higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N6

12 JUNE 2018

This marking guideline consists of 8 pages.

Copyright reserved

QUESTION 1

1.1 1.1.1 Total variable cost = no. of units produced multiplied by variable cost per unit

TVC = 800 × 3,25✓
= R 2 600,00✓

1.1.2 TC = TVC + TFC
= 2 600 + 1 900✓
= 4 500✓

1.1.3 SP/U = Total sales / No. of units sold
= 15 000✓ / 450
= R33,33✓

1.1.4 TC = TVC + TFC
= (1 000 × 3,25) +1 900
= 3 250✓ + 1 900
= 5 150✓

(4 × 2) (8)

1.2 1.2.1 (5 400 000 + R600 000)
R6 000 000✓✓✓ (3)

1.2.2 Retention money = certified work – cash received

500 000 = 4 500 000 – CR
= 4 500 000 – 500 000
= 4 000 000✓✓✓

Give a student THREE marks for correct answer irrespective of the kind of method used. (3)

1.2.3 Certified work is the work that is complete✓ and has been certified by the architect and is ready for payment,✓✓ while uncertified work is the work in progress,✓✓ completed but not yet certified and not ready for payment.✓ (6)

1.2.4 Retention money is the money that the contracting party can hold back for a period after the completion of the contract to protect them against defects. ✓✓✓ (3)

1.3 1.3.1 D
1.3.2 E
1.3.3 B
1.3.4 A
1.3.5 C

(5 × 2) (10)

1.4 1.4.1 BFO – AFO
= 7 000✓– 7 250✓
= 250 UN✓ (3)

1.4.2 (ST – BT)SR
= (580✓– 700✓)7 000/700✓
= (120)10
= 1 200 UN✓ (4)

1.5 1.5.1 False
1.5.2 False
1.5.3 True
1.5.4 True
1.5.5 True

(5 × 2) (10)
[50]

QUESTION 2

2.1 2.1.1

PRODUCTION CONTROL ACCOUNT

Balance b/d	30 000✓		Finished goods	216 000✓✓
Material control	130 000✓		Balance c/d	152 000✓
Labour control	104 000✓			
Applied overheads	104 000✓✓			
	368 000✓			368 000✓
Balance c/d	152 000			

(10)

2.1.2

RAW MATERIAL ACCOUNT

Balance b/d	46 000✓		Production control	130 000✓
Bank/ creditors	180 000✓		Balance c/d	96 000✓
	226 000			226 000
Balance b/d	96 000			

(4)

2.1.3

MANUFACTURING OVERHEADS ACCOUNT

Actual overheads	110 500✓		Applied overheads	104 000✓
			Cost of sales✓ (under-recovered)	6 500✓

(4)

2.1.4 **APPLIED OVERHEADS ACCOUNT**

Manufacturing overheads	104 000✓		Production control	104 000✓

(2)

2.1.5 **FINISHED GOODS ACCOUNT**

Balance	256 000		Cost of sales✓	216 000
Production control	216 000✓			

(2)

2.2 **Job costing statement**

Balance b/d	30 000,00✓
Direct materials	66 000,00✓
Direct labour	60 000,00✓
Applied overheads	60 000,00✓
Production costs	216 000,00✓
Selling and admin	64 000,00✓
Total cost	280 000,00
Profit @20%	56 0000,00✓
Selling price	336 000,00✓

(8)
[30]

QUESTION 3

3.1 **CONTRACT ACCOUNT**

Wages (labour cost)	600 000✓	Material transferred	45 000✓
Material issued	550 000✓	Material on hand (31/12/16)	15 500✓
Machinery (31/12/15)	265 000✓	Machinery (31/12/16)	260 000✓
Subcontractors	60 000✓	Material returned to suppliers	12 500✓
Provision for latent defects	327 000✓✓	Certified work	1 500 000✓
Profit and loss	981 000✓✓	Uncertified work	950 000✓
	2 783 000✓		2 783 000

(15)

3.2 Total estimated profit = (contract price + extras) – total estimated cost
= (10 000 000 + 105 000) – 8 900 000
= 1 205 000✓✓ (2)

3.3 % of Completion = $\frac{\text{Certified Work}}{\text{Contract Price}} \times \frac{100}{1}$
= $\frac{1500\ 000}{10\ 000\ 000}$ ✓✓
= 15%✓

(If this calculation is shown THREE marks must be allocated as shown, otherwise if not shown marks should be allocated as done below).

% completion × $\frac{\text{estimated profit}}{1}$ × $\frac{\text{cash received}}{\text{certified work}}$

= 15% ✓✓ × $\frac{1\ 205\ 000}{1\ 500\ 000}$✓ × $\frac{1\ 600\ 000}{1\ 500\ 000}$✓
= 192 787,95✓✓ (10)

NOTE: Give circle mark for the figure [TEP] used even if it is incorrect as long as it is the same amount calculated in QUESTION 3.2.

3.4 550 000✓– (45 000✓ + 15 500✓ + 12 500✓)
= 477 000✓✓ (6 × ½) (3)
[30]

QUESTION 4

4.1 (SP – AP)AQ
= (45✓– 40✓)15 000✓
= (5)15 000
= 75 000✓ Favourable✓ (5)

4.2 (SQ – AQ)SP
= [(5 × 1 500)✓ – 8 000✓] 45✓
= (7 500 – 8 000)45
= (500)45
= 22 500✓ Unfavourable✓ (5)

4.3 (SR – AR)AT
= (35✓– 39✓) 4 250✓
= (4)4 250
= 17 000✓ Unfavourable✓ (5)

4.4 (ST – AT)SR
= [(3,5 × 1 500)5 250✓– 4 250✓]35✓
= (1 000)35
= 35 000✓ Favourable✓ (5)

4.5 BFO – AFO
= (15 000 – 17 500)
= 2 500 Unfavourable
Therefore: the actual fixed overheads is R17 500✓✓✓✓✓ (5)

4.6
- Untrained workers✓✓
- Poor supervision of workers✓✓
- Poor quality material used, thus resulted in more hours to produce
- Machines and tools used in production not in good condition
- Mismanagement of break time by workers (Any 2 x 2) (4)

4.7 False (1)
[30]

QUESTION 5

5.1.1 $BEQ = \frac{TFC}{MI/U}$
$= 105\,000^{*}✓ \div 10✓$
$= 10\,500$ units✓

*60 000 + 45 000 = 105 000 (3)

5.1.2 BEV = BEQ × SP/U
= 10 500✓ × 30✓
= R315 000✓ (3)

5.1.3 $\frac{(SALES - BREAK\text{-}EVEN\ VALUE)}{SALES} \times \frac{100}{1}$

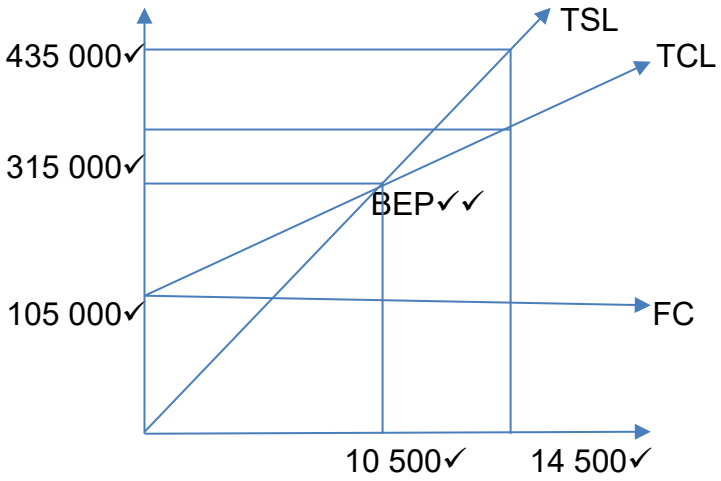
$\frac{(435\,000✓ - 315\,000✓)}{435\,000} \times \frac{100}{1}$

27,5% OR 28%✓

Sales * 14 500 × 30 = 435 000 (3)

5.1.4 Total sales less break-even value
435 000✓ – 315 000✓
= 120 000✓ (3)

5.1.5



(7)

5.2 **Income statement**

Sales (800 × 1500)	1 200 000✓
Less: Variable cost	(236 000)
Direct material	80 000✓
Direct labour	65 000✓
Variable manufacturing overheads	20 000✓
Variable selling and administrative cost	71 000✓✓
Selling (60 000 × 65%) = 39 000	
Administrative (40 000 × 80%) = 32 000	
= Marginal income	964 000
Less: Fixed costs	(74 000)
Manufacturing overheads	45 000✓
Selling and administrative cost	29 000✓✓
Selling (60 000 × 35%) = 21 000	
Administrative (40 000 × 20%) = 8 000	
= Net income	890 000✓✓

(11)
[30]

QUESTION 6

6.1

Credit sales		**MAY**	**JUNE**
March	150 000	52 500✓	15 000✓
April	168 000	84 000✓	58 800✓
May	184 800		92 400✓
June	203 280		
TOTAL		136 500	166 200

(5)

6.2

	MAY	**JUNE**
Opening bank balance	(35 000) ✓✓	80 950✓
Cash sales	123 200✓	135 520✓
Credit sales	136 500✓	166 200✓
Total receipts	224 700	382 670
Cash purchases	62 750✓	69 000✓
Credit purchases	60 000✓	62 750✓
Sundry expenses	12 000✓	12 000✓
Wages	9 000✓	9 000✓
Total payments	143 750	152 750
Closing bank balance	80 950✓	229 920✓

(17)

OR

	MAY	**JUNE**
RECEIPTS		
Cash sales	123 200✓	135 520✓
Credit sales	136 500✓	166 200✓
Total receipts	259 700	301 720
PAYMENTS		
Cash purchases	62 750✓	69 000✓
Credit purchases	60 000✓	62 750✓
Sundry expenses	12 000✓	12 000✓
Wages	9 000✓	9 000✓
Total payments	143 750	152 750
Cash surplus /shortfall	115 950	148 970
opening bank balance	(35 000)✓✓	80 950✓
Closing bank balance	80 950✓	229 920✓

6.3 Bad debts

March = 7 500✓✓
April = 8 400✓✓
May = 9 240✓✓
June = 10 164✓✓ (8)

[30]

TOTAL: 200

Copyright reserved