



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

COST AND MANAGEMENT ASCCOUNTING N6

4 JUNE 2014

This marking guideline consists of 9 pages.

QUESTION 1

1.1	1.1.1	G						
	1.1.2	E						
	1.1.3	C						
	1.1.4	A						
	1.1.5	D						
							(5 x 1)	(5)
1.2	1.2.1	Over-applied	ü					(1)
	1.2.2	100 000 + 25 000	üü					
		= R125 000	ü					(3)
	1.2.3	120 000 x 100/20	üü	120 000	=	20%		
		= R600, 000	ü	x	=	100%		(3)
	1.2.4	120 000 x 145/100	üü					
		= R174, 000	ü					(3)
1.3	1.3.1	80 000 x 25%	üü					
		= R20, 000	ü					(3)
	1.3.2	80 000 - 20 000	ü					
		= (80 000-20 000) /1 000	ü					
		= R60 per unit	ü					(3)
	1.3.3	(40 000 x 90%) - 20 000	üüü					
		= R16 000	ü					(4)
1.4	1.4.1	Complete	üü					(2)
	1.4.2	The certified work is equal to the contract price + extras.				üü		(2)
	1.4.3	75%	ü					(1)
1.5	1.5.1	300 cakes x 0.5kg of flour						
		= 150kg	üü					(2)
	1.5.2	160kg - 150kg						
		= 10kg more	üü					(2)

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- 1.5.3 Unfavourable ü (1)
- 1.5.4 Wastage of materials (flour) ü
Unskilled labour therefore wasting flour
Standard calculated incorrectly
(Any other reasonable answer) (1)
- 1.5.5 160kg x R10 per kg
= R 1 600.00 üü (2)
- 1.5.6 R1 600 - R1 500
= R100 less üü (2)
- 1.6 1.6.1 Machine XR7 ü (1)
- 1.6.2 Machine XR7 has a positive NPV while Machine XR6 has a
negative NPV. üü
The business will be at a financial disadvantage if it buys
Machine XR6 as it has a negative NPV.
(Any other reasonable answer) (2)
- 1.6.3 Choose the asset that yields the highest, positive NPV. (1)
- 1.6.4 250 000 - 50 000 üü
= R200 000 ü (3)
- 1.6.5 250 000 + 30 000 üü
= R280 000 ü (3)
- [50]

QUESTION 2**2.1 PRODUCTION CONTROL**

Balance b/d	75 000	✓	Finished goods	455 500	✓✓
Materials (80 000+35 000)	115 000	✓✓			
Labour (90 000+49 000)	139 000	✓✓			
Man. Ohds (115 000*110%)	126 500	✓✓✓			
	<u>455 500</u>			<u>455 500</u>	

(10)

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2.2

	AB101		AB102	
Balance b/d	75 000	✓	0	✓
Materials	80 000	✓	35 000	✓
Labour	90 000	✓	49 000	✓
Manufacturing overheads	88 000	✓	38 500	✓
Production costs	333 000	□	122 500	□
Selling and admin cost	36 000	✓	24 000	✓
Total costs	369 000	✓	146 500	✓
Units produced	5 000	✓	2 000	✓
Cost per unit	R 73.80	✓	R 73.25	✓

(16)

2.3 This financial year.

✓✓

(2)

2.4 There is no balance brought down from the previous financial period indicating that no work started in the previous period.

✓✓

(2)

[30]

QUESTION 3

3.1 3.1.1

NO.	ERROR
1	Materials returned are debited
2	Materials transferred to another contract is debited
3	Uncertified work is debited
4	Allocated overheads is credited
5	Materials issued is credited
6	Depreciation is credited
7	Direct labour is credited
8	Provision for latent defects is credited

✓

✓

✓

✓

✓

✓

✓

✓

(8)

3.1 3.1.2 SMART FET COLLEGE CONTRACT

Materials issued	250 000	✓	Materials returned	18 000	✓
Direct labour	300 000	✓	Materials transferred	12 000	✓
Specific overheads	50 000	✓	Certified work	800 000	✓
Allocated overheads	200 000	✓	Uncertified work	150 000	✓
Depreciation on equip	60 000	✓			
Provision for latent defects (800000-750000)	50 000	✓✓			
Profit & Loss	70 000	✓✓			
	<u>980 000</u>			<u>980 000</u>	

(13)

3.2 3.2.1 Estimated profit
 $(3\,000\,000 + 300\,000) - 2\,500\,000$ ✓✓✓
 = R800 000 ✓ (4)

3.2.2 $\frac{52\% \times 800\,000 \times 1}{500\,000}$ ✓✓✓
 $\frac{2\,000\,000}{500\,000}$ ✓
 R312 000 ✓ (5)

[30]

QUESTION 4

4.1 (SP-AP) AQ ü
 $= [R56 - (456\,000/8\,000)] 8\,000$ üü
 $= (R56 - R57) 8\,000$
 $= R8\,000$ UNFAVOURABLE ü (6)
 üü

4.2 (SQ - AQ) SP ü
 $= [(30\,000 \times 0.25) - 7\,600]R56$ üü
 $= (7\,500 - 7\,600) R56$
 $= 5\,600$ UNFAVOURABLE ü (6)
 üü

5.1.2 $(R700\ 000/5\ 000) \times 2\ 500$ units ✓✓✓

= R350 000 ✓

(4)

5.1.3 R700 000 - R350 000 ✓✓

= R350 000 ✓

(3)

5.1.4

Sales (Break-even sales calc in 5.1.2)		350 000	<input type="checkbox"/>
Less: Total costs		350 000	<input type="checkbox"/>
~Variable cost $[(200\ 000/5\ 000) \times 2\ 500]$	100 000		<input type="checkbox"/>
~Fixed cost	250 000		<input type="checkbox"/>
Profit/Loss		0	✓

(6)

5.2

Sales		450 000	✓
Less: Variable Costs		202 000	✓
~Direct Materials	80 000		✓
~Direct Labour	100 000		✓
~Variable Costs:	22 000		
~Manufacturing Overheads	20 000		✓
~Selling & Admin. Costs	2 000		✓
Marginal Income		248 000	✓
Less: Fixed Costs:		33 000	✓
~Manufacturing Overheads	30 000		✓
~Selling & Admin. Costs	3 000		✓
Net Profit		215 000	✓

(11)

[30]

QUESTION 6

	JAN		FEB		MARCH	
Opening bank balance	-112 000	✓	-83 000	☑	-51 875	☑
Cash sales	20 000	✓	22 500	✓	25 000	✓
Receipts from debtors	52 500	✓✓✓	59 625	✓✓✓	66 750	✓✓✓
Loan	0	☐	0		50 000	✓
Proceeds from sale of printer	1 500	✓	0	☐	0	☐
Cash available	-38 000	☐	-875	☐	89 875	☐
Less: Payments	45 000	☐	51 000	☐	57 000	☐
Cash purchases	15 000	✓	16 000	✓	17 000	✓
General expenses	5 000	✓	5 000	✓	5 000	✓
Rent expense	25 000	✓	30 000	✓	30 000	✓
Loan installments	0	☐	0	☐	5 000	✓
Closing bank balance	-83 000	✓	-51 875	✓	32 875	✓

OR

	JAN		FEB		MARCH	
Cash sales	20 000	✓	22 500	✓	25 000	✓
Receipts from debtors	52 500	✓✓✓	59 625	✓✓✓	66 750	✓✓✓
Loan	0	☐	0		50 000	✓
Proceeds from sale of printer	1 500	✓	0	☐	0	☐
Cash available	74 000	☐	82 125	☐	141 750	☐
Less: Payments	45 000	☐	51 000	☐	57 000	☐
Cash purchases	15 000	✓	16 000	✓	17 000	✓
General expenses	5 000	✓	5 000	✓	5 000	✓
Rent expense	25 000	✓	30 000	✓	30 000	✓
Loan installments	0	☐	0	☐	5 000	✓
Opening bank balance	-112 000	✓	-83 000	☑	-51 875	☑
Closing bank balance	-83 000	✓	-51 875	✓	32 875	✓

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RECEIPTS FROM DEBTORS:		JAN	FEB	MAR
Nov:	45 000	6 750	0	0
Dec:	52 500	15 750	7 875	0
Jan:	60 000	30 000	18 000	9 000
Feb:	67 500	0	33 750	20 250
Mar:	75 000	0	0	37 500
TOTAL		52 500	59 625	66 750

Award part marks if student did not get final answer right in cash budget above for RECEIPT FROM DEBTORS. Max marks for each amount is 3.

(30)