higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

30 NOVEMBER 2018

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	D		
	1.1.2	D		
	1.1.3	A		
	1.1.4	D		
	1.1.5	B		
			(5 × 2)	(10)
1.2	1.2.1	A		
	1.2.2	C		
	1.2.3	A		
	1.2.4	A		
	1.2.5	B		
	1.2.6	D		
	1.2.7	A		
	1.2.8	B		
	1.2.9	B		
	1.2.10	C		
	1.2.11	B		
	1.2.12	B		
	1.2.13	D		
	1.2.14	D		
	1.2.15	B		
			(15 × 2)	(30)
1.3	1.3.1	True		
	1.3.2	True		
	1.3.3	True		
	1.3.4	False		
	1.3.5	True		
			(5 × 2)	(10)

1.4 1.4.1 Unit cost is the cost to produce one unit of a specific product (Total cost divided by number of units produced).

1.4.2 Underrecovered overheads occur when the recovered overheads applied to the production process are less than the actual overheads.

1.4.3 Manufacturing overheads are all the other manufacturing costs other than direct material and direct labour.

1.4.4 Opportunity cost is the income which is sacrificed when a certain option is chosen instead of another.

1.4.5 Payroll is compiled to record the workers' gross salaries/wages.

(5 × 2) (10)

[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1

2.1.1	R5,00
2.1.2	R100
2.1.3	R150
2.1.4	R480
2.1.5	110
2.1.6	R5,73
2.1.7	R630
2.1.8	R5,73
2.1.9	R114,60
2.1.10	90
2.1.11	R5,73
2.1.12	R515,40
2.1.13	R5,73
2.1.14	R171,90
2.1.15	60
2.1.16	R5,73
2.1.17	R343,5
2.1.18	(60)
2.1.19	R5,67
2.1.20	R283,50

(20 × 1) (20)

2.2 Order point = maximum usage × maximum period✓
= (140 000/40) × 4✓
= 14 000 units✓

EOQ = ✓$\frac{2 \times \text{annual consumption} \times \text{order cost}}{\text{holding cost per year}}$✓

= ✓$\frac{2 \times 140\,000 \times 185}{(1\,800)}$ ✓
= 169,64 or 170 units✓

Maximum stock = order point + EOQ - (minimum usage × minimum period)✓
= 14 000 + 170 - [(120 000/40) × 2]✓
= 8 170✓ (10)
[30]

QUESTION 3

3.1	3.1.1	DIRECT MATERIAL USED			
		Opening stock	9 000	✓	
		Add: Purchases	103 000	✓	
		Less: Closing stock	15 000	✓	
			97 000	✓✓	(5)
	3.1.2	PRIMARY/PRIME COSTS			
		Direct material	97 000	✓	
		Direct labour	190 000	✓	
			287 000	✓✓	(4)
	3.1.3	FIXED OVERHEAD COSTS			
		Insurance	20 000	✓	
		Rent for bakery	15 000	✓	
		Depreciation	9 000	✓	
			44 000	✓✓	(5)
	3.1.4	TOTAL PRODUCTION COST			
		Primary costs	287 000	✓	
		Fixed overheads cost	44 000	✓	
		Cleaning material	7 000	✓	
		Packing material	11 000	✓	
		Indirect labour	30 000	✓	
			379 000	✓✓	(7)
	3.1.5	COST OF ONE LOAF			
		Total production cost	379 000	✓	
		Loaves of bread produced	94750	✓	
			= R4 per loaf	✓✓	(4)

3.2 **BALANCE SHEET OF CHETTY MANUFACTURERS AS AT 31 DECEMBER 2017**

	NOTES		
ASSETS			
Noncurrent assets			300 000 ✓✓
Land and buildings		175 000 ✓	
Vehicles		70 000 ✓	
Equipment		55 000 ✓	
Current assets			114 300 ✓✓
Trading stock		95 000 ✓	
Trade and other debtors		17 500 ✓	
Cash and cash equivalents		1 800 ✓	
TOTAL ASSETS			414 300 ✓✓
EQUITY AND LIABILITIES			
Capital			394 600 ✓✓
Balance at the beginning of the year		349 000 ✓	
Add: Net profit		55 000 ✓	
Less: Drawings		9600 ✓✓	
Current liabilities			19 700 ✓✓
Trade and other creditors		15 800 ✓	
Bank overdraft		3 900 ✓✓	
TOTAL EQUITY AND LIABILITIES			414 300 ✓✓

(25)
[50]

QUESTION 4

4.1 **RAW MATERIALS ACCOUNT**

Dr				Cr		
Balance	b/d	24 080 ✓	Production control		191 240 ✓	
Bank/Purchases		189 280 ✓	Balance	c/d	53 480 ✓	✓
Bank/Carriage		31 360 ✓				
		244 720 ✓			244 720	
Balance	b/d	53 480 ✓				

(7)

4.2

Dr				LABOUR CONTROL ACCOUNT			Cr
Bank		208 880	✓	Production control		208 880	✓
Bank		37 520	✓	Overheads control		37 520	✓
		246 400	✓			246 400	

(5)

4.3

Dr				MANUFACTURING OVERHEADS ACCOUN			Cr
Labour control		37 520	✓	Production control		167 104	✓✓
Rent		71 120	✓	Cost of sales		3136	✓✓
Insurance		5 880	✓				
Maintenance		41 160	✓				
Depreciation		14 560	✓				
		170 240	✓			170 240	

(10)

4.4

Dr				PRODUCTION CONTROL ACCOUNT			Cr
Balance	b/d	9 240	✓	Finished goods		562 800	✓✓
Raw material control		191 240	✓	Balance	c/d	136 664	✓
Labour control		208 880	✓				
Overheads control		167 104	✓				
		576 464				576 464	
Balance	b/d	136 664	✓				

(8)

4.5

Dr				FINISHED GOODS			Cr
Balance	b/d	21 560	✓	Cost of sales		580 160	✓
Production control		562 800	✓	Balance	c/d	4 200	✓✓
		584 360				584 360	
Balance	b/d	4 200	✓				

(6)

4.6

Dr				COST OF SALES			Cr
Finished goods		580 160	✓	Trading a/c		583 296	✓✓
Overheads		3 136	✓				
		583 296				583 296	

(4)

4.7

TRADING ACCOUNT

Dr						Cr
Cost of sales		583 296 ✓	Sales		874 944	✓
Gross profit		291 648 ✓✓				
		874 944			874 944	✓

(5)

[45]

QUESTION 5

PRODUCTION REPORT OF SHELL LTD 30 NOVEMBER 2017

Budgeted labour hours	320	✓✓
Actual hours worked (168 + 168)✓✓	336	✓✓
Variance (unfavourable)	16	✓✓
PRODUCTION		
Budgeted production	100	✓
Actual production	120	✓
Variance (favourable)	20	✓
PRODUCTIVITY REPORT		
Budgeted time per unit (320/100 × 60)	192 minutes	✓✓
Actual time used per unit (336/120 × 60)	168 minutes	✓✓

[15]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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