higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N260**(E)**(D1)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

1 December 2016 (X-Paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 11 pages and an answer book of 10 pages.

GENERAL STUDIES

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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 TO INVIGILATORS

1. Ensure that ALL candidates use the ANSWER BOOK provided at the end of this question paper.

2. Do NOT attach ANY OTHER ANSWER BOOK to the one provided at the end of this question paper.

3. Candidates will be penalised if the ANSWER BOOK provided at the back of this question paper is placed inside another ANSWER BOOK.

4. If the ANSWER BOOK provided at the end of this question paper is not stapled in the correct order, instruct candidates to remove the staple, put the ANSWER BOOK in the correct order and then re-staple the ANSWER BOOK.

INSTRUCTIONS TO CANDIDATES

1. Answer ALL the questions neatly in the ANSWER BOOK provided at the end of this question paper.

2. Do NOT use any other ANSWER BOOK to answer this question paper and do NOT attach any other ANSWER BOOK to the one provided at the end of this question paper.

3. ALL calculations, where applicable, MUST be shown.

4. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and make only a cross (X) in the relevant block (A–D) next to the question number (1.1.1–1.1.20) in the attached ANSWER BOOK.

1.1.1 Costs incurred in the past, which are not relevant to any current decisions being considered, are classified as …

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

1.1.2 The most important objective of a business is to …

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

1.1.3 If the total production cost to produce 2 000 vuvuzelas is R55 000, the cost to produce one vuvuzela will be ...

A R27,50.
B R27,00.
C R28,00.
D R29,00.

1.1.4 Costs that will be changed by a decision in the future are known as … costs.

A relevant
B avoidable
C irrelevant
D unavoidable

1.1.5 Creditors play an important part in the business. The most important aspect regarding a creditor before an order is placed, is that …

A there should be no credit policy available.
B prices should be expensive.
C the quality of the product should be excellent.
D the supplier should be unreliable.

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1.1.6 The following long-term decision is important for the future of the business:

A Determining the number of units that must be produced
B Determining which medium of advertising to use
C Investing in a new plant or machinery
D Setting the selling prices for the next financial year

1.1.7 Rates and taxes paid to the town council are considered a … cost.

A process
B product
C period
D prime

1.1.8 The document used by the storeman to issue material for production, is a/an …

A requisition.
B stock card.
C order card.
D quotation.

1.1.9 The … is calculated in the balance sheet.

A net profit
B total assets and equity
C net loss
D total production costs

1.1.10 The salary paid to the sales manager can be classified as … cost.

A administration
B production
C factory overhead
D direct labour

1.1.11 Variable costs …

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

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1.1.12 Thandi supplied mixed vegetables according to the customer's specifications.

The cost for the mixed vegetables are known as … costing.

A special
B product
C process
D job

1.1.13 The entry to record direct material purchased is:

A Dr material control, Cr creditors control
B Dr creditors control, Cr material control
C Dr factory overhead, Cr material control
D Dr material control, Cr factory overhead

1.1.14 ONE of the management functions is …

A paying out suppliers.
B planning.
C placing new orders.
D paying wages.

1.1.15 When the stock level reaches the … point, new orders need to be placed.

A minimum stock
B maximum stock
C order
D economic order quantity

1.1.16 Management accounting information is useful to …

A shareholders.
B creditors.
C investors.
D employees.

1.1.17 The human factor that influences labour productivity is …

A political unrest.
B bad working conditions.
C weather conditions.
D when the required productivity is set too high.

GENERAL STUDIES

1.1.18 Prime cost consists of direct material plus …

A direct labour.
B manufacturing overheads.
C indirect labour.
D factory insurance.

1.1.19 The production manager as head of the production department can control the following cost:

A Direct labour
B Advertising a product
C Consumable goods used as indirect material
D Selling prices

1.1.20 A job card is used to record the …

A actual time spent on a specific job.
B total hours worked.
C remuneration paid to workers.
D calculation of incentives regarding workers.

(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 (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Total fixed costs remain constant irrespective of changes in the production levels.

1.2.2 Strategic decisions are also known as long-term decisions.

1.2.3 The FIFO stock valuation method means that stock bought last will be sold first.

1.2.4 Idle time is time lost due to bottlenecks.

1.2.5 A productivity report is compiled regularly to control labour cost.

(5 × 2) (10)

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1.3 Explain the following terms:

1.3.1 Applied overheads

1.3.2 Actual overheads

1.3.3 Budgeted overheads

1.3.4 Underapplied overheads

1.3.5 Overapplied overheads

(5 × 2) (10)
[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1 Phuthi Manufacturers provided the following transactions regarding material MT04 for October 2014. They buy all their raw materials from Do-It Providers.

October	1	Stock on hand: 75 units @ R7 each
	2	Buy 100 units @ R8 each
	4	Issue 50 units from the factory
	5	Buy 200 units @ R11 each
	9	Issue 60 units from the factory
	24	Issue 90 units from the factory
	28	Buy 170 units @ R16 each
	30	Send 100 units back to Do-It Providers (Received 28 October)

REQUIRED:

Calculate the value of material MT04 by the weighted average method. (Round off all amounts to the nearest two decimal places.) (29)

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2.2 The following information is provided to you, the cost accountant, by Tom CC, a company that manufactures and sells wooden tables.

6 metres of raw material @ R8 per metre is required per table.
It takes 2 hours and 30 minutes to make a table @ R12 per hour.
Manufacturing is calculated @ R16 per table.
200 tables are made for the month October 2014.

REQUIRED:

Calculate the following:

2.2.1 The total production cost for October 2014 (5)

2.2.2 The total production cost per unit for October 2014 (2)

2.3 Khan Manufacturers are requested by their insurance company to determine the average stock that was destroyed by fire at their storeroom.

You are supplied with the following information:

Order size (calculated the previous month)	80 000 units
Safety stock (according to the costing department)	8 000 units
Order point	9 600 units

REQUIRED:

Determine the average stock that was destroyed by fire at their storeroom. (5)
[41]

GENERAL STUDIES

QUESTION 3

3.1 Quartz Ltd provides you with the following information for July 2014:

Expected information:

Working days per month	22 days
Number of employees	5
Normal hours per day	8
Units that should be produced	350

Actual information:

Summary of clock cards:

M Mathipa	22 days @ 8 hours
F Fourie	21 days @ 8 hours (1 day absent from work)
E Mohale	22 days @ 8 hours
AH Simons	20 days @ 8 hours (2 days on sick leave)
O Hlathi	22 days @ 8 hours

Units manufactured: 360

REQUIRED:

Draw up a production report of Quartz Ltd as on 31 July 2014. (13)

3.2 The following appears in the books of Vuvunani Manufacturers on 30 June 2014:

Net profit	R54 300
Trading stock	R8 600
Creditors control	R14 100
Petty cash	R 800
Debtors control	R16 300
Bank	R8 900
Land and buildings	R175 000
Equipment	R45 000
Vehicles	R80 000
Drawings	R6 500
Capital	R272 700

REQUIRED:

Prepare the balance sheet of Vuvunani Manufacturers for 30 June 2014. (15)
[28]

GENERAL STUDIES

QUESTION 4

The following information appears in the books of Matia Traders:

BALANCES ON 1 JULY 2014

Raw material	R42 000,00
Work in process	R9 300,00
Finished goods	R19 300,00

SUMMARY OF TRANSACTIONS FOR THE YEAR ENDED 30 JUNE 2015

Raw material purchased	R310 000,00
Carriage on purchases	R35 600,00
Direct labour	R296 000,00
Indirect labour	R52 400,00
Factory rent	R72 000,00
Factory insurance	R84 000,00
Maintenance of machinery	R56 400,00
Depreciation on machinery	R19 900,00
Cost of finished goods	R620 000,00
Sales (finished goods)	R890 000,00
Raw material issued	R185 600,00
Balance of unfinished goods on 30 June 2015	R8 350,00

ADDITIONAL INFORMATION

Overheads are allocated at 95% of direct labour cost.

REQUIRED:

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

4.1 Raw material control (7)

4.2 Labour control (5)

4.3 Manufacturing overheads control (10)

4.4 Production control (8)

4.5 Finished goods control (6)

4.6 Cost of sales (3)

4.7 Provide the over- or underapplied manufacturing overheads. Clearly indicate if the overheads were over- or underapplied. (2)

[41]

GENERAL STUDIES

QUESTION 5

The following information from the books of ABC Manufacturers was made available to you for the week ending 12 November 2014:

- Normal rate per hour: R12
- Normal working days: Monday to Friday
- Lunch: Any time after 10:00 hours for ONE hour (no compensation)
- Overtime rate: Saturday 1,25 normal rate
  Sunday double the rate
- Pension Deductible at 8% of normal compensation
- Medical aid: 0,7% of normal income
- Income tax: 12% taxable income

WAGE SHEET OF WELLINGTON – 12 NOVEMBER 2014

WEEK DAY	MORNING		AFTERNOON		NORMAL
	IN	OUT	IN	OUT	TIME
Monday	08:00	12:00	13:00	17:00	**(5.1)**
Tuesday	08:00	12:00	13:00	16:00	**(5.2)**
Wednesday	08:00	12:00	13:00	17:00	**(5.3)**
Thursday	08:00	11:00	12:00	17:00	**(5.4)**
Friday	08:00	11:00	12:00	15:00	**(5.5)**
Saturday	08:00	13:00			**(5.6)**
Sunday	09:00	12:00			**(5.7)**

COMPENSATION OF WELLINGTON

COMPENSATION	HOURS	RATE	AMOUNT	DEDUCTIONS	AMOUNT
		R	R		R
Normal income	**(5.8)**	R12	**(5.9)**	UIF (1%)	**(5.18)**
Overtime: 1,25	**(5.10)**	**(5.11)**	**(5.12)**	Income tax	**(5.19)**
Overtime: 2	**(5.13)**	**(5.14)**	**(5.15)**	Medical aid	**(5.20)**
Total income			**(5.16)**	Staff association	R20
Taxable income			**(5.17)**	Pension	**(5.21)**
				Total deductions	**(5.22)**
Net wage					**(5.23)**

REQUIRED:

Calculate the values for (5.1–5.23). Write only the answer next to each question number in the ANSWER BOOK.

NOTE: Use Table 1 (Wage sheet) and Table 2 (Compensation) to do calculations. **[30]**

TOTAL SECTION B: 140
GRAND TOTAL: 200

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EXAMINATION NUMBER:

CENTRE NUMBER:

COST AND MANAGEMENT ACCOUNTING N5

1 December 2015

ANSWER BOOK

QUESTION 1	
QUESTION 2	
QUESTION 3	
QUESTION 4	
QUESTION 5	
TOTAL	
PERCENTAGE	

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EXAMINATION NUMBER:

SECTION A

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 _____

(5 × 2) (10)

1.3 1.3.1 _____

_____

_____

1.3.2 _____

_____

_____

1.3.3 _____

_____

_____

1.3.4 _____

_____

_____

1.3.5 _____

_____

_____

(5 × 2) (10)
[60]

TOTAL SECTION A: 60

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EXAMINATION NUMBER:

SECTION B

QUESTION 2

2.1 **STOCK LEDGER CARD OF PHUTHI MANUFACTURERS: MATERIAL MT04 – OCTOBER 2014**

DATE	RECEIVED			ISSUED			BALANCE		
	UNIT	PRICE	TOTAL	UNIT	PRICE	TOTAL	UNIT	PRICE	TOTAL
		R	R		R	R		R	R

(29)

2.2 2.2.1 _____

_____

_____

_____

_____

_____

_____ (5)

GENERAL STUDIES

EXAMINATION NUMBER:

2.2.2 _____

_____

_____

_____

_____ (2)

2.3 _____

_____

_____

_____

_____ (5)

[41]

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EXAMINATION NUMBER:

QUESTION 3

3.1 **PRODUCTION REPORT OF QUARTZ LTD ON 31 JULY 2014**

(13)

GENERAL STUDIES

EXAMINATION NUMBER:

3.2 **BALANCE SHEET OF VUVUNANI MANUFACTURERS ON 30 JUNE 2014**

(15)
[28]

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EXAMINATION NUMBER:

QUESTION 4

4.1 **RAW MATERIAL CONTROL**

(7)

4.2 **LABOUR CONTROL**

(5)

4.3 **MANUFACTURING OVERHEADS CONTROL**

(10)

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EXAMINATION NUMBER:

4.4 **PRODUCTION CONTROL**

(8)

4.5 **FINISHED GOODS CONTROL**

(6)

4.6 **COST OF SALES**

(3)

4.7 _____

_____

_____

(2)
[41]

GENERAL STUDIES

EXAMINATION NUMBER:

QUESTION 5

5.1 _____ (1)

5.2 _____ (1)

5.3 _____ (1)

5.4 _____ (1)

5.5 _____ (1)

5.6 _____ (1)

5.7 _____ (1)

5.8 _____ (1)

5.9 _____ (1)

5.10 _____ (1)

5.11 _____ (1)

5.12 _____ (1)

5.13 _____ (1)

5.14 _____ (1)

5.15 _____ (1)

5.16 _____ (1)

5.17 _____ (2)

5.18 _____ (2)

5.19 _____ (2)

5.20 _____ (2)

5.21 _____ (2)

5.22 _____ (2)

5.23 _____ (2)

[30]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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