of placing an order}}{\text{Holding cost of one unit per year}}$$ ✓

$$\frac{2 \times 80\,000 \times 45{,}35}{0{,}50}$$ ✓

= 14 512 000✓

3 809,46 OR 3 809 units✓ (4)

4.2.2 ORDER POINT

Maximum order period × Maximum use✓

3 weeks × (80 000 ÷ 50)✓✓

4 800 units✓ (4)

4.2.3 MAXIMUM STOCK

Order point + EOQ – (Minimum use × Minimum order period)✓

4 800 + 3 809 – (2 300 × 1 week)✓✓

6 309 units✓ (4)
[32]

QUESTION 5

5.1 Normal wage: 40 hours × R285,50 per hour
= R11 420,00✓✓ (2)

5.2 Overtime: 48 – 8 hours × (R285,50 × 1,25)
= R2 855,00✓✓ (2)

5.3 Bonus (200 units ÷ 20 units) × R45,00
= R450,00✓✓ (2)

5.4 Gross: R11,420,00 + R2 855,00 + R450,00
= R14 725,00✓✓ (2)

5.5 Provident fund: R11 420 × 5 ÷ 100
= R571,00✓✓ (2)

5.6 PAYE: (R14 725 – R571) × 25 ÷ 100
= R3 538,50✓✓ (2)

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5.7 Prov Fund: R11 420 × 5 ÷ 100
= R571,00✓✓

Medical: R 11 420 × 8.5 ÷ 100
= R970,70✓✓

UIF: R11 420 × 1 ÷ 100
= R114,20✓✓

PAYE: (R14 725 – 571) × 25 ÷ 100
= R3 538,50✓✓

Net wage: R11420 – R571 – R970 – R114.20
= R9 530,60✓✓ (10)

5.8 Employer Prov Fund:
= R11 420 × 7,5 ÷ 100
= R856,50✓✓ (2)

5.9 Employer Med Aid:
= R970,00 × 1,5
= R1 455,00✓✓ (2)
[26]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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