higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

14 June 2021

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	A		
	1.1.2	A		
	1.1.3	D		
	1.1.4	B		
	1.1.5	C		
	1.1.6	D		
	1.1.7	D		
	1.1.8	B		
	1.1.9	A		
	1.1.10	C		
	1.1.11	D		
	1.1.12	C		
	1.1.13	C		
	1.1.14	A		
	1.1.15	C		
	1.1.16	B		
	1.1.17	A		
	1.1.18	B		
	1.1.19	C		
	1.1.20	A		
			(20 × 2)	(40)
1.2	1.2.1	False		
	1.2.2	False		
	1.2.3	False		
	1.2.4	True		
	1.2.5	True		
			(5 × 2)	(10)
1.3	1.3.1	Leading		
	1.3.2	Unit cost		
	1.3.3	Organising		
	1.3.4	Opportunity cost		
	1.3.5	Period cost		
			(5 × 2)	(10)
				[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1

Dr		MATERIALS CONTROL ACCOUNT			Cr
Balance	b/d	✓240 800	Production control		✓1 900 000
Bank		✓1 892 800	Manufacturing overheads		✓12 400
Bank/Carriage on purchases		✓313 600	Balance	c/d	✓534 800
		✓2 447 200			2 447 200
Balance b/d		534 800			

(7)

2.2

Dr		LABOUR CONTROL ACCOUNT			Cr
Bank		✓2 088 800	Production control a/c		✓2 088 800
Bank		✓375 200	Manufacturing overheads a/c		✓375 200
		✓2 464 000			2 464 000

(5)

2.3

Dr	MANUFACTURING OVERHEADS CONTROL ACCOUNT				Cr
Material control		✓12 400	Production control		✓✓1 671 040
Labour control		✓375 200			
Rent factory		✓711 200			
Insurance of factory		✓58 800			
Maintenance of plant		✓411 600			
Depreciation on plant		✓14 560			
Cost of sales		✓87 280			
		✓1 671 040			1 671 040

(10)

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2.4

Dr		PRODUCTION CONTROL ACCOUNT			Cr
Balance	b/d	✓92 400	Finished goods		✓✓5 615 600
Raw material control		✓1 900 000	Balance	c/d	✓136 640
Labour control		✓2 088 800			
Manufacturing overheads		✓1 671 040			
		✓5 752 240			5 752 240
Balance b/d		136 640			

(8)

2.5

Dr		FINISHED GOODS CONTROL ACCOUNT			Cr
Balance	b/d	✓215 600	Cost of sales		✓5 801 600
Production control		✓5 615 600	Balance	c/d	✓✓29 600
		✓5 831 200			5 831 200
Balance	b/d	29 600			

(6)

2.6

Dr		COST OF SALES ACCOUNT			Cr
Finished goods a/c		✓5 801 600	Manufacturing overheads		✓87 280
			Trading account		✓5 714 320
		✓5 801 600			5 801 600

(4)

2.7

Dr		TRADING ACCOUNT			Cr
Cost of sales		✓5 714 320	Sales		✓8 749 440
Profit and loss		✓3 035 120			
		✓8 749 440			8 749 440

(4)
[44]

QUESTION 3

3.1 3.1.1 Order point = Maximum usage × Maximum period✓

= 5 600 m^2 × 4✓

= 22 400 m²✓ (5)

3.1.2 EOQ = $\sqrt{\frac{2 \times \text{annual consumption} \times \text{order cost}}{\text{Holding cost}}}$✓

= $\sqrt{\frac{2 \times 2\,600\,000\ m^2 \times 80}{25}}$✓✓✓✓ ✓✓

= 4 079,21 m²✓✓ (9)

3.1.3 Maximum stock = order point + EOQ – (minimum usage × minimum period) ✓

= 22 400 + 4 079,21 ✓✓ – (4 800 m^2 ✓ × 2)✓

= 26 479,21 – 9 600

= 16 879,21 m² ✓ (6)

3.2 3.2.1 R100 000✓ /25 000✓ = R4 ✓
3.2.2 R200 000✓ /25 000✓ = R8✓
3.2.3 R100 000✓✓✓
3.2.4 R8✓ × 30 000✓ = R240 000✓
3.2.5 R100 000✓ + 240 000✓ = R340 000✓

(5 × 3) (15)
[35]

QUESTION 4

4.1 **PRODUCTION COST STATEMENT OF KNIVES & FORKS CC FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECT MATERIAL		
Opening stock	✓950 000	
Add: Purchases	✓1 620 000	
Material available for use	✓2 570 000	
Less returns:	✓ (170 000)	
Closing stock	✓ (620 000)	
MATERIAL USED/ISSUED FOR THE YEAR		✓1 780 000
Direct labour		✓1 300 000
Prime cost		✓3 800 000
Manufacturing overheads recovered		✓2 220 000
Factory rent	✓600 000	
Depreciation on factory equipment	✓✓664 000	
Salary: Production manager	✓840 000	
Rates and taxes	✓250 000	
TOTAL ACTUAL MANUFACTURING OVERHEADS	✓2 354 000	
Under-applied/under-recovered	✓✓(134 000)	
TOTAL PRODUCTION COSTS		✓6 020 000
Add: Work-in-process – opening (1 January 2019)		✓370 000
		✓6 390 000
Less: Work-in-process – closing (31 December 2019)		(170 000)
COST OF PRODUCTION OF FINISHED GOODS		✓6 220 000

(22)

4.2 **COST OF GOODS SOLD DURING THE YEAR ENDED 31 DECEMBER 2019**

Opening stock: Finished goods	✓470 000
Cost of production of finished goods	✓6 220 000
Under-recovery of manufacturing overheads	✓134 000
Finished goods available for use	✓6 824 000
Closing stock: Finished goods	✓ (270 000)
Cost of goods sold	✓ **6 554 000**

(6)
[28]

QUESTION 5

5.1	Normal pay	(40 × 75)	3 000, 00✓✓
	Overtime pay	(5 × (75 × 1/5))	562, 50✓✓
	Production bonus	(10 × 18,50)	185, 00✓✓
	Commission received		555,55✓
	Gross wage		4 303,05✓✓
	Less: Deductions		
	Pension fund	(3000 × 27,5%)	825, 00✓✓
	Medical fund		35, 00✓
	Income tax (PAYE)		260,85✓✓
	UIF		43, 03 ✓✓
	Net wage		3 139,17 ✓✓

(18)

5.2 5.2.1 PRODUCTION REPORT OF LEKO LTD

Hours

Budgeted labour hours	✓✓528	
Actual labour hours (176 + 176 + 152)	✓✓✓504	
Variance (favourable)	✓✓24	

Production

Budgeted production	✓400	
Actual production	✓390	
Variance unfavourable	✓✓ (10)	(11)

5.2.2 PRODUCTIVITY REPORT OF LEKO LTD

Budgeted time per unit (528/400) × 60 =	79,20 minutes✓✓
Actual time per unit (504/390) × 60 =	77,54 minutes✓✓ (4)

[33]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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