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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

22 JUNE 2016

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

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

(20 x 2) (40)

1.2	1.2.1	True
	1.2.2	False
	1.2.3	True
	1.2.4	True
	1.2.5	True

(5 x 2) (10)

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1.3 1.3.1 J

1.3.2 D

1.3.3 E

1.3.4 F

1.3.5 B

(5 x 2) (10)
[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1 **PRODUCTION COST STATEMENT OF TYRES MANUFACTURERS FOR THE MONTH ENDED 31 DECEMBER 2014**

RAW MATERIAL			
Stock: 1 December	12 000		✓
Plus: Purchases	154 000		✓
Stock available for consumption	166 000		✓
Less: Stock 31 December	14 000		✓
Raw material used during the year		152 000	✓
Direct labour		189 000	✓
Primary cost		341 000	✓
Manufacturing costs (recycle)		105 000	✓
ACTUAL MANUFACTURING OVERHEADS			
Factory rent	26 000		✓
Factory electricity	22 000		✓
Indirect labour	38 000		✓
Indirect raw materials	10 000		✓
Depreciation: Factory equipment	200		✓✓
Actual manufacturing overheads	96 200		✓
Plus: Overrecovery of manufacturing overheads	8 800		✓
Total cost of production		446 000	✓
Plus: Stock of work in progress 1 January 2014		18 000	✓
Less: Stock of work in process 31 December 2014		(26 000)	✓
Cost of production on finished products		438 000	✓

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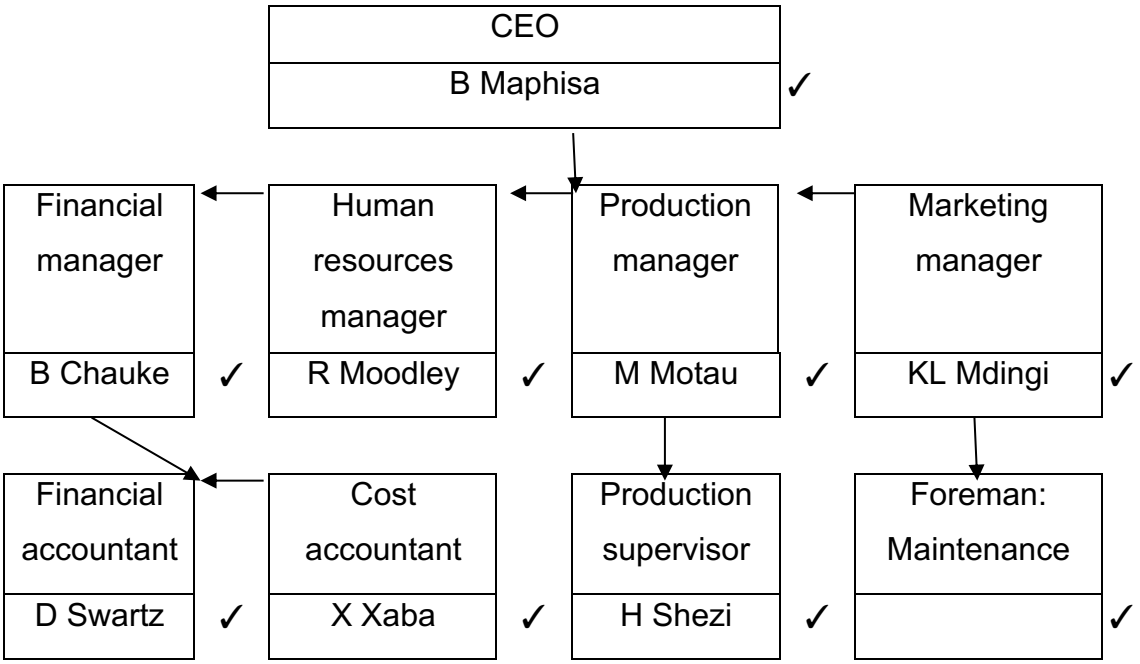
INCOME STATEMENT OF TYRES MANUFACTURERS FOR THE MONTH ENDED 31 DECEMBER 2014

Sales		580 000	✓
Less: Cost of sales		471 200	✓
Finished goods inventory (1 December)	28 000		✓
Plus: Cost of production	475 200		✓
Finished goods ready for sale	503 200		✓
Less: Finished goods inventory	32 000		✓
Gross profit		108 800	✓
Less: Other expenses: Selling and admin costs		45 000	✓
Net profit for the year		63 800	✓✓

(10)

2.2



(9)
[39]

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QUESTION 3

3.1

RAW MATERIAL CONTROL

Balance b/f	✓	46 000	Production control	✓	63 500
Creditors	✓	32 000	Balance b/f		30 000
Bank	✓	8 000			
Bank (railage)	✓	7 500			
		93 500			**93 500**
Balance b/d	✓	30 000			

(6)

3.2

PRODUCTION CONTROL

Balance b/f	✓	11 000	Finished products	✓	107 000
Raw material control	✓	63 500	Balance b/f		17 500
Labour control	✓	25 000			
Manufacturing overheads control	✓✓	25 000			
		124 500			**124 500**
Work in progress	✓	17 500			

(7)

3.3

FINISHED GOODS CONTROL

Balance b/f	✓	52 000	Cost of sales	✓	114 000
Production control	✓	107 000	Balance b/f		45 000
		159 000			**159 000**
Balance b/d	✓	45 000			

(5)

3.4

MANUFACTURING OVERHEADS CONTROL

Consumer goods	✓	5 750	Production control	✓	25 000
Direct labour	✓	4 000			
Depreciation	✓	2 583			
Maintenance	✓	1 600			
Water and electricity	✓	3 500			
Rent	✓	4 800			
Insurance	✓	2 000			
Cost of sales	✓✓	767			
	✓	**25 000**			**25 000**

(11)

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3.5

COST OF SALES

Finished products	✓	114 000	Manufacturing	✓	767
			Trading account	✓✓	113 233
		114 000			**114 000**

(4)

3.6

TRADING ACCOUNT

Cost of Sales	✓	113 233	Sales	✓	180 000
Profit and Loss	✓✓	66 767			
		180 000			**180 000**

(4)

3.7

PROFIT AND LOSS ACCOUNT

Depreciation: Equipment	✓	350	Trading account	✓	66 767
Advertisements	✓	2 500			
Salary	✓	4 500			
Commission	✓	17 000			
Insurance	✓	1 000			
Water and electricity	✓	500			
Sundry expenses	✓	9 750			
Net profit		31 167			
		66 767			**66 767**

(10)

[47]

QUESTION 4

4.1 4.1.1 ORDER POINT

Maximum order period x maximum use ✓
4 x 1 200 ✓✓
48 000 ✓ (4)

4.1.2 ECONOMIC ORDER QUANTITY

$$\frac{2 \times \text{annual usage} \times \text{ordering cost}}{\text{annual storage costs of a unit}}$$ ✓

$$\frac{2 \times 120\,000 \times 40}{1{,}20}$$ ✓✓✓ ✓

2 828,42 or 2 828 units ✓ (6)

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4.1.3 MAXIMUM STOCK LEVEL

Order point + EOQ – (Minimum use x minimum order period) ✓
48 000 + 2 828 - (9 000 x 2) ✓✓✓
32 828 units ✓

(5)

4.1.4 AVERAGE STOCK

Average stock = (order size/2) + safety stock ✓
(2 828/2) + 6 000 ✓✓✓
7 415 units ✓

(5)

4.2

4.2.1	R1 250
4.2.2	R1 250
4.2.3	R1 000
4.2.4	R1 000
4.2.5	R300
4.2.6	R300
4.2.7	R450
4.2.8	R450
4.2.9	R1 275
4.2.10	R1 700
4.2.11	R750
4.2.12	R1 125
4.2.13	R360
4.2.14	R600
4.2.15	R2,48
4.2.16	R1,50
4.2.17	R0,98

(17 x 1) (17)
[37]

QUESTION 5

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Normal payment (40 hours at R45 per hour)	1 800	✓✓
Overtime pay (10 hours at R45 x 1,5)	675	✓✓
Production bonus (100/25 x R25)	100	✓✓
Total gross payment	**2 575**	✓
Less: Pension contribution (1 800 x 5,7%)	135	✓✓
Medical fund contributions (R125)	125	✓
SITE (income tax) (R2 575 - R135) x 10%	244	✓✓
UIF (R1 800 x 1%)	18	✓✓
Total deductions	**522**	✓

Net wage	**2 053**	✓✓

[17]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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