



**higher education  
& training**

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

# **MARKING GUIDELINE**

**NATIONAL CERTIFICATE**

**COST AND MANAGEMENT ACCOUNTING N6**

**22 NOVEMBER 2019**

**This marking guideline consists of 9 pages.**

**QUESTION 1**

- 1.1 1.1.1
- Purchases of material on credit for R20 000
  - Cash purchase of material for R5 000 (2 × 2) (4)
- 1.1.2 Material issued to production worth R15 000 (2)
- 1.1.3  $(25\ 000 - 15\ 000) = R10\ 000$  (2)
- 1.1.4 Yes. ✓ R20 000 ✓ (2)
- 1.2 1.2.1 R4 000,00
- 1.2.2 R5 000,00
- 1.2.3 R3 712,50
- 1.2.4 R4 125,00
- 1.2.5 R7 200,00
- 1.2.6 R8 100,00
- 1.2.7 R9 000,00
- 1.2.8 R9 000,00
- 1.2.9 R5 000,00
- 1.2.10 R5 000,00 (10 × 1) (10)
- 1.3 1.3.1 Material used = (Balance of material – Material issued – Material transferred – Material on hand)
- Material =  $(75\ 000 - 25\ 000 - 10\ 500 - 3\ 500)$   
 $= R36\ 000$  ✓ ✓ ✓ ✓ (4)
- 1.3.2 Certified work = Contract price + Extras
- $150\ 000 = 125\ 000 + \text{Extras}$
- Extras =  $150\ 000 - 125\ 000$
- $= R25\ 000$  (extras) ✓ ✓ (2)
- 1.3.3
- A contractor is the person or the party that is responsible for executing the contract. The contractor can also be called the seller.
  - A contractee is the person or party for whom the contract is completed. He can also be called the buyer. (2 × 2) (4)
- 1.4 1.4.1  $15\ 000 \times 25 = R375\ 000$  (2)
- 1.4.2 Total cost/Number of units = Cost per unit  
 $450\ 000/15\ 000 = R30$  ✓ ✓
- Therefore: Selling price per unit = Cost per unit plus R20.00  
 $Sp/u = R30 + R20$   
 $Sp = R50$  ✓ ✓ (4)

- 1.4.3 Safety margin in units = Total units sold – Break-even quantity  
 = 15 000 – 12 000  
 = 3 000 units✓✓ (2)
- 1.4.4 The variable cost varies according to the number of units produced,✓ while the fixed cost remains constant, irrespective of the number produced.✓ (2)
- 1.5 1.5.1 Standard material to be used = 300 jars × 2 kg of peanuts  
 = 600 kg of peanuts✓✓ (2)
- 1.5.2 Standard quantity minus actual quantity  
 = 600 kg – 550 kg  
 = 50 kg less✓✓✓✓ (4)
- 1.5.3 Favourable variance (2)
- 1.5.4
  - No wastage of material
  - Good control over the use of material
  - Material bought was of a better quality
 (Any 2 × 1) (2)
- TOTAL SECTION A: 50**

**SECTION B****QUESTION 2****2.1 GENERAL JOURNAL**

	DEBIT	CREDIT
2.1.1. Material control✓	✓78 000	
Bank/creditors control/purchases✓		✓78 000
Total materials purchased		
2.1.2 Production control✓	✓55 000	
Material control✓		✓55 000
Direct material issued to production		
2.1.3 Manufacturing overheads control✓	✓8 000	
Material control✓		✓8 000
Indirect material issued to production		

(12)

2.2 2.2.1

**MATERIAL CONTROL ACCOUNT**

Date	Details	Amount	Date	Details	Amount
1/10	Balance	50 000		Production	✓55 000
	Bank/ creditors	✓78 000		Manufacturing	
				Overheads	✓8 000
				Balance c/d	65 000
		128 000			128 000

(3)

2.2.2

**MANUFACTURING OVERHEADS ACCOUNT**

Date	Details	Amount	Date	Details	Amount
31/10	Material control	✓8 000			

(1)

2.2.3

**PRODUCTION CONTROL ACCOUNT**

Date	Details	Amount	Date	Details	Amount
31/10	Balance	✓100 000			
	Material control	✓55 000			

(2)

2.3

Job cost statement for XXL

Balance	✓25 000
Materials (15 000 + 10 000 + 5 000)	✓✓30 000
Direct labour	✓12 000
Overheads (30 000 * 120%)	✓✓36 000
Total production cost	✓103 000
Selling and administrative cost	✓ (25 000)
Total cost	✓78 000
Profit 75%	✓✓58 500
Selling price	✓136 500

(12)  
[30]

**QUESTION 3**

3.1

**CONTRACT ACCOUNT FOR AX**

Materials issued	✓3 110 000	Material returned	✓220 000
Wages paid	✓3 900 000	Material transferred	✓1 620 000
Overheads	✓1 050 000	Machinery value: 31/06/17	✓320 000
Machinery value: 01/07/16	✓410 000	Contract price	✓7 200 000
Provision for latent defect (8 000 000 – 7 500 000)	✓500 000	Extras	✓800 000
Profit and loss	✓1 190 000		
	10 160 000		10 160 000

(11)

3.2 True (2)

3.3 Depreciation = 570 000 – 450 000  
= 120 000 (2)

3.4 Certified work  
Contract price

$$\frac{3\,000\,000}{(5\,000\,000 + 700\,000)}$$

= 53%✓✓ (2)

3.5 Total estimated profit = (Contract price + Extras) – Total estimated cost  
= (5 000 000 + 700 000) ✓ – 3 800 000 ✓  
= 1 900 000 ✓ (3)

3.6 % completed ×  $\frac{\text{Estimated profit}}{1}$  ×  $\frac{\text{Cash received}}{\text{Certified work}}$

$$52\% \times \frac{1\,900\,000}{1} \times \frac{800\,000}{3\,000\,000}$$

= 263 467 ✓✓✓✓ (8)

3.7 Adjusted profit = Calculated profit – Provision for latent defects  
= 263 467 – (3 000 000 – 2 900 000)  
= 263 467 – 100 000  
= 163 467 ✓✓ (2)

**[30]**

**QUESTION 4**

- 4.1 4.1.1 Material price
- $$\begin{aligned} & (\text{SP} - \text{AP}) \text{AQ} \\ & = (150\checkmark - 200\checkmark) 2\,000\checkmark \\ & = (50) 2\,000 \\ & = 100\,000\checkmark \text{ UN}\checkmark \end{aligned} \quad (5)$$
- 4.1.2 Material quantity
- $$\begin{aligned} & (\text{SQ} - \text{AQ}) \text{SP} \\ & = [(9\,000 \times 0,5) - 5\,000] 150 \\ & = (4\,500\checkmark - 5\,000\checkmark) 150 \\ & = (500)150 \\ & = 75\,000\checkmark \text{ UN}\checkmark \end{aligned} \quad (5)$$
- 4.1.3 Labour efficiency
- $$\begin{aligned} & (\text{ST} - \text{AT})\text{SR} \\ & = [(5,5 \times 9\,000) - 51\,000] 65 \\ & = (49\,500\checkmark - 51\,000\checkmark) 65\checkmark \\ & = (1\,500)65 \\ & = 97\,500\checkmark \text{ UN}\checkmark \end{aligned} \quad (5)$$
- 4.1.4 Labour rate
- $$\begin{aligned} & (\text{SR} - \text{AR}) \text{AT} \\ & = [65 - (3672\,000/51\,000)] 51\,000 \\ & = (65\checkmark - 72\checkmark) 51\,000\checkmark \\ & = (7)51\,000 \\ & = 350\,000\checkmark \text{ UN}\checkmark \end{aligned} \quad (5)$$
- 4.1.5 Total labour
- $$\begin{aligned} & = \text{Labour rate} - \text{Labour efficiency} \\ & = -350\,000\checkmark - 97\,500\checkmark \\ & = -447\,500\checkmark \text{ UN}\checkmark \end{aligned} \quad (4)$$
- 4.2 4.2.1 Budgeted overheads
- $$\begin{aligned} & = 5\checkmark \times 20\,000\checkmark \\ & = 100\,000\checkmark \end{aligned} \quad (3)$$
- 4.2.2 Actual variable overheads
- $$\begin{aligned} & = 6\checkmark \times 51\,000\checkmark \\ & = 306\,000\checkmark \end{aligned} \quad (3)$$

**[30]**

**QUESTION 5**

5.1

**DEBTORS COLLECTION SCHEDULE**

<b>CREDIT SALES</b>		<b>APRIL</b>	<b>MAY</b>
JAN	R115 200		
FEB	R144 000	✓21 600	
MARCH	R72 000	✓43 200	✓10 800
APRIL	R192 000	37 632✓ (38400 – 768)	✓115 200
MAY	R240 000		47 040✓ (48 000 – 960)
<b>TOTAL CREDIT SALES</b>		✓102 432	✓173 040

(8)

**CASH BUDGET**

	<b>APRIL</b>	<b>MAY</b>
Opening bank balance	(7 000)	✓79 072
Cash sales	✓128 000	✓160 000
Credit sales	✓102 432	✓173 040
Interest received on fixed deposit	✓1 200	✓1 200
<b>TOTAL RECEIPTS</b>	✓224 632	✓413 312
Cash purchases	✓58 800	✓42 000
Credit purchases	✓65 000	✓208 000
Rent paid	✓20 000	✓20 000
Wages	✓1 760	✓1 848
New machine		✓45 000
<b>TOTAL PAYMENTS</b>	✓145 560	✓316 848
Closing bank balance	✓79 072	✓96 464

(22)  
[30]

**QUESTION 6**

6.1

**INCOME STATEMENT (DIRECT METHOD)**

Sales (60 000 × 250)	✓15 000 000
Less: Variable costs	✓(606 250)
• Direct material	✓150 000
• Direct labour	✓190 000
• Variable manufacturing overheads (300 000 × 40%)	✓120 000
• Variable non-manufacturing overheads (325 000 × 45%)	✓146 250
<b>Marginal income</b>	<b>✓14 393 750</b>
Less: Fixed costs	✓(358 750)
• Manufacturing overheads (300 000 × 60%)	✓180 000
• Non-manufacturing overheads (325 000 × 55)	✓178 750
<b>Net profit</b>	<b>✓✓14 035 000</b>

(12)

6.2

$$6.2.1 \quad BEQ = \frac{TFC}{MI/U}$$

$$= \frac{358\,750\checkmark}{(14\,393\,750 / 60\,000)\checkmark}$$

$$= 1495 \text{ UNITS}\checkmark$$

(3)

$$6.2.2 \quad BEV = BEQ \times SP/U$$

$$= 1495\checkmark \times 250\checkmark$$

$$= R373\,750\checkmark$$

(3)

$$6.2.3 \quad \text{Safety margin in rand} = \text{Total sales} - \text{Break-even value}$$

$$= 15\,000\,000 - 373\,750\checkmark$$

$$= R14\,626\,250\checkmark\checkmark$$

(3)

$$6.2.4 \quad \text{Safety margin in units} = \text{Number of units sold} - \text{Break-even quantity}$$

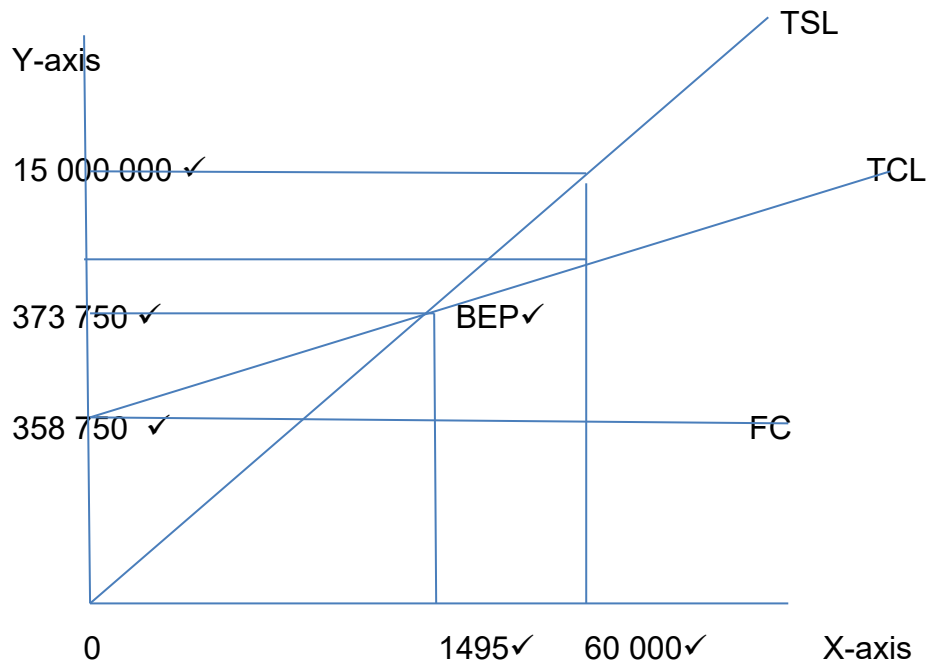
$$= 60\,000 - 1495\checkmark$$

$$= 58\,505 \text{ units}\checkmark\checkmark$$

(3)



6.2.5



(6)  
[30]

**TOTAL SECTION B: 150**  
**GRAND TOTAL: 200**