higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N270**(E)**(N30)H

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

(4010185)

30 November 2018 (X-Paper)
09:00–12:00

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

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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. Number the answers according to the numbering system used in this question paper.
4. Start each question on a NEW page.
5. Write neatly and legibly.

QUESTION NUMBER	MARKS
SECTION A	
1	60
TOTAL	**60**
SECTION B	
2	30
3	50
4	45
5	15
TOTAL	**140**
GRAND TOTAL	**200**

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QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 The following is a characteristic of a fixed cost:

A It remains constant in total, irrespective of the number of units produced.
B It decreases per unit if the volume of production increases.
C Rent paid for the factory building is an example of fixed overhead cost.
D It remains constant per unit, irrespective of a change in the production volume.

1.1.2 … is/are an example(s) of a cost item(s) which form(s) part of production overheads.

A Electricity of factory
B Indirect material
C Salary of factory manager
D Wages of production workers

1.1.3 A total fixed cost of R157 500 was paid to produce 21 000 units.

… would be paid if 30 000 units were produced.

A R225 000 in total
B R157 500 in total
C R5,25 per unit
D None of the abovementioned

1.1.4 Manufacturing overhead costs include the salary paid to the …

A person inspecting the final products.
B factory manager.
C person receiving raw material in the factory.
D person who sells the final products.

1.1.5 Prime cost consists of …

A direct material.
B manufacturing overheads.
C direct labour.
D None of the abovementioned

(5 × 2) (10)

1.2 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.2.1–1.2.15) in the ANSWER BOOK.

1.2.1 A cost that contains both variables and fixed cost elements is referred to as … cost.

A mixed
B conversion
C semifixed
D semivariable

1.2.2 Rates and taxes paid to the town council is considered to be … cost.

A prime
B production
C period
D process

1.2.3 Booster manufacturers were asked to manufacture a table to a customer's specifications. The costing for this is known as … costing.

A job
B process
C prime
D product

1.2.4 The income statement is used to calculate the …

A net profit for the year.
B cost of production for the year.
C total sales for the year.
D employment of capital for the year.

1.2.5 The size of storing facilities is determined by calculating the …

A economic order quantity.
B maximum stock.
C order point.
D order size.

1.2.6 The salary paid to the receptionist is known as … cost.

A administration
B sunk
C manufacturing overheads
D period

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1.2.7 Joe Cool is paid according to the piece-rate system and his wages are calculated as follows:

A Units produced x rate per unit
B Units produced x rate per hour
C Hours worked x rate per hour
D Hours worked x rate per unit

1.2.8 One of the elements of production is …

A manufacturing overhead cost.
B direct labour cost.
C process cost.
D A and B

1.2.9 An advantage of the perpetual stock valuation system is that …

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

1.2.10 The source document that is used with the purchases of material is a/an …

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

1.2.11 Which one is NOT a human factor that may influence labour productivity?

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

1.2.12 Planning involves the following procedure:

A Describing the steps to be taken to move the business towards reaching its goals
B The development of objectives in an organisation
C Comparing the actual performance with the original plans
D Preparation of budgets to achieve goals

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

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

1.2.14 A payroll is compiled to keep a record of the …

A actual time spent on a specific job.
B actual cost of a specific job.
C time recorded on the clock card.
D remuneration of workers.

1.2.15 The production report is compiled to control …

A manufacturing cost.
B labour cost.
C lost time due to various reasons.
D productivity of workers.

(15 × 2) (30)

1.3 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 Organising means to coordinate the different resources of an enterprise in such a way that the business plans are effectively carried out.

1.3.2 An organisational chart shows the firm's remuneration structure, indicating each employee's salary notch and job level in the organisation.

1.3.3 Cost systems are the methods used by businesses to collect, process and evaluate all the information in connection with the cost of a product or service.

1.3.4 Examples of consumable store are things such as cleaning materials, fuel and first-aid materials.

1.3.5 Relevant costs are costs created by a decision made in the past, which cannot be changed by a decision made in future.

(5 × 2) (10)

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1.4 Define the following concepts:

1.4.1 Unit cost

1.4.2 Underrecovered overheads

1.4.3 Manufacturing overheads

1.4.4 Opportunity cost

1.4.5 Payroll

(5 × 2) (10)
[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1 Northern Producers concluded the following transactions in respect of a particular stock item. They use the weighted average method as stock valuation.

The following incomplete stock ledger card has been given to you for completion. (ALL values must be rounded off to TWO decimal places.)

REQUIRED

Calculate the missing values by writing only the answer next to the question number (2.1.1–2.1.20) in the ANSWER BOOK.

DATE	**RECEIPTS**			**ISSUES**			**BALANCE**		
	UNITS	**PRICE**	**TOTAL**	**UNITS**	**PRICE**	**TOTAL**	**UNITS**	**PRICE**	**TOTAL**
		R	R		R	R		R	R
1 May							50	5,00	250
3 May				20	**2.1.1**	**2.1.2**			**2.1.3**
4 May	80	6,00	**2.1.4**				**2.1.5**	**2.1.6**	**2.1.7**
5 May				20	**2.1.8**	**2.1.9**	**2.1.10**	**2.1.11**	**2.1.12**
6 May				30	**2.1.13**	**2.1.14**	**2.1.15**	**2.1.16**	**2.1.17**
7 May	(10)	6,00	**2.1.18**				(50)	**2.1.19**	**2.1.20**

(20)

2.2 Northern Producers also manufactures tennis balls. They supplied you with the following information regarding the past financial year:

DESCRIPTION	MAXIMUM	MINIMUM
Annual usage of material	140 000 m	120 000 m
Delivery time for material	4 weeks	2 weeks

The cost to place an order is R185 and the cost to store one unit of material for a year is R1 800.

The factory operates for 40 weeks per year.

REQUIRED

Calculate the maximum stock to be provided for storage. (10)
[30]

QUESTION 3

3.1 The following information was submitted to you as the cost and management accountant of Rooihuis Bakeries Ltd.

PRODUCTION COSTS FOR AUGUST 2017

Stock (1 August 2017)	R9 000
Purchases	R103 000
Stock (31 August 2017)	R15 000
Direct labour	R190 000
Rent for bakery	R15 000
Insurance	R20 000
Depreciation of bakery equipment	R9 000
Cleaning material	R7 000
Packing material	R11 000
Indirect labour	R30 000

Rooihuis manufactured 94 750 loaves of bread during August 2017.

REQUIRED

Calculate the following and show ALL the steps in your calculations:

3.1.1 Direct material used (5)

3.1.2 Primary/Prime costs for the month (4)

3.1.3 Fixed overhead costs for the month (5)

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3.1.4 Total production costs for the month (7)

3.1.5 Cost of one loaf of bread (4)

3.2 The following appears in the books of Chetty Manufacturers on 31 December 2017:

Net profit	R55 000
Trading inventory	95 000
Creditors' control	15 800
Petty cash	1 800
Debtors control	17 500
Bank	3 900(Cr)
Land and buildings	175 000
Equipment	R55 000
Vehicles	70 000
Drawings	9 600
Capital	349 200

REQUIRED

Draw up a Balance Sheet for Chetty Manufacturers on 31 December 2017. (25)
[50]

QUESTION 4

The following appears in the books of Veronica Manufacturers:

BALANCE ON APRIL 2017

Raw materials	R24 080
Work in process	9 240
Finished goods	21 560

SUMMARY OF TRANSACTIONS FOR THE MONTH ENDED 30 APRIL 2017

Cash purchases of raw materials	189 280
Carriage on purchases paid cash	31 360
Raw materials issued for processing	191 240
Labour: Direct	208 880
Labour: Indirect	37 520
Rent for factory	71 120
Insurance for factory	5 880
Maintenance of plant	41 160
Depreciation on plant	14 560
Cost of sales of finished goods	580 160
Sales (finished goods sold)	874 944
Balance of unfinished goods on 30 April 2017	13 664

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Overheads are allocated at 80% of direct labour cost.

REQUIRED

Draw up the following ledger accounts:

4.1	Raw material	(7)
4.2	Labour control	(5)
4.3	Manufactured overheads control	(10)
4.4	Production control	(8)
4.5	Finished goods	(6)
4.6	Cost of sales	(4)
4.7	Trading account	(5)
		[45]

QUESTION 5

The following information for Job 5 was extracted from the records of Shell Ltd for the month ended 30 November 2017

Information relating to Job 5

Number of employees	3 employees
Budgeted labour hours	8 hours per day
Number of days	20 working days
Budgeted production	100 chairs
Actual production	120 chairs

The following hours were clocked during November 2017:

L. Shepard	21 days @ 8 hours
Z. Ngcobo	21 days @ 8 hours

REQUIRED

Compile a production report, showing the productivity recorded. **[15]**

TOTAL SECTION B: 140
GRAND TOTAL: 200

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