higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N6

2 June 2021

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

1.1 1.1.1
- Applied overheads must be recorded on the debit side.
- Finished goods must be recorded on the credit side. (2 × 2) (4)

1.1.2 R 60 000,00 (2)

1.1.3 R 155 000,00 (2)

1.1.4 It indicates the total cost of the completed job. (2)

1.2 1.2.1 October R200 000 × 115/100 = R200 000
November R230 000 × 115/100 = R264 500
December R264 500 × 115/100 = R304 175 (3)

1.2.2 R170 000 × 75% = 127 500
Therefore R127 500 × 10% = R12 750 (receipt from debtors)✓✓ (2)

1.2.3

July	7 312,50
August	6 375,00
September	7 500,00
October	8 625,00
November	9 918,75
December	11 406,56

(6)

1.3 1.3.1 (SP × SQ) – (AP × AQ)
[15 × (10,5 × 200)✓] – (18 × 2 200)✓
31 500✓ – 39 600✓
8 100 Unfavourable✓✓ (6)

1.3.2 2 100 kg (2)

1.3.3 100 kg (2)

1.4 1.4.1 Total contract price = Contract price + Extras
= 3 000 000 + 50 000
= 3 050 000✓✓
* The certified work serves as a guide, if the contract is complete then the contract price will be equal to the certified work. (2)

1.4.2 No,✓ the provision for latent defects was not accounted for.✓ (2)

1.4.3 R35 000 (2)

1.4.4
- There is no incentive for the contract to keep cost at the minimum.
- The contractor is tempted to increase the cost to gain more profit.
- There is no incentive for the contractor to finish the contract in a hurry. (Any 2 × 2) (4)

1.5 1.5.1 R3 500 (1)

1.5.2 BEQ = $\frac{TFC}{MI/U}$
= 3 500✓✓ /24✓✓
= 146 units✓ OR 146,83 (5)

1.5.3 BEV = BEQ × SP/U
= 146✓ × 75✓
= R10 950✓ (3)
[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 (SP – AP)AQ
= (50✓ – 61,50✓)465✓
= (11,50)465
= 5 347,50✓ Unfavourable✓ (5)

2.2 Material A
(SQ – AQ)SP
= [(2,5 × 150)✓ – 465✓] 50✓
= (375 – 465)50
= (90)50
= 4 500✓ Unfavourable✓

Material B
(SQ – AQ)SP
= [(3,5 × 150)✓ – 735✓] 20✓
= (525 – 735)20
= (210)20
= 4 200✓ Unfavourable✓ (10)

2.3 (SR – AR)AT
= (32✓ – 36✓)1 250✓
= (4)1 250
= 5 000✓ Unfavourable✓ (5)

2.4 (ST – AT)SR
= [(5 × 150) – 1 250)32
= (750✓ – 1 250✓)32✓
= (500)32
= 16 000✓ Unfavourable✓ (5)

2.5 (SR – AR)AT
= (32✓ – 30✓)1 500✓
= (2)1 500
= 3 000 Favourable✓ (3)

2.6
- Income standard was set
- Decrease in labour rate
- Use of less skilled labour (Any 2 × 1) (2)

[30]

QUESTION 3

3.1 3.1.1

MATERIAL BUDGET		
	PRODUCT A	**PRODUCT B**
Production requirements	✓10 000	✓12 000
X material needed per unit	9 kg	12 kg
= Production needs	✓90 000	✓144 000
Add: Desired closing stock	25 000	18 000
= Total needs	✓115 000	✓162 000
Less: Opening stock	15 000	12 000
= Materials to be purchased	✓100 000	✓150 000
Cost per material	✓R15	✓R8
= Value of material to be purchased	✓1 500 000	✓1 200 000

(12)

3.1.2

LABOUR BUDGET		
	PRODUCT A	**PRODUCT B**
Units to be produced	10 000	12 000
X direct labour time per unit	2 hrs	3 hrs
= total hours	✓20 000 hrs	✓36 000 hrs
Cost per labour hour	R14	R6
Total direct labour cost	✓R280 000	✓R216 000

(4)

3.2

	UNIT PRICE	**130 000 UNITS**	**180 000 UNITS**
Material	3,33✓	432 900✓	599 400✓
Labour	3,81✓	495 300✓	685 800✓
Variable overheads	5,71✓	742 300✓	1 027 800✓
Fixed overheads		150 000	172 500✓
Total costs		1 820 500✓	2 485 500✓
Total sales	25	3 250 000✓	4 500 000✓

(14)

[30]

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QUESTION 4

4.1 4.1.1 1n500/100 = R15

4.1.2 1n100/100 = R11

4.1.3 (1 100 – 150)/100 = R9,50

4.1.4 R15 – R 9,50 = R5,50

4.1.5 100 units – 50 units = 50 units

4.1.6 Total sales – Breakeven value
1 500 – 300 = 1 200

(6 × 2) (12)

4.2 4.2.1 Y-axis (1)

4.2.2 Total sales line (1)

4.2.3 G is the point at which the business is not making profit or loss. The expenses of the business are equal to the income. (2)

4.2.4 Loss area (1)

4.2.5 Profit area (1)

4.2.6 Variable-cost area (1)

4.2.7 Fixed-cost area (1)

4.3

INCOME STATEMENT

Sales	300 000✓
Less: Variable cost	(74 000)
Direct material	10 000✓
Direct labour	15 000✓
Variable manufacturing overheads	24 000✓
Variable selling and administrative cost	25 000✓
= Marginal income	226 000
Less: Fixed costs	(11 500) ✓
Manufacturing overheads	6 500✓
Selling and administrative cost	5 000✓
= Net income	214 500✓✓

(10)
[30]

QUESTION 5

5.1 **CONTRACT ACCOUNT FOR CONTRACT TXT**

Material	1 800 000✓	Material returned	65 000✓
Wages (labour cost)	1 200 000✓	Material transferred	750 000✓
Overheads	3 500 000✓	Certified work	15 000 000✓
Depreciation	350 000✓	Uncertified work	1 200 000✓
Provision for latent defects	1 016 500✓		
Profit and loss	9 148 500✓		
	17 015 000✓		17 015 000✓

(12)

5.2 $$\% \text{ of completion} = \frac{\text{Certified work}}{\text{Total contract price}} \times \frac{100}{1}$$

$$\frac{15\,000\,000}{50\,500\,000} \times \frac{100}{1}$$

= 29,7% OR 30%✓✓ (2)

5.3 Total estimated profit = (Contract price + Extras) – Total estimated cost

= (45 000 000✓ + 5 500 000✓) – 28 000 000✓

= 22 500 000✓ (4)

5.4 $$\% \text{ Completed} \times \frac{\text{Total estimated profit}}{1} \times \frac{\text{Cash received}}{\text{Certified work}}$$

$$= 30\%✓ \times \frac{22\,500\,000^{*}✓✓✓}{1} \times \frac{35\,000\,000✓}{15\,000\,000✓}$$

= 15 750 000✓✓ (8)

5.5 Profit for the year = R15 750 000✓
Less: Provision for latent defects (R1 016 500)✓
= R14 733 500✓✓ (4)

[30]

QUESTION 6

6.1 6.1.1

JOB ECO

Balance	62 000✓		Finished		
Direct material	30 500✓		goods	165 925✓	
Direct labour	47 500✓				
Applied overheads	25 925✓				
	165 925			165 925	

(5)

6.1.2

JOB EDU

Balance	68 000,00✓		Balance	131 687,50✓	
Direct material	8 750,00✓				
Direct labour	47 500,00✓				
Applied overheads	7 437,50✓				
	131 687,50			131 687,50	

(5)

6.2 6.2.1

MATERIAL CONTROL ACCOUNT

Balance	85 000✓		Production control	39 750✓	
			Balance c/d	45 750✓	
	85 000			85 000	
Balance b/f	45 750				

(3)

6.2.2

PRODUCTION CONTROL ACCOUNT

Balance	130 000,00✓		Finished		
Material control	39 250,00✓		goods	165 925,00✓	
Labour control	95 000,00✓		Balance c/d	131 687,50✓	
Applied manufacturing	33 362,50✓				
	297 612,50			297 612,50	

(6)

6.2.3

MANUFACTURING OVERHEADS CONTROL ACCOUNT

Actual overheads	101 000,00✓		Applied overheads	33 362,50✓	
			Cost of sales	67 637,50✓	

(3)

6.2.4

APPLIED OVERHEADS CONTROL ACCOUNT

Manufacturing overheads	33 362,50✓		Production control	33 362,50✓	

(2)

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6.3 **JOB-COSTING STATEMENT: JOB ECO**

Balance b/d	62 000,00
Direct materials	✓30 500,00
Direct labour	✓47 500,00
Applied overheads	✓25 925,00
Production costs	✓165 925,00
Selling and administrative	27 500,00
Total cost	193 425,00
Profit @ 65%	✓125 726,25
Selling price	✓319 151,25

(6)
[30]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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