higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

3 DECEMBER 2019

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	B		
	1.1.2	D		
	1.1.3	C		
	1.1.4	C		
	1.1.5	A		
	1.1.6	B		
	1.1.7	D		
	1.1.8	A		
	1.1.9	B		
	1.1.10	D		
	1.1.11	C		
	1.1.12	A		
	1.1.13	A		
	1.1.14	B		
	1.1.15	D		
	1.1.16	C		
	1.1.17	C		
	1.1.18	D		
	1.1.19	D		
	1.1.20	B		
			(20 × 2)	(40)
1.2	1.2.1	True		
	1.2.2	True		
	1.2.3	False		
	1.2.4	True		
	1.2.5	False		
			(5 × 2)	(10)
1.3	1.3.1	Direct		
	1.3.2	Indirect		
	1.3.3	Non-manufacturing		
	1.3.4	Indirect		
	1.3.5	Indirect		
			(5 × 2)	(10)
				[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1

Dr		RAW MATERIALS ACCOUNT			Cr
Balance	b/d	✓26 400	Production control		✓284 400
Bank/Purchase		✓292 000	Balance	c/d	✓69 600
Bank/Carriage		✓35 600			
		✓354 000			354 000

(6)

2.2

Dr		LABOUR CONTROL ACCOUNT			Cr
Bank		✓200 000	Production control		✓200 000
Bank		✓38 200	Overheads control		✓38 200
		✓238 200			238 200

(5)

2.3

Dr		MANUFACTURING OVERHEADS CONTROL ACCOUNT			Cr
Labour control		✓38 200	Production control		✓160 000
Rent		✓84 300	Cost of sales		✓21 080
Insurance		✓6 480			
Maintenance		✓38 300			
Depreciation		✓13 800			
Labour control		✓181 080			181 080
		✓238 200			✓160 000

(8)

2.4

Dr		PRODUCTION CONTROL ACCOUNT			Cr
Balance	b/d	✓9 850	Finished goods		✓✓639 450
Raw material control		✓284 400	Balance	c/d	✓14 800
Labour control		✓200 000			
Overheads control		✓160 000			
		✓654 250			654 250

(8)

2.5

Dr		FINISHED GOODS ACCOUNT			Cr
Balance	b/d	✓22 600	Cost of sales		✓420 000
Production control		✓639 450	Balance	c/d	✓242 050
		✓662 050			662 050

(5)

2.6

Dr		COST OF SALES ACCOUNT			Cr
Finished goods		✓420 000	Trading a/c		✓441 080
Overheads		✓21 080			
		✓441 080			441 080

(4)

2.7

Dr		PROFIT AND LOSS ACCOUNT			Cr
Gross profit		✓338 920	Trading a/c (780 000 – 441 080)		✓✓338 920
		✓338 920			338 920

(4)
[40]

QUESTION 3

3.1 Order point = Maximum usage × Maximum period✓
= 1 200 × 4✓
= 48 000 units✓✓ (4)

3.2 $EOQ = \frac{2 \times \text{annual consumption} \times \text{order cost}}{\text{Holding cost per year}}$✓

$= \frac{2 \times 120\,000 \times 40}{(1{,}20)}$✓✓
= 2 828,42 or 2 828 units✓✓ (6)

3.3 Maximum stock level = order point + EOQ – (minimum usage × minimum period)✓
= 48 000 + 2 828 – [(9 000) × 2]✓✓
= 32 828 units✓✓ (5)

3.4 Average stock level = (Order size/2) + Safety stock
= (2 828/2) + 6 000
= 7 415 units (5)
[20]

QUESTION 4

4.1 **PRODUCTION COST STATEMENT OF NELLY MANUFACTURERS FOR THE YEAR ENDED 28 FEBRUARY 2017**

Direct material		
Opening stock	✓12 000	
Add: Purchases	✓154 000	
Material available for use	✓166 000	
Closing stock	✓ (14 000)	
Material used for the year		✓152 000
Direct labour		✓189 000
Prime cost		✓341 000
Manufacturing overheads recovered		✓105 000
Indirect labour	✓38 000	
Indirect material	✓10 000	
Electricity for factory	✓22 000	
Rent of factory premises	✓26 000	
Depreciation of factory equipment	✓200	
Actual manufacturing overheads	✓96 200	
Add: Over-recovered manufacturing overheads	✓✓8 800	
Total cost of production		✓446 000
Add: Work in process - opening		✓18 000
		464 000
Less: Work in process - closing		✓(26 000)
Cost of production of finished goods		✓438 000

(20)

4.2 **INCOME STATEMENT OF NELLY MANUFACTURERS FOR THE YEAR ENDED 28 FEBRUARY 2017**

Sales		✓580 000
Cost of Sales		✓(425 200)
Opening stock of finished goods	✓28 000	
Add: Cost of production	✓438 000	
Less: Under recovery manufacturing overheads	✓8 800	
Stock available of finished goods	✓457 200	
Less: Closing stock of finished goods	✓32 000	
Gross profit		✓154 800
Less: Other expanses		(45 000)
Administrative marketing cost		✓(45 000)
Net profit for the year		✓109 800

(10)
[30]

QUESTION 5

STOCK LEDGER CARD OF TOYZ MANUFACTURERS

DATE	RECEIPTS			ISSUES			BALANCE		
	UNITS	PRICE	TOTAL	UNITS	PRICE	TOTAL	UNITS	PRICE	TOTAL
		R	R		R	R		R	R
1 April							2 200	16	✓35 200
3 April	400	8	✓3 200				2 200 400	16 8	35 200 ✓3 200
9 April				1200	16	✓19 200	1 000 400	16 8	✓16 000 3 200
12 April	300	13	✓3 900				1 000 400 300	16 8 13	16 000 3 200 ✓3 900
15 April				990	16	✓15 840	10 400 300	16 8 13	✓160 3 200 3 900
19 April	✓(150)	(13)	✓(1 950)				10 400 150	16 8 13	✓160 3 200 1 950
25 April				10 400 40	16 8 13	✓160 ✓3 200 ✓520	110	13	✓1 430
30 April	850	15,50	✓13 175				110 850	13 15,50	1 430 ✓13 175
							✓960		✓14 605

[20]

QUESTION 6

6.1

Normal payment	✓✓R3 000
Overtime payment	✓✓R900
Production bonus	✓✓R210
Gross wages	✓R4 110
Deductions	✓ (R1 197)
Pension fund contribution	✓✓R225
PAYE (R4 110 – 225) × 20%	✓✓✓R777
Medical aid	✓✓R150
UIF	✓✓R30
Union membership	✓R15
Net wage	✓✓R2 913

(20)

6.2 6.2.1

Total production cost	
= Direct material (6 × 8 × 200)	✓✓R9 600
Direct labour (2,5 × 8 × 200)	✓✓R4 000
Manufacturing overheads (16 × 200)	✓✓R3 200
	✓✓R16 800

(8)

6.2.2

Total production cost per unit	= R16 800/200✓
	= R84 per unit✓

(2)

[30]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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