



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

COST AND MANAGEMENT ACCOUNTING N6

23 NOVEMBER 2016

This marking guideline consists of 8 pages.

QUESTION 1

- 1.1 1.1.1 The business bought materials for cash to the value of R200 000. (2)
- 1.1.2 Because the materials control account is increasing (it is an asset). (1)
- 1.1.3 R100 000 worth of DIRECT materials was transferred to production. (2)
- 1.1.4 Because materials control is decreasing (it is an asset). (1)
- 1.1.5 R30 000 worth of INDIRECT materials was transferred to production. (2)
- 1.1.6 Because materials control is decreasing (it is an asset). (1)
- 1.1.7 R120 000 worth of materials are on hand and carried forward to the next period. (1)
- 1.2 Use the model: Sales 440 000 (Balancing figure 2)
 (Fill in given info) Less: Variable cost 180 000 (Total cost – fixed cost)
 Marginal income 260 000 (given)
 Less: Fixed cost 120 000 (Balancing figure 1)
 Net income 140 000 (given)
- 1.2.1 $260\,000 - 140\,000$
 $= 120\,000$ (3)
- 1.2.2 $300\,000 - 120\,000$
 $= 180\,000$ (3)
- 1.2.3 $260\,000 + 180\,000$
 $= 440\,000$ (3)
- 1.3 Sales less variable cost (1)
- 1.4 1.4.1 J
 1.4.2 G
 1.4.3 I
 1.4.4 H
 1.4.5 B
 1.4.6 C
 1.4.7 A
 1.4.8 K
 1.4.9 F
 1.4.10 D

(10 × 1 (10)

COST AND MANAGEMENT ACCOUNTING N6

1.5	1.5.1	60 bedroom suites × 30 labour hours = 1 800	(2)
	1.5.2	2 000 – 1 800 = 200 more	(2)
	1.5.3	Unfavourable	(1)
	1.5.4	2 000 × R110 = 220 000	(3)
	1.5.5	230 000 – 220 000 = 10 000 more	(2)
1.6	1.6.1	Vehicle C	(1)
	1.6.2	<ul style="list-style-type: none">• Vehicle C has a positive NPV.• The business should always choose the asset which yields the greatest positive NPV.• The business should not choose an asset that yields a negative NPV.	(3)
	1.6.3	450 000 – 18 000 = 432 000	(3)
	1.6.4	800 000 + 10 000 = 810 000	(3)
			[50]

QUESTION 2**2.1 JOB CARD – JOB BM1**

Balance b/d	600 000
Direct materials	32 000
Direct labour	44 000
Manufacturing overheads	66 000
Production costs	742 000
Selling and admin costs	93 750
Total costs	835 750
Profit	364 250
Selling price	1 200 000

Student must have labelled the amount PRODUCTION COSTS to get the principle mark.

(10)

2.2 JOB: BM2

Balance b/d (40 000 + 29 000 + 43 500)	112 500	Finished goods	315 750
Direct materials	88 500		
Direct labour	45 900		
Manufacturing overheads	68 850		
	<u>315 750</u>		<u>315 750</u>

(6)

2.3 BM1 BM2

Production costs	742 000	315 750
Selling and admin costs	93 750	56 250
Total costs	835 750	372 000
Number of units	60 000	40 000
Cost per unit	R13,93	R9,30

(7)

2.4 PRODUCTION CONTROL

Balance b/d (BM1+BM2)	712 500	Finished goods	1 057 750
Direct materials	120 500		
Direct labour	89 900		
Manufacturing overheads	134 850		
	<u>1 057 750</u>		<u>1 057 750</u>

(7)

NOTE: All amounts and details must be correct for the student to obtain relevant marks.

Do not accept two entries for each item, e.g. direct materials for 32 000 and direct materials again for R88 500. In this case, the student does not display understanding of simple accounting entries.

[30]

QUESTION 3

3.1

CONTRACT MURRAY565

Direct materials	700 000	Certified work	1 500 000
Direct labour	200 000	Uncertified work	45 000
Manufacturing overheads	300 000		
Subcontractors' fees	100 000		
Provision for latent defects	50 000		
Profit and loss	195 000		
	1 545 000		1 545 000

(10)

3.2 Percentage of completion

$$= \frac{(700\,000 + 200\,000 + 300\,000 + 100\,000)}{6\,500\,000} \times 100$$

$$= 20\%$$

(6)

3.3 Total Estimated Profit

$$= (R8\,000\,000 + R400\,000) - R6\,500\,000$$

$$= R8\,400\,000 - R6\,500\,000$$

$$= R1\,900\,000$$

(4)

3.4 Profit for the year

$$= \frac{20\% \times R1\,900\,000 \times R1\,450\,000}{R1\,500\,000}$$

$$= R367\,333$$

(5)

3.5 $R367\,333 \times 75\%$ OR $R367\,333 - (R367\,333 \times 25\%)$

$$= R275\,500$$

(4)

3.6 Incomplete

(1)

[30]

QUESTION 4

4.1 (SP – AP) AQ
 = [R50 – (78 750/1 500)] 1 500
 = (50,00 – 52,50) 1 500
 = R3 750 Unfavourable

4.2 (SQ – AQ) SP
 = [(400 × 3) – 1 300] 50
 = (1 200 – 1 300) 50
 = 5 000 Unfavourable

4.3 (SR – AR) AT
 = [42 – (76 500/1 700)] 1 700
 = (42 – 45) 1 700
 = 5 100 Unfavourable

4.4 (ST – AT) SR
 = [(400 × 4) – 1 700] 42
 = (1 600 – 1 700) 42
 = 4 200 Unfavourable

4.5 (SR – AR) AT
 = (R30,00 – R25,29) 1 700
 = 8 007 Favourable

SR		AR
= BVO/BLH		= AVO/ALH
= 45 000/1 500		= 43 000/1 700
= R30,00		= R25,29

Award part marks for SR and AR - max 2 marks each.

(5 × 6) **[30]**

QUESTION 5

5.1

INCOME STATEMENT OF KURMA CURTAINS

Sales (250 x R600)			150 000✓
Less: Variable costs			69 975✓
~Direct materials		11 375	✓
Direct labour		11 200	✓
~Variable costs:		47 400	
~Manufacturing overheads	22 200	✓	
~Selling costs	9 450	✓	
~Admin costs	15 750	✓	
Marginal Income			80 025✓
Less: Fixed costs:		51 300	
~Manufacturing overheads	45 000	✓	
~Selling costs	1 050	✓	
~Admin costs	5 250	✓	
Net profit			28 725✓

(12)

5.2

- 5.2.1 Y-axis or vertical axis or value/rand axis
- 5.2.2 X-axis or horizontal axis or units axis
- 5.2.3 Fixed cost
- 5.2.4 Total cost
- 5.2.5 Sales
- 5.2.6 Variable cost
- 5.2.7 It increases as the number of units increases.
- 5.2.8 Profit
- 5.2.9 Loss

(9 × 2) (18)
[30]

QUESTION 6

6.1

CREDIT SALES		MARCH		APRIL		MAY	
January	44 800	2 240	✓	–	✓	–	✓
February	48 000	23 040	✓	2 400	✓	–	
March	64 000	25 600	✓	30 720	✓	3 200	✓
April	60 000	–		24 000	✓	28 800	✓
May	56 000	–		–		22 400	✓
		50 880	✓	57 120	✓	54 400	✓

(14)

6.2

	50 000 UNITS	70 000 UNITS
Material	150 000✓✓	210 000✓✓
Labour	162 500✓✓	227 500✓✓
Variable overheads	125 000✓✓	175 000✓✓
Fixed overheads	170 000✓✓	200 000✓✓

(16)
[30]

TOTAL: 200