higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N270**(E)**(J22)H
JUNE EXAMINATION

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

22 June 2016 (X-Paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 12 pages and 1 answer book of 12 pages.

GENERAL STUDIES

Copyright reserved

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. Use only the ANSWER BOOK provided and do not attach any other ANSWER BOOK to the one provided with the question paper.
3. Write your EXAMINATION NUMBER and CENTRE NUMBER in die spaces provided at the rop of each page of your ANSWER BOOK.
4. Read ALL the questions carefully.
5. ALL calculations, where applicable, MUST be shown.
6. Write neatly and legibly.

GENERAL STUDIES

Copyright reserved

SECTION A

QUESTION 1

1.1 Various options are given as possible answers to each question. Choose the correct answer and make a cross next to the appropriate letter (A–D) and question number (1.1.1–1.1.20) in the ANSWER BOOK.

1.1.1 The organisation chart shows the …

A performance of each employee.
B company's management structure.
C objective of the company.
D functions of the human resource manager.

1.1.2 Underrecovery occurs when ...

A budgeted overhead exceeds actual overhead.
B allocated overhead exceeds actual overhead.
C actual overhead is more than budgeted overhead.
D actual overhead exceeds allocated overhead.

1.1.3 Management accounting deals with providing …

A historical data.
B information to business competitors.
C information for internal use.
D information for external use.

1.1.4 The … journal provides the total overheads actually spent during the year.

A petty cash payments
B cash payments
C cash receipts
D creditors allowances

1.1.5 The production control account will NOT be debited with the following entry:

A Direct labour
B Direct material
C Manufacturing overheads
D Indirect labour

GENERAL STUDIES

1.1.6 Mpho Suppliers sent trading stock to HB Traders. These goods have not yet arrived, but HB Traders has included it in their stock. This stock is called …

A normal stock.
B stock in transit.
C safety stock.
D buffer stock.

1.1.7 Which ONE of the following is NOT a human factor that may influence labour productivity?

A Proper training not provided to the workers
B Weather conditions and high humidity in the factory
C Job is physically too demanding for the worker
D Required productivity levels are set too high

1.1.8 One of the management functions are …

A bookkeeping.
B controlling.
C drawing up a cash budget.
D drawing up financial statements for a specific period.

1.1.9 A production report is compiled to control …

A manufacturing overhead costs.
B the work in progress.
C raw materials used.
D labour cost.

1.1.10 Primary costs consist of …

A manufacturing overhead cost.
B direct labour.
C direct raw material.
D B and C

1.1.11 The monthly rental paid for a photocopier is … cost.

A fixed
B variable
C process
D opportunity

1.1.12 Actual manufacturing overheads are the …

A total of the overheads spent during the year.
B overheads for a short period of time.
C overheads budgeted for the period.
D overheads for the future.

GENERAL STUDIES

Copyright reserved

1.1.13 The monthly rental paid every month for a business rent is the … cost.

A variable
B opportunity
C fixed
D prime

1.1.14 When the stock reaches the … point, a new order needs to be placed.

A economic order
B minimum stock
C order
D maximum stock

1.1.15 The production cost statement is a summary of the … control account.

A production
B finished goods
C manufacturing overheads
D material

1.1.16 The FIFO method of stock valuation means stock …

A bought last will be sold first.
B bought first will be sold first.
C will be sold at an average price.
D will be sold at cost price.

1.1.17 Net wage is calculated as follows: Gross salary …

A minus overtime
B plus tax
C minus total deductions
D plus overtime

1.1.18 The issue of raw material to production will be recorded in the journal as follows:

A Dr – Production control
  Cr – Material control
B Dr – Material control
  Cr – Finished goods control
C Dr – Finished goods control
  Cr – Material control
D Dr – Material control
  Cr – Production control

GENERAL STUDIES

1.1.19 The production cost statement is a summary of the …

A finished goods.
B material.
C production control account.
D manufacturing overheads.

1.1.20 One of the examples of people outside a business are the …

A managers.
B shareholders.
C owners.
D employees.

(20 x 2) (40)

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 (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 The rate of allocation will be the budgeted overhead divided by a suitable base.

1.2.2 One of the goals of management accounting is to provide information to people outside the business.

1.2.3 Indirect labour can be the wage paid to the supervisor on the building site.

1.2.4 The income statement can show the total equity and liability.

1.2.5 Weighted average method is calculated after each receipt of stock and then the average price is used as the issue price.

(5 x 2) (10)

GENERAL STUDIES

1.3 Choose an item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–J) next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	Output is the result of a series of ongoing operations or processes	A	conversion cost
1.3.2	... is giving up resources that are measured in terms of money to achieve a specific goal	B	opportunity cost
1.3.3	Costs not related to a specific product, but at the time in which it was accumulated	C	variable cost
1.3.4	Record is kept daily of material and stock received and issued	D	cost
1.3.5	Potential loss or sacrifice when the firm had to give up a certain course of action and choose another	E	periodic cost
		F	perpetual/continuous stock system
		G	organisation
		H	short-term decisions
		I	control
		J	process cost

(5 x 2) (10)

TOTAL SECTION A: 60

GENERAL STUDIES

SECTION B

QUESTION 2

2.1 The following information was taken from the books of Tyres Manufacturers:

Balance on 1 December 2014:

Raw materials	R12 000
Production (work in process)	R18 000
Finished goods	R28 000
Factory equipment (cost R14 000)	R12 000

The following transactions took place during December 2014:

Raw materials purchased from creditors	R154 000
Factory rent paid	R26 000
Factory electricity paid	R22 000
Factory wages paid (directly)	R189 000
Salary paid to factory supervisor	R38 000
Direct material transferred to factory	R236 000
Indirect raw materials transferred to factory	R10 000
Sales of finished goods	R580 000
Manufacturing overheads recovered	R105 000
Selling and administrative costs	R45 000
Depreciation on factory equipment = 20% on the diminishing balance method	

Balance at 31 December 2014:

Raw materials	R14 000
Production	R26 000
Finished goods	R32 000

REQUIRED

Prepare the Production Cost Statement and Income Statement of Tyres Manufacturers as on 31 December 2014. (30)

GENERAL STUDIES

2.2 Aircon Coolers has just opened a new manufacturing plant in White River. The following staff members and/or management were appointed on a permanent basis after the necessary human resource processes were followed:

NAME	POSITION IN THE BUSINESS
B Maphisa	Chief executive officer
B Chauke	Financial manager
M Motau	Production manager
D Swartz	Financial accountant
H Shezi	Production supervisor
X Xaba	Cost accountant
R Moodley	Human resources manager
KL Mdingi	Marketing manager

REQUIRED

Draw the organisation chart of Aircon Coolers and clearly show the names of employees and the relevant position in the company. (9)

[39]

GENERAL STUDIES

QUESTION 3

The following information was obtained from the accounting records of Speedy Bakeries:

Balances on 1 October 2014:

Factory equipment	200 000
Office equipment	32 000
Accumulated depreciation on factory equipment	45 020
Raw materials	11 000
Accumulated depreciation on office equipment	46 000
Work in progress	11 000
Finished goods for sale	52 000
Consumer goods	3 500
Debtors control	33 700
Creditors control	27 500

Transactions for October 2014:

Raw materials purchased from suppliers	32 000
Raw material issued to the factory	63 500
Sales of finished products	180 000
Depreciation at 20% p.a. on the book value of: Factory equipment for October 2014.	?
Depreciation at 20% p.a. on the book value of: Office equipment for October 2014	?

Payments made:

Raw material purchased	8 000
Railage paid on raw materials purchased	7 500
Direct labour	25 000
Salaries of factory supervisor	4 000
Commission sales staff	17 000
Salary paid to the receptionist	4 500
Insurance: Factory	2 000
Insurance: Sales and administration	1 000
Rent: Factory	4 800
Consumer goods	3 500
Advertisements	2 500
Water and electricity: Factory	3 500
Water and electricity: Office	500
Various office expenses	9 750
Maintenance of the factory	1 600

Overheads are applied at 100% of direct labour costs.

Balances as on 31 October 2014:

Raw materials	45 000
Finished goods	17 500
Work in progress	1 250
Consumer goods	?

GENERAL STUDIES

REQUIRED

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

3.1	Raw material control	(6)
3.2	Production control	(7)
3.3	Finished goods control	(5)
3.4	Manufacturing overheads control	(11)
3.5	Cost of sales	(4)
3.6	Trading account	(4)
3.7	Profit and loss account	(10)
		[47]

QUESTION 4

4.1 The following appears in the books of Arrow Manufacturers regarding item ITT34:

Expected annual consumption	120 000 units
Maximum annual consumption	12 000 units
Minimum annual consumption	9 000 units
Safety stock	6 000 units
Expected delivery time	Maximum - 4 months Minimum - 2 months
Cost per order	R40
Storage costs per unit per month	R1,20

REQUIRED

Calculate the following:

4.1.1	Order point	(4)
4.1.2	Economic order quantity	(6)
4.1.3	Maximum stock level	(5)
4.1.4	Average stock	(5)

GENERAL STUDIES

4.2 The following information was taken from the books of Soniton Manufacturers:

PRODUCTION COST SCHEDULE FOR THE MONTHS OF JULY, AUGUST AND SEPTEMBER 2014

Units manufactured	2 000	3 000	4 000
	R	R	R
Fixed costs			
Factory Rent	1 250	**(4.2.1)**	**(4.2.2)**
Depreciation: Machinery	**(4.2.3)**	**(4.2.4)**	1 000
Factory: Insurance	**(4.2.5)**	300	**(4.2.6)**
Maintenance: Machinery	450	**(4.2.7)**	**(4.2.8)**
Total fixed costs	3 000		
Variable costs			
Raw materials	850	**(4.2.9)**	**(4.2.10)**
Factory: Electricity	**(4.2.11)**	**(4.2.12)**	1 500
Indirect material	**(4.2.13)**	450	**(4.2.14)**
Total variable costs	1 960		
Total cost	**(4.2.15)**		
Fixed cost per unit	**(4.2.16)**		
Variable costs per unit	**(4.2.17)**		

REQUIRED

Calculate the missing values and write only the answer next to the question number (4.2.1–4.2.17) in the ANSWER BOOK. (17)
[37]

QUESTION 5

The following is available regarding the weekly paid employee, Michael Stacatto:

Normal working hours for the week	40 hours
Hours worked	50 hours
Units produced	100 units
Normal wages per hour	R45,00
Overtime rate	1½ times normal rate
Production bonus for every 25 units produced	R25,00
Pension	7½ times normal rate
Medical aid worker's contribution	R125,00
SITE (income tax)	10% on gross income after retirement
UIF	1% normal rate

REQUIRED

Calculate Michael Stacatto's wage for week 22 of 2014. **[17]**

TOTAL SECTION B: 140
GRAND TOTAL: 200

GENERAL STUDIES

Copyright reserved