higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N5

14 October 2020

This marking guideline consists of 9 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	D
	1.1.2	A
	1.1.3	B
	1.1.4	C
	1.1.5	C
	1.1.6	C
	1.1.7	B
	1.1.8	A
	1.1.9	D
	1.1.10	B
	1.1.11	B
	1.1.12	B
	1.1.13	A
	1.1.14	A
	1.1.15	C
	1.1.16	C
	1.1.17	D
	1.1.18	A
	1.1.19	B
	1.1.20	C

(20 × 2) (40)

1.2	1.2.1	E
	1.2.2	D
	1.2.3	F
	1.2.4	G
	1.2.5	A

(5 × 2) (10)

1.3 1.3.1 Safety stock is stock that is kept on hand in case new stock is not delivered on time, and which is then used to ensure that there are no stoppages in production.

1.3.2 Applied manufacturing overheads are the overheads calculated to determine which part of the manufacturing overheads has already been allocated to the production process.

1.3.3 In a piece rate system, workers are paid according to the number of units they produce.

1.3.4 Fringe benefits are the amounts paid in addition to a basic salary, such as housing subsidy, travel allowance, et cetera.

1.3.5 Financial statements are statements like the production cost statement, income statement and balance sheet.

(Any 5 × 2) (10)

[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1 2.1.1 Order point

Maximum usage × Maximum order period✓

= 2 500✓ × 3✓

= 7 500 tons✓ (4)

2.1.2 EOQ=

$$\sqrt{\frac{2 \times \text{annual consumption} \times \text{order cost}}{\text{Holding cost}}}\checkmark$$

$$= \sqrt{\frac{2\checkmark \times 100\,000\checkmark \times 20}{11{,}50\checkmark\checkmark}}\ \checkmark\checkmark$$

= √347 826,08✓

= 589, 76 tons✓ (9)

2.1.3 Maximum stock

Order point + EOQ – (Minimum usage × Minimum order period) ✓

= 7 500 + 589, 76✓– (1 500 × 1) ✓

= 8 089, 76 – 1 500 ✓

= 6 589,76 tons ✓ (5)

2.2 **STOCK LEDGER CARD OF JACARANDA PRODUCERS**

DATE	RECEIPTS			ISSUES			BALANCE		
	UNITS	PRICE	TOTAL	UNITS	PRICE	TOTAL	UNITS	PRICE	TOTAL
		R	R		R	R		R	R
1/09							280	18,00	✓5040,00
03/09	600	10	✓6 000				280 600	18,00 10,00	5 040 ✓6 000
09/09				210	18	✓3780	70 600	18,00 10, 00	✓1 260 6 000
12/09	900	15	13 500✓				70 600 900	18,00 10,00 15,00	1 260 6 000 ✓13500
15/09				70 130	18 10	✓1 260 ✓1 300	470 900	10,00 15,00	✓4 700 13 500
19/09	✓(800)	R15	✓(12 000)				470 100	10,00 15,00	4 700 ✓1 500
25/09				100	10	✓1 000	370 100	10,00 15,00	✓3 700 1 500
30/09	230	19	✓4 370				370 100 230	10,00 15,00 19, 00	3 700 1 500 ✓4 370
Value of closing stock according to FIFO method ✓									✓✓9 570

(20)
[38]

QUESTION 3

3.1

Normal pay: (40 hours x R150)	✓✓✓**R**6 000
Overtime pay: (6 hours × R150 × 1½)	✓✓✓1 350
Production bonus: (2 500 units/100 units) × R100	✓✓✓2 500
Gross wage	✓✓9 850
Less: Deductions	
Pension fund	✓✓✓ (2 708,75)
Medical contribution	✓ (500)
Income Tax (9 850 – 2 708,75 = 7 141,25 × 18%)	✓✓✓ (1 285,43)
UIF (9 850 × 1%)	✓✓ (98,50)
Net wage	✓✓✓**5 257,32**

(23)

3.2 R500 × 2 ✓✓ = R1 000 ✓ (3)

3.3 9 850 × 1% ✓✓= R98, 50 ✓ (3)

3.4 R2 708,75 × 50% ✓✓= 1 354,37/38 ✓ (3)

[32]

QUESTION 4

4.1

Dr		**Raw materials control a/c**			Cr
Balance	b/d	✓382 000	Production control		✓1 925 000
Creditors control		✓2 250 000	Balance	c/d	✓1 160 000
Carriage on purchases		✓453 000			
		✓3 085 000			3 085 000
Balance b/d		1 160 000			

(6)

4.2

Dr		**Manufacturing overhead control a/c**			Cr
Labour control (indirect labour)		✓743 000	Production control		✓✓1 062 500
Rent: factory		✓845 000	Cost of sales (under recovery)		✓✓1 913 500
Depreciation on plant		✓108 000			
Insurance: factory		✓960 000			
Maintenance on plant		✓320 000			
		✓2 976 000			2 976 000

(10)

4.3

Dr		**Production control a/c**			Cr
Balance	b/d	✓122 000	Finished goods		✓✓4 247 500
Material control		✓1 925 000	Balance	c/d	✓112 000
Labour control		✓1 250 000			
Manufacturing overheads		✓1 062 500			
		✓4 359 500			4 359 500
Balance b/d		112 000			

(8)

4.4

Dr		**Finished goods a/c**			Cr
Balance Production control	b/d	✓328 000 ✓4 247 500	Cost of sales Balance	c/d	✓3 259 000 ✓1 316 500
		✓4 575 500			4 575 500
Balance b/d		1 316 500			

(5)

4.5

Dr		**Cost of sales a/c**			Cr
Finished goods Manufacturing overheads		✓3 259 000 ✓1 913 500	Trading account		✓5 172 500
		✓5 172 500			5 172 500

(4)
[33]

QUESTION 5

5.1 **Balance sheet of Bargain Manufacturers as on 30 November 2019**

	R	R
ASSETS		
NON-CURRENT ASSETS		✓3 000 000
Property, plant, equipment and vehicles	✓✓✓3 000 000	
CURRENT ASSETS		✓346 000
Inventory	✓✓✓86 000	
Trade and other receivables	✓163 000	
Cash and cash equivalents	✓✓✓97 000	
TOTAL ASSETS		✓3 346 000
EQUITY AND LIABILITIES		✓3 205 000
Capital	✓✓✓✓3 205 000	
NON-CURRENT LIABILITIES		✓ 90 000
Long-term loan	✓90 000	
CURRENT LIABILITIES		✓✓51 000
Trade and other payables	✓10 000	
South African Reserve Services	✓41 000	
TOTAL EQUITY AND LIABILITIES		**✓3 346 000**

(25)

5.2 5.2.1 $\frac{\text{Budgeted manufacturing overheads}}{\text{Budgeted direct labour}}$ ✓

$= \frac{3\,420\,000}{228\,000}$ ✓ ✓

= R15 per direct labour✓

5.2.2 $\frac{\text{Budgeted manufacturing overheads}}{\text{Budgeted direct labour cost}} \times \frac{100}{1}$ ✓

$= \frac{3\,420\,000✓}{5\,510\,000✓} \times \frac{100}{1}$

= 62,06 or 07% per direct labour ✓

5.2.3 $\frac{\text{Budgeted manufacturing overheads}}{\text{Budgeted direct labour}}$ ✓

$= \frac{3\ 420\ 000}{38\ 000}$ ✓✓

= R90 per unit produced✓

(3 × 4) (12)
[37]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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