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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N250(E)(N4)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

4 November 2013 (X-Paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 12 pages and a 10-page answer book.

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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.
2. Answer SECTION A and SECTION B in the ANSWER BOOK PROVIDED.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Remember to write your examination number in the space provided on the ANSWER BOOK.
6. Show ALL calculations where applicable.
7. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.20) in the ANSWER BOOK.

1.1.1 The production control account will not be debited with the following entry.

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

1.1.2 The salary paid to the personal assistant of the managing director can be classified as ... cost.

A administrative
B production
C direct labour
D indirect labour

1.1.3 The ... is calculated in the income statement.

A net profit
B net increase in assets
C net expenses
D net increase in cash flow

1.1.4 BOBO suppliers sent trading stock to LL Traders. These goods have not yet arrived, but LL traders has included it in their stock. The stock is called ...

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

1.1.5 The decision to buy or rent premises is a ... decision.

A long-term
B operating
C short-term
D financial management

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1.1.6 Meme Manufacturers were asked to manufacture a dinning room suite to a customer's specifications. The costing for this is known as ... costing.

A job
B product
C prime
D process

1.1.7 One of the advantage of perpetual stock valuation system is.....

A stock balances are always available.
B no continuous stock records are kept.
C stock is counted and valued at cost price.
D a periodic physical stock taking is done.

1.1.8 Which ONE is not human factor that may influence labour productivity?

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

1.1.9 The source document that is used with the purchases of material is a/an ...

A debit note.
B invoice.
C stock card.
D credit note.

1.1.10 There are only three types of costs which play an important role in material stock control. Which of the following is NOT one of them?

A Cost of renting a storeroom
B Cost of placing the order
C Out of stock costs
D Cost of holding stock

1.1.11 The production report is compiled to control.....

A worker's personal details.
B manufacturing cost.
C lost time due to various reasons.
D labour cost.

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1.1.12 The monthly rental paid for a photocopier is a/an … cost.

A variable
B process
C opportunity
D fixed

1.1.13 Production involves the conversion of ... into finished goods.

A direct material
B variable costs
C operating costs
D processing costs

1.1.14 The salary paid to the production manager of the factory can be classified as …

A indirect labour.
B direct labour.
C operating cost.
D opportunity cost.

1.1.15 Average stock can be defined as the …

A stock that is in transit and not yet received.
B amount of stock that is maintained to ensure that production continues.
C stock level that is kept when usage is unpredictable.
D stock level that is kept under normal circumstances.

1.1.16 Stock holding cost …

A is the cost incurred to keep material on the premises.
B is the cost of placing an order.
C involves the loss of productivity due to lack of material.
D is the cost paid when stock is returned to the suppliers.

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

A finished goods
B production
C manufacturing overheads
D material

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1.1.18 New orders are placed when stock reaches this level.

A Maximum stock
B Order point
C Economic order quantity
D Safety stock level

1.1.19 An example of a period cost for a manufacturing concern is …

A direct material.
B salary of a factory supervisor.
C rent on head office building.
D fire insurance on a factory building.

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

A Dr-Material control
Cr-Finished goods control

B Dr-Finished goods control
Cr-Material control

C Dr-Production control
Cr-Material control

D Dr-Material control
Cr-Production control

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

1.2.2 Sunk cost is cost that was caused by a decision in the past, and cannot be changed.

1.2.3 Organisational chart refers to various departments and management positions in the business.

1.2.4 Piece rate wages are calculated by multiplying the units produced with the rate per unit.

1.2.5 Management functions consists of planning, organising, leading and control.

(5 x 2) (10)

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

COLUMN A		COLUMN B	
1.3.1	Unit cost	A	is the sum of direct labour and manufacturing overheads
1.3.2	Short-term decisions	B	potential loss or sacrifice when the firm had to give up a certain course of action and choosing another.
1.3.3	Elements of production	C	is concerned with the provision of information to people outside the business
1.3.4	Perpetual/Continuous stock system	D	the cost of producing one unit of a product
1.3.5	Opportunity cost	E	decisions that do not commit the business' resources for a long period
		F	is the setting of objectives and the plans to achieve these goals and objectives
		G	direct labour plus direct material plus manufacturing overheads
		H	record is kept daily of material and stock received and issued

(5 x 2) **[10]**

TOTAL SECTION A: 60

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SECTION B

QUESTION 2

The following information was obtained from the books of Carmen Producers.

Balances of various inventory accounts on 1 July 2013:

Direct materials		81 100.00
Work-in-process		46 400.00
Finished goods		91 000.00
Consumable stores		13 000.00
Transactions for July 2013		
Cash purchases of direct materials		450 000.00
Carriage on purchases of direct materials		25 300.00
Direct materials issued for processing		445 000.00
Cash purchases of consumables		35 100.00
Consumables issued to factory		39 500.00
Payments by cheque for July 2013		
Wages:	Direct	350 000.00
	Indirect	70 800.00
Electricity:	Factory	40 000.00
	Offices	5 000.00
Insurance:	Factory	20 000.00
	Offices	5000.00
Maintenance:	Factory	23 000.00
	Offices	9 600.00
Other transactions for July 2013		
Administrative expenses for sales		140 000.00
Salaries (Administrative)		101 200.00
Depreciation on factory plant		59 000.00
Sales of finished goods		1 801 000.00
Cost of sales of finished goods		1 102 000.00
Balances on 31 July 2013:		
Work-in-process		49 800.00

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REQUIRED:

Prepare the following general ledger accounts:

2.1	2.1.1	Material control	(6)
	2.1.2	Production control	(7)
	2.1.3	Labour control	(4)
	2.1.4	Finished goods control	(5)
	2.1.5	Manufacturing overheads	(8)
	2.1.6	Cost of sales	(3)
	2.1.7	Trading account	(4)
	2.1.8	Profit and loss account	(8)
			[45]

2.2 Marikana Manufacturers has four employees involved in active production on Job Ma236, the production of 150 ceramic pots.

The following labour hours were budgeted for Job Ma236.

21 working days at 8 hours per day.

The following hours were clocked during July 2013:

C. Maleka	22 days @ 8 hours.
H. Mkhonza	22 days @ 8 hours.
D. Funani	20 days @ 8 hours. (2 days sick leave).
A. Shumane	22 days @ 8 hours.

Budgeted production: July 2013	150 Pots.
Actual Production	180 Pots.

REQUIRED:

Compile a production report, showing the productivity recorded. (18)
[63]

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QUESTION 3

3.1 3.1.1 The following staff were appointed by Mothala Manufacturers as part of the staff.

Financial manager	Mr. E. Mailula.
Financial accountant	Ms. M. Sematle.
CEO	Mr. K. Mulaudzi.
HR manager	Ms. N. Davids.
Production manager	Ms. A Barkley.
Management accountant	Ms. P. Visser
Foreman: production department	Mr. J. Sehlare
Foreman: maintenance department	Mr. J. Mashele
Board of directors	

REQUIRED:

Compile an organisation chart showing both the position and the name of the person in that position. (18)

QUESTION 3.2

3.2 Study the information below of Makgwarela Body massage oils and answer the following questions.

Direct material stock (1 November 2013)	18 000.00
Direct material stock (30 November 2013)	85 000
Direct production labour costs	240 000.00
Purchases of direct material	142 000.00
Rent for factory	48 000.00
Insurance for factory	9 000.00
Indirect production material	11 000.00
Cleaning material	18 500.00
Depreciation for factory equipment	11 200.00
Packing material	9 800.00
Direct material returns	850.00
Salary: production manager	35 850.00
Salary: sales manager	265 000.00
Carriage on purchases	450.00

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PRODUCTION COSTS FOR NOVEMBER 2013

Makgwarela manufactured 125 450 oils during November 2013.

REQUIRED:

Do the following calculations showing ALL the steps in your calculations.

3.2.1	Direct material used for production in November 2013.	(6)
3.2.2	Primary/Prime costs for the month.	(4)
3.2.3	Fixed overheads costs for the month.	(6)
3.2.4	Total production costs for the month.	(6)
3.2.5	Cost of one bottle of oil.	(4)
		[44]

QUESTION 4

4.1 Madira is the cost accountant of Krap 'n Kry Toys manufacturers. She estimated the following for the year 2014.

• Total manufacturing overheads for the year 2014	R800 000.00
• The budgeted units to be manufactured	35 555 units
• Direct material cost per unit	R125.00
• Direct labour cost per unit	R150.00
• Labour hours per unit	4 hours.
• Machine hours per unit	2 hours.

REQUIRED:

4.1.1 Calculate first the overhead application rate using direct material costs as basis, and then the amount to be applied for overhead manufacturing costs.

4.1.2 Calculate first the overhead application rate using direct labour cost as basis, and then the amount to be applied for overhead manufacturing costs.

4.1.3 Calculate first the overhead application rate using the budgeted units as basis, and then the amount to be applied for overhead manufacturing costs.

4.1.4 Calculate first the overhead application rate using machine hours as basis, and then the amount to be applied for overhead manufacturing costs in 2014.

(5 x 5) (25)

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QUESTION 4

4.2 Explain the following terms:

4.2.1 Actual overheads.

4.2.2 Budgeted overheads.

4.2.3 Overapplied overheads.

4.2.4 Applied overheads.

(4 x 2) (8)
[33]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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EXAMINATION NUMBER | | | | | | | | | | | | | |

CENTRE NUMBER | | | | | | | | | | |

ANSWER BOOK

COST AND MANAGEMENT ACCOUNTING N5

4 NOVEMBER 2013

FOR EXAMINER AND MODERATOR USE ONLY		
QUESTION	**EXAMINER MARKS**	**MODERATOR MARKS**
Q1 MULTIPLE CHOICE, TRUE & FALSE & MATCH COLUMNS.		
Q2 GEN. LEDGER ACCOUNTS & PRODUCTION REPORT.		
Q3 ORGANISATIONAL CHART & PRODUCTION COSTS.		
Q4 CALCULATION OF OVERHEADS & EXPLAINING TERMS.		
TOTAL		

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ANSWER BOOK

EXAMINATION NUMBER | | | | | | | | | | | | | |

QUESTION 1

1.1

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

(20 x 2) **[40]**

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EXAMINATION NUMBER | | | | | | | | | | | | |

1.2

1.2.1	
1.2.2.	
1.2.3	
1.2.4	
1.2.5	

(5 x 2) (10)

1.3

1.3.1	
1.3.2.	
1.3.3	
1.3.4	
1.3.5	

(5 x 2) (10)

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EXAMINATION NUMBER | | | | | | | | | | | | | |

QUESTION 2

2.2 2.2.1

MATERIAL CONTROL

(6)

2.1.2

PRODUCTION CONTROL

(7)

2.1.3

MANUFACTURING OVERHEAD CONTROL

(8)

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2.1.4

LABOUR CONTROL

(4)

2.1.5

FINISHED GOODS CONTROL

(5)

2.1.6

COST OF SALES

(3)

2.1.7

TRADING ACCOUNT

(4)

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2.1.8

PROFIT AND LOSS

(8)

2.2 **PRODUCTION REPORT**

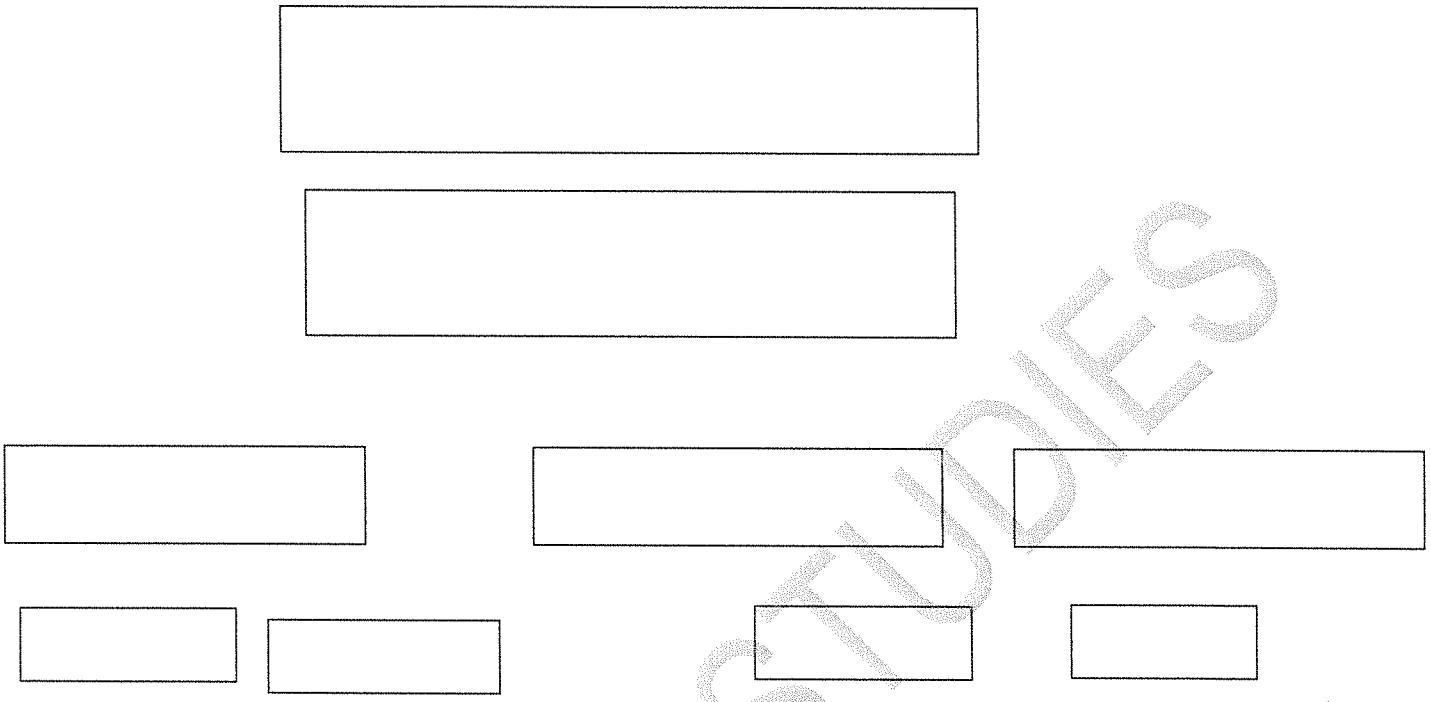
(18)
[63]

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QUESTION 3

3.1



(18)

3.2 3.2.1 **DIRECT MATERIAL USED**

(6)

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3.2.2 **PRIMARY/PRIME COSTS FOR THE MONTH**

(4)

3.2.3 **FIXED OVERHEADS COSTS FOR THE MONTH**

(6)

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3.2.4 **TOTAL PRODUCTION COSTS FOR THE MONTH**

(6)

3.2.5 **COST OF ONE BOTTLE OF OIL**

(4)

[44]

QUESTION 4

4.1 4.1.1

4.1.2

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4.1.3

4.1.4

(5 x 5) (25)

4.2 4.2.1

4.2.2

4.2.3

4.2.4

(4 x 2) (8)

TOTAL: 200

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