



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N6

8 September 2020

This marking guideline consists of 7 pages.

SECTION A**QUESTION 1**

1.1	1.1.1	B		
	1.1.2	B		
	1.1.3	A		
	1.1.4	C		
	1.1.5	A		
	1.1.6	C		
	1.1.7	B		
	1.1.8	A		
	1.1.9	D		
	1.1.10	C		
			(10 × 1)	(10)
1.2	1.2.1	True		
	1.2.2	True		
	1.2.3	False		
	1.2.4	True		
	1.2.5	False		
	1.2.6	False		
	1.2.7	False		
	1.2.8	True		
	1.2.9	True		
	1.2.10	True		
			(10 × 1)	(10)
1.3	1.3.1	D		
	1.3.2	E		
	1.3.3	C		
	1.3.4	B		
	1.3.5	A		
			(5 × 1)	(5)
1.4	1.4.1	Adjusted profit = 5 000 × 100/10 = 50 000✓ Therefore 50 000 – 5 000✓✓ = 45 000✓✓		(5)
	1.4.2	Retention money = certified work – cash received = 425 000✓ – 400 000✓ = 25 000✓✓✓		(5)
1.5	1.5.1	Budgeted overheads = 3,50 × 125 000 = R437 500		(2)
	1.5.2	Actual variable overheads = 3,9 × 165 000 = R643 500		(3)
1.6	1.6.1	Manufacturing overheads = material cost × 130% = 250 000✓ × 130%✓ = R325 000✓		(3)

1.6.2	Balance	0	✓	
	Material	250 000	✓	
	Labour	900 000	✓	
	Applied overheads	325 000	✓	
	Production costs	1 475 000	✓	(5)

1.6.3 Calculate cost per unit = R1 475 000/5750 = R256,52 (2)

[50]**TOTAL SECTION A: 50****SECTION B****QUESTION 2**

- 2.1 $(SP - AP)AQ$
 $= (10 - 9,50)1 500$
 $= (0,50)1 500$
 $= 750$ favourable
- 2.2 $(SQ - AQ)SP$
 $= [(2,5 \times 150) - 255] 50$
 $= (375 - 255)50$
 $= (120)50$
 $= 6 000$ favourable
- 2.3 $(SR - AR)AT$
 $= (30 - 45)400$
 $= (15)400$
 $= 6 000$ unfavourable
- 2.4 $(ST - AT)SR$
 $= [(2,5 \times 150) - 400] 30$
 $= (375 - 400) 30$
 $= 750$ unfavourable
- 2.5 $(SR - AR)AT$
 $= [(20 250/350 - 26 500/400)400]$
 $= (57,85 - 66,25)400$
 $= 3 360$ unfavourable
- 2.6 $(ST - AT)SR$
 $= (375 - 400)57,85$
 $= (25)57,85$
 $= 1 446,25$ favourable

(6 × 5) [30]

QUESTION 3

3.1

CREDIT SALES		APRIL	MAY	JUNE
February	R180 000	63 000 ✓		
March	R202 500	50 625 ✓	70 875 ✓	
April	R225 000	67 500 ✓	56 250 ✓	78 750 ✓
May	R247 500		74 250 ✓	61 875 ✓
June	R270 000			81 000 ✓
TOTAL		181 125	201 375	221 625

1 mark for all correct totals (10)

3.2

	APRIL	MAY	JUNE
Opening bank balance	80 000 ✓	123 625 ✓	180 125 ✓
Cash sales	247 500 ✓	272 250 ✓	297 000 ✓
Credit sales	181 125 ✓	201 375 ✓	221 625 ✓
Total receipts	508 625	597 250	698 750
Cash purchases	175 000 ✓	200 000 ✓	225 000 ✓
Credit purchases	150 000 ✓	175 000 ✓	200 000 ✓
Salaries	25 000 ✓	27 125 ✓	27 125 ✓
Vehicle	35 000 ✓		
Interest		15 000 ✓	
Total payments	385 000	417 125	425 125
Closing bank balance	123 625	180 125	246 625

(20)
[30]

QUESTION 4

4.1

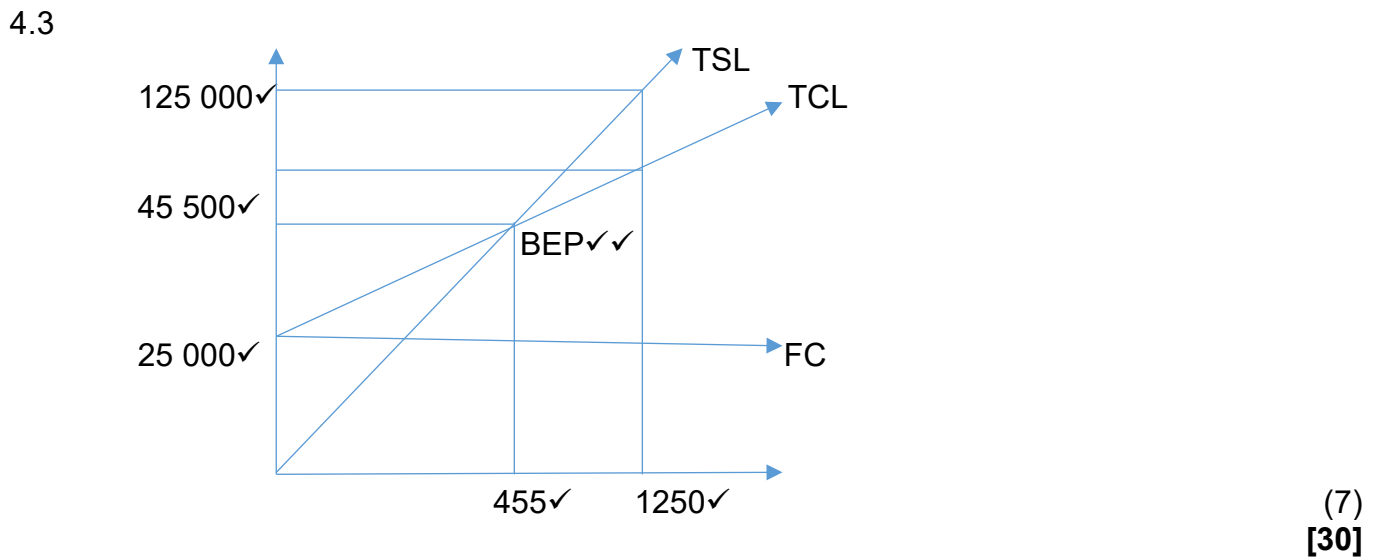
INCOME STATEMENT			
Sales (65 × 50 000)	3 250 000 ✓	3 250 000 ✓	
Less: variable cost	(320 500) ✓	(320 500) ✓	
Direct material	85 000 ✓	85 000 ✓	
Direct labour	150 000 ✓	150 000 ✓	
Variable manufacturing overheads	55 000 ✓	55 000 ✓	
Fixed manufacturing overheads	30 500 ✓	30 500 ✓	
= gross profit	2 930 000 ✓	2 929 500 ✓	
Less: nonmanufacturing cost (selling, administrative and advertising)	(118 650) ✓	(118 650) ✓	
Fixed (18 000 + 8 750 + 21 825)	48 575 ✓	48 575 ✓	
Variable (22 000 + 26 250 + 21 825)	70 075 ✓	70 075 ✓	
= Net income	2 811 350	2 810 850	

(20 ÷ 2) (10)

4.2 4.2.1 $BEQ = \frac{TFC}{MI/U}$
 $= 25\,000 / 55$
 $= 455 \text{ units}$ (5)

4.2.2 $BEV = BEQ \times SP/U$
 $= 455 \times 100$
 $= R45\,500$ (5)

4.2.3 $\frac{(SALES - \text{BREAK EVEN VALUE})}{SALES} \times \frac{100}{1}$
 $\frac{(125\,000 - 45\,500)}{125\,000} \times \frac{100}{1}$
 64% (3)



QUESTION 5

5.1 5.1.1 % of completion = $\frac{\text{Cost to date}}{\text{Total contract cost}} \times \frac{100}{1}$

$$\frac{450\,000}{835\,000} \times \frac{100}{1}$$

=54% (3)

5.1.2 Total estimated profit
 = (contract price + extras) – total estimated cost
 = (880 000✓ + 30 000✓) – (385 000✓ + 450 000)✓
 = 75 000✓ (5)

5.1.3 % of completion × $\frac{\text{estimated profit}}{1}$ × $\frac{\text{cash received}}{\text{certified work}}$

$$= 54\% \times \frac{75\,000}{1} \times \frac{550\,000}{650\,000}$$

= 34 269,23 (8)

5.1.4 Provision for latent defects
 = R34 269,23 × 3%
 = R1028,08
 Adjusted profit:
 Profit for the year = R 34 269,23✓
 Less: provision for latent defects = (R1028,08)✓
 = R33 241,15✓ (4)

CONTRACT ACCOUNT

5.2

Wages (Labour cost)	900 000 ✓	Material returned	120 000 ✓
Material issued	1 100 000 ✓	Machinery (31/04/18)	475 000 ✓
Machinery (01/05/17)	650 000 ✓	Certified work	3 500 000 ✓
Overheads	1 000 000 ✓	Uncertified work	50 000 ✓
Provision for latent defects	32 175 ✓		
Profit and loss	462 825 ✓		
	4 145 000		4 145 000

(10)
[30]

QUESTION 6

6.1

GENERAL JOURNAL

1. Material control (75 000✓ + 30 000✓ + 15000✓)	120 000 ✓	
Creditors' control		120 000 ✓
Purchases of material on credit		
2. Production control (55 000✓ + 8 500✓)	63 500 ✓	
Material control		63 500 ✓
Direct material issued		
3. Manufacturing overheads control	10 000 ✓	
Materials control		10 000 ✓

(11)

6.2 6.2.1

MATERIAL CONTROL ACCOUNT

Balance	20 250 ✓	Production control	63 500 ✓
Creditors' control✓	120 000 ✓	Manufacturing overheads	10 000 ✓
		Balance c/d	66 750 ✓
Balance b/f			
	140 250		140 250 ✓
	66 750		

(7)

6.2.2

PRODUCTION CONTROL ACCOUNT

Balance	45 000 ✓	Finished goods	166 250 ✓
Material control	63 500 ✓		
Labour control	35 000 ✓		
Applied manufacturing	22 750 ✓✓		
	166 250		166 250

(6)

6.2.3

JOB YY50

Balance	45 000 ✓	Balance	99 750 ✓
Direct material	30 000 ✓		
Direct labour	15 000 ✓		
Applied overheads	9 750 ✓✓		
	99 750		99 750

(6)
[30]

TOTAL SECTION B: 150
GRAND TOTAL: 200