higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N250(E)(N26)H

NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

26 November 2014 (X-Paper)
09:00–12:00

Calculators may be used.

This question paper consists of 10 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. Read ALL the questions carefully.
3. Answer ALL the questions in the ANSWER BOOK attached to the question paper.
4. Write your EXAMINATION NUMBER AND CENTRE NUMBER in the spaces provided on the ANSWER SHEETS.
5. Show ALL the calculations where applicable.
6. Write neatly and legibly.

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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 most important objective of a business is to ...

A maximise productivity.
B maximise profits.
C use all resources and not waste.
D expand and open more branches.

1.1.2 Costs incurred in the past, which are not relevant to the current decisions are classified as ...

A opportunity costs.
B prime costs.
C sunk costs.
D period costs.

1.1.3 Variable costs ...

A increase per unit as the activity level rises.
B remain constant irrespective of changes in production.
C change in direct proportion to the changes in production.
D decrease per unit as the activity levels rises.

1.1.4 Costs that will be change as a result of a decision are called ... costs

A relevant.
B unavoidable.
C avoidable.
D irrelevant

1.1.5 Rates and taxes paid to the town council are considered as ...cost.

A period
B process
C prime
D product

1.1.6 The maximum stock level is calculated to determine the ...

A size of the order.
B size of the warehouse.
C ordering more stock.
D replacement of stock.

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1.1.7 The production cost statement is a summary of …

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

1.1.8 Management accounting is concerned with providing information to ...

A people outside the business.
B shareholders of the business.
C potential investors.
D people within the business.

1.1.9 The entry in the cost ledger to record the cost of goods sold

A Dr finished goods and Cr cost of sales.
B Dr cost of sales and Cr finished goods.
C Dr sales and Cr cost of sales.
D Dr cost of sales and Cr Sales.

1.1.10 The .. is calculated in the income statement.

A total assets.
B total equity.
C net change in cash.
D net profit.

1.1.11 The salary paid to the secretary of the managing director is known as ...

A direct labour
B period cost.
C administrative.
D prime cost.

1.1.12 The document used by the warehouse to dispatch material is known as …

A requisition.
B stock card.
C quotantion.
D delivery note.

1.1.13 Production involves the conversion of … into finished goods.

A direct material.
B administrative costs.
C selling costs.
D expenses.

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1.1.14 The actual manufacturing overheads incurred during the financial period will be shown in the …

A income state.
B cash flow statement.
C balance sheet.
D production cost statement.

1.1.15 One of the methods to calculate depreciation in manufacturing business is …

A first in first out.
B last in first out.
C average price method.
D production unit method.

1.1.16 The card that will show that an employee has reported to duty is …

A clock card.
B company social club card.
C file movement card.
D visitors card.

1.1.17 One of the disadvantages of a time wage is …

A simple to use.
B that has less administrative work.
C workers are not paid according to their performance.
D workers are paid according to their performance.

1.1.18 A job card serves as a source document for the calculation of the actual.

A hours worked by the employees.
B time spent on a specific job.
C remuneration earned by each employee.
D number of days an employee has been absent.

1.1.19 To calculate the net wage of an employee …

A gross wage plus bonus.
B gross wage minus overtime.
C gross wage plus total deductions.
D gross wage minus total deductions.

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1.1.20 When we draw a trading account in the general ledger we will calculate..

A operating expenses.
B net loss for the period.
C gross per unit.
D gross profit.

(20 × 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 (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 Unit cost is the cost of producing one unit product.

1.2.2 Financial accounting provides information to external users.

1.2.3 Irrelevant costs are those costs that will not be affected by decisions.

1.2.4 Money paid to a painter decorating toys will be classified as direct labour.

1.2.5 Overtime premiums are regarded as indirect labour.

1.2.6 The cost of idle time is not treated as manufacturing overheads.

1.2.7 Political unrest does not have any influence on the labour productivity.

1.2.8 Cost system is the different ways in which cost date is processed and evaluated.

1.2.9 Job costing is done on the basis of historical costs.

1.2.10 Leading is the skill of influencing and inspiring performance.

(10 × 2) (20)
[60]

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QUESTION 2

The following information was obtained from the accounting records of Jabulane Producers.

Balance/Totals on 1 June 2014

Direct material	42 300.00
Work in process	12 200.00
Finished goods	6 400.00
Transactions for June 2014	
Direct material purchased from creditors	165 400.00
Carriage on purchases	2 500.00
Direct material issued to the factory	18 600.00
Sales of finished products	380 200.00
Direct labour	98 500.00
Indirect labour	130 000.00
Insurance: Factory	28 400.00
Rent: Factory	63 500.00
Maintenance	2 890.00
Depreciation	28 400.00
Cost of sales of finished goods	130 600.00
Balance of unfinished goods on 30 June 2014	9 800.00

ADDITIONAL INFORMATION:

Overheads are allocated at 100% of direct labour cost.

Draw up the following ledger accounts:

2.1 Raw material control (7)

2.2 Production control (8)

2.3 Manufacturing overheads control (10)

2.4 Labour control (5)

2.5 Finished goods (6)

2.6 Cost of sales (5)

2.7 Trading account (5)
[46]

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QUESTION 3

3.1 The following information appears in the books of Chikota Manufacturers. They supply furniture to different stores.

Cost of equipment (purchased on 1 March 2013)	R235 600.00
Kitchen units to be produced over the next 10 years:	45 000
Kitchen units produced during the financial year ended 28 February 2014	6 400
The economic life of the equipment	10 years
Rate of depreciation	10% per year

REQUIRED:

Calculate the depreciation on the equipment for the year ended 28 February 2014 according to the following methods:

3.1.1 Production unit method (4)

3.1.2 Diminishing balance method (5)

3.1.3 Straight-line method (3)

3.2 Ravin Sign owns a company that cover car seats. For one car seat 6 square meter of material is used. The have cover 62 500 car seats for the year. The business operates for 50 weeks per year.

It costs R95 to place an order. Maximum order time is eight weeks and minimum order time is three weeks. Maximum production is 1 300 and minimum production is 800 car seats per week.

Stock holding cost is equal to 10% of the cost of material per meter square. Material costs R140.00 per meter square.

REQUIRED:

Calculate the following:

3.2.1 The economic order quantity (10)

3.2.2 The order point (5)

3.2.3 The maximum stock (5)

3.2.4 State FOUR reasons when an order need to be placed. (4 × 2) (8)

[40]

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QUESTION 4

4.1 The following information appears in the books of Zaza Manufacturers.

BALANCE ON 1 MARCH 2013

Material	56 000.00
Work in process	43 000.00
Finished goods	55 000.00

TRANSACTIONS RECORDED

Turnover	649 000.00
Material purchased	250 000.00
Direct labour	58 000.00
Indirect labour	98 000.00
Direct material transferred to factory	190 000.00
Administrative costs	52 000.00
Insurance factory	42 000.00
Marketing costs	35 000.00
Electricity for factory	48 600.00
Rent of factory premises	26 400.00
Depreciation of factory machinery	32 800.00

BALANCES ON 28 FEBRUARY 2014

Material	43 000.00
Work on process	22 300.00
Finished goods	44 000.00

ADDITIONAL INFORMATION:

Manufacturing overheads are applied at 60% of direct labour.

REQUIRED:

Prepare the Production cost statement for the year ended 28 February 2014. (24)

4.2 Jules Ice manufacturers had to appoint 95 workers during the 2012 financial year, following dismissals and resignations. The total work force averaged 1 600 during that year.

REQUIRED:

Calculate the labour turnover for 2012. (6)

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4.3 RR Traders uses a predetermined rate based on direct labour cost for the financial year ended 28 February 2014. Estimated overheads was R685 000.00 based on and estimated volume of 75 000 direct labour hours, at a direct labour rate of R22.00 per hour.

The following information was available for the year ended 28 February 2014.

Estimated factory overheads	R685 000.00
Direct labour hours	72 000 (hours)
Labour rate	R22.00
Actual factory overheads	R850 000.00
Actual labour cost	R950 000.00

REQUIRED:

Calculate the amount of over or under applied overheads. (9)
[39]

QUESTION 5

The following information has been collected with regard to employees of Rocks Traders.

EMPLOYEE	GROSS SALARY
P. Nong	6 300.00
D. Van Eck	4 300.00
R. Randel	3 200.00

The following deductions are applicable to all employees:

- Pension 5.5% of their gross income.
- UIF: 1% according to legislation.
- PAYE: 25% of their taxable income.

REQUIRED:

Draw up a wage statement for Rocks Traders. **[15]**

TOTAL: 200

BUSINESS STUDIES

EXAMINATION NUMBER: | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | | | | |

ANSWER BOOK

COST AND MANAGEMENT ACCOUNTING N5

26 NOVEMBER 2014

QUESTIONS	MARKS
QUESTION 1	
QUESTION 2	
QUESTION 3	
QUESTION 4	
QUESTION 5	
QUESTION 6	
TOTAL	
PERCENTAGE	

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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 × 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	
1.2.6	
1.2.7	
1.2.8	
1.2.9	
1.2.10	

(10 × 2) (20)
[60]

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EXAMINATION NUMBER: | | | | | | | | | | | | |

QUESTION 2

2.1 **RAW MATERIAL CONTROL**

(7)

2.2 **PRODUCTION CONTROL**

(8)

2.3 **MANUFACTURING OVERHEADS CONTROL**

(10)

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EXAMINATION NUMBER:

2.4 **LABOUR CONTROL**

(5)

2.5 **FINISHED GOODS**

(6)

2.6 **COST OF SALES**

(5)

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EXAMINATION NUMBER:

2.7 **TRADING ACCOUNT**

(5)
[46]

QUESTION 3

3.1 3.1.1 _____

_____

_____ (4)

3.1.2 _____

_____

_____ (5)

3.1.3 _____

_____

_____ (3)

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EXAMINATION NUMBER:

3.2 3.2.1 Economic order quantity

(10)

3.2.2 The order point

(5)

3.2.3 The maximum stock

(5)

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EXAMINATION NUMBER: | | | | | | | | | | | | | |

3.2.4 State FOUR reasons when an order need to be placed.

_____

_____

_____

_____

(4 × 2) (8)

[40]

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EXAMINATION NUMBER: | | | | | | | | | | | | |

QUESTION 4

4.1 PRODUCTION COST STATEMENT OF ZAZA MANUFACTURERS ON 28 FEBRUARY 2014

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(24)

EXAMINATION NUMBER:

4.2

(6)

4.3

(9)
[39]

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QUESTION 5

WAGE STATEMENT OF ROCKS TRADERS

EMPLOYEE	GROSS SALARY	PENSION	UIF	PAYE	NET SALARY

[15]

TOTAL: 200

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