



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

COST AND MANAGEMENT ACCOUNTING N6

8 JUNE 2016

This marking guideline consists of 9 pages.

QUESTION 1

- | | | | | |
|-----|-------|---|---------|------|
| 1.1 | 1.1.1 | The amount refers to the direct materials✓ that were transferred to production✓ | | |
| | 1.1.2 | Applied overheads.✓✓ | | |
| | 1.1.3 | The amount refers to goods that were finished in the production process ✓ and are ready for sale.✓ | | |
| | 1.1.4 | The amount refers to goods that were started (entered the production process) ✓in the current period, but are not yet finished. ✓ It is also referred to as work-in-progress.
Only award ONE mark if the students merely has: work-in-progress (as it is not an explanation). | | |
| | 1.1.5 | Finished goods x 120%
= R1 100 000 x 120%✓
= R 1 320 000✓ | (5 x 2) | (10) |
| 1.2 | 1.2.1 | Contractor✓ | | (2) |
| | 1.2.2 | Contractee✓ | | (2) |
| | 1.2.3 | R3 000 000 + R300 000✓✓
= R3 300 000✓ | | (3) |
| | 1.2.4 | No | | (1) |
| | 1.2.5 | Carolina College should keep back (retain) some of this money in case of any defects in the work performed by Brits Contractors.✓✓ | | (2) |
| 1.3 | 1.3.1 | R50 + R30✓✓
= R 80✓ | | (3) |
| | 1.3.2 | R6 000/R80✓✓
= 75 units✓ | | (3) |
| | 1.3.3 | R50 x 75 units✓✓
= R 3,750✓ | | (3) |
| | 1.3.4 | Profit | | (1) |

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- 1.4 1.4.1 $100 \times 30 \checkmark \checkmark$
 $= 3\,000$ labour hours \checkmark (3)
- 1.4.2 More. \checkmark
 $= 3\,100$ (actual) - $3\,000$ (standard) $\checkmark \checkmark$
 $= 100 \checkmark$ (4)
- 1.4.3 100 lounge suites $\times 30$ labour hours $\times R70$ per hour $\checkmark \checkmark \checkmark$
 $= R\,210\,000$ (3)
- 1.5 1.5.1 A business will produce as much as it needs to sell. $\checkmark \checkmark$
(Or Any other reasonable answer) (2)
- 1.5.2 To serve as a buffer. Just in case the demand increases or there is a problem with the delivery of raw materials from suppliers, or any other delays in the production process, the business will have enough stock on hand to sell.
(Or Any other reasonable answer) (2)
- 1.5.3 $1\,400$ units $\times 2$ kg $\checkmark \checkmark$
 $2\,800$ kg \checkmark (3)
- 1.5.4 $2\,800 \times R5,50 \checkmark \checkmark$
 $= R\,15\,400 \checkmark$ (3)
- [50]**

QUESTION 2

2.1

GENERAL LEDGER OF MZANZI MANUFACTURERS***(a) RAW MATERIALS CONTROL***

Balance b/d	6 000	✓	Production control	8 500	✓✓
Bank	5 600	✓	Balance c/d	3 100	✓
	<u>R11 600</u>			<u>R11 600</u>	

**No part marks for
R8 500.**

(5)

(b) MANUFACTURING OVERHEADS CONTROL

Actual overheads	22 000	✓	Production control	21 120	✓✓
		✓	Cost of sales✓	880	✓
	<u>R22 000</u>			<u>R22 000</u>	

(5)

2.2

COST LEDGER OF MZANZI MANUFACTURERS**JOB KZN09**

Balance b/d	8 000	✓	Finished goods	45 100	✓
Direct material	4 700	✓			
Direct labour	18 000	✓			
Applied manufacturing ohd	14 400	✓			
	<u>R45 100</u>			<u>R45 100</u>	

(5)

JOB NW02

Balance b/d	0		Balance c/d	18 920	✓
Direct material	3 800	✓			
Direct labour	8 400	✓			
Applied manufacturing ohd	6 720	✓			
	<u>R18 920</u>			<u>R18 920</u>	

(4)

2.3 **JOB COST STATEMENT FOR JOB KZN09**

Balance b/d	R8 000	✓	
Direct materials	R4 700	✓	
Direct labour	R18 000	✓	
Applied manufacturing overheads	R14 400	✓	
Production costs	R45 100	✓	
Selling & admin. costs	R37 500	✓✓	
Total costs	R82 600	✓	
Profit @ 70%	R57 820	✓	
Selling price	R 140 420	✓	(10)

2.4 Canning industry ✓ (1)
 (Or any other correct answer) [30]

QUESTION 33.1 **CONTRACT ACCOUNT (IN RANDS)**

Wages	70 000	✓	Materials returned	20 000	✓
Materials issued	100 000	✓	Materials on hand	5 000	✓
Machinery	230 000	✓	Machinery on hand	190 000	✓
Direct overheads	36 000	✓	Certified work	600 000	✓
Provision for latent defects	111 000	✓✓	Uncertified work	65 000	✓
Profit and loss	333 000	✓✓			
	880 000			880 000	

(13)

Award marks if the student has:

A debit entry for depreciation of R40 000 (**2 marks**). But do not award marks if the student has any machinery entries.

A debit entry for materials of R75 000 (**3 marks**). But do not award marks for any other materials entries.

$$3.2 \quad \frac{R 600 000 \checkmark}{R1 000 000 + R500 000 \checkmark \checkmark} \times 100 = 40\% \checkmark \quad (4)$$

$$3.3 \quad \begin{aligned} &\text{Total Estimated Profit} \\ &= (1 000 000 + 500 000) - 670 000 \checkmark \checkmark \checkmark \\ &= R \quad 830 000 \checkmark \end{aligned} \quad (4)$$

- 3.4
$$\frac{\% \text{ Completed} \times \text{estimated profit} \times \text{cash received}}{1} \times \text{certified work}$$

 = $\frac{40\% \times 830\,000 \times 550\,000}{600\,000}$ ✓✓✓
 = R 304 333 ✓ (5)
- 3.5 R 304 333 - (600 000 - 550 000) ✓✓✓
 R 254 333 ✓ (4)
[30]

QUESTION 4

- 4.1 **(SP-AP) AQ** ✓
 = [R90 - (R7 012,50/75)] 75 ✓✓✓✓
 = (90,00 - 93,50) 75
 = R262,50 Unfavourable ✓
- 4.2 **(SQ - AQ) SP** ✓
 = [(1,25 x 55) - 73] 90 ✓✓✓✓
 = (68,75 - 73) 90
 = 382,5 Unfavourable ✓
- 4.3 **(SR - AR) AT** ✓
 = [70 - (16 560/230)] 230 ✓✓✓✓
 = (70 - 72) 230
 = 460 Unfavourable ✓
- 4.4 **(ST - AT) SR** ✓
 = [(4 x 55) - 230] 70 ✓✓✓✓
 = (220 - 230) 70
 = 700 Unfavourable ✓
- 4.5 **(SR - AR) AT**
 = (R81,82 ✓✓ - R86,96 ✓✓) 230 ✓
 = 1 181,82 Unfavourable ✓

SR		AR
= BVO/BLH		= AVO/ALH
= 18 000/220		= 20 000/230
= R 81,82		= R 86,96
<i>If the students does not get the SR and SR correct, award part marks for SR and AR with a max 2 marks each.</i>		

(5 x 6) **[30]**

QUESTION 5**5.1 INCOME STATEMENT OF MOPANI SOUTH EAST MANUFACTURERS (RANDS)**

Sales (50 000 x R10)				500 000✓✓
Less: Production costs:				410 200✓
~Direct materials	120 000	✓		
~Direct labour	150 000	✓		
~Other variable costs	140 200	✓		
- Manufacturing ohds (130 000 x 70%)	91 000	✓		
-Selling and admin costs (82 000 x 60%)	49 200	✓		
Marginal income				89 800✓
Less: Fixed costs				71 800✓
~Manufacturing overheads (130 000 x 30%)	39 000	✓		
~Selling and admin costs (82 000x40%)	32 800	✓		
Net profit				18 000✓

(13)

- 5.2 5.2.1 Marginal income per unit
= R20 - (R6 + R4 + R2) ✓✓✓✓
= R 8✓ (5)
- 5.2.2 Breakeven quantity✓✓
= $\frac{(R18\ 000 + R22\ 000)}{R8}$ ✓
= 5 000 units✓ (4)
- 5.2.3 Breakeven value
= 5 000 x R20✓✓
R 100 000,00✓ (3)
- 5.2.4 Total fixed cost + Total variable cost
= R40 000 + (0 units x R12) ✓✓
= R 40 000 ✓ (3)
- 5.2.5 More✓✓ (2)

[30]

QUESTION 6**Cash budget of Umgungundlovu Enterprises for May and June 2016**

	May (R)		June (R)	
Cash receipts	286 000		292 000	
Cash sales	126 000	✓	72 000	✓
Receipts from debtors	160 000	✓✓	120 000	✓✓
Loan	-		100 000	✓
Cash payments	-84 500	✓	-86 500	
Cash purchase of direct material	17 000	✓✓	17 500	✓✓
Payments to creditors	20 000	✓✓	18 000	✓✓
Overhead costs	15 000	✓✓	16 000	✓✓
Selling and administrative costs	10 500	✓✓	12 000	✓✓
Direct labour	22 000	✓	23 000	✓
Cash surplus (shortfall)	201 500	✓	206 500	✓
Opening cash balance	30 000	✓	232 500	☑☑
Closing cash balance	231 500	✓	437 000	✓

OR

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	May (R)		June (R)	
Opening bank balance	30 000	✓	231 500	☑☑
Cash sales	126 000	✓	72 000	✓
Receipts from debtors	160 000	✓✓	120 000	✓✓
Loan	0	☐	100 000	✓
Cash available	316 000	☐	523 500	☐
Less: Payments	84 500	☐	86 500	☐
Cash purchase of direct material	17 000	✓✓	17 500	✓✓
Credit purchases	20 000	✓✓	18 000	✓✓
Direct labour	22 000	✓	23 000	✓
Overheads	15 000	✓✓	16 000	✓✓
Selling and admin costs	10 500	✓✓	12 000	✓✓
Closing bank balance	231 500	✓	437 000	✓

[30]

TOTAL: 200