



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE-EXAMINATION

COST AND MANAGEMENT ACCOUNTING N5

22 JUNE 2016

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SECTION A**QUESTION 1**

- 1.1 1.1.1 B
 1.1.2 D
 1.1.3 C
 1.1.4 B
 1.1.5 D
 1.1.6 B
 1.1.7 B
 1.1.8 B
 1.1.9 C
 1.1.10 D
 1.1.11 A
 1.1.12 A
 1.1.13 C
 1.1.14 C
 1.1.15 A
 1.1.16 B
 1.1.17 B
 1.1.18 A
 1.1.19 C
 1.1.20 B

(20 x 2) (40)

- 1.2 1.2.1 True
 1.2.2 False
 1.2.3 True
 1.2.4 True
 1.2.5 True

(5 x 2) (10)

1.3	1.3.1	J
	1.3.2	D
	1.3.3	E
	1.3.4	F
	1.3.5	B

(5 x 2) (10)
[60]

TOTAL SECTION A: 60

SECTION B

QUESTION 2

2.1 PRODUCTION COST STATEMENT OF TYRES MANUFACTURERS FOR THE MONTH ENDED 31 DECEMBER 2014

RAW MATERIAL			
Stock: 1 December	12 000		✓
Plus: Purchases	154 000		✓
Stock available for consumption	<u>166 000</u>		✓
Less: Stock 31 December	14 000		✓
Raw material used during the year		152 000	✓
Direct labour		189 000	✓
Primary cost		341 000	✓
Manufacturing costs (recycle)		105 000	✓
ACTUAL MANUFACTURING OVERHEADS			
Factory rent	26 000		✓
Factory electricity	22 000		✓
Indirect labour	38 000		✓
Indirect raw materials	10 000		✓
Depreciation: Factory equipment	200		✓ ✓
Actual manufacturing overheads	96 200		✓
Plus: Overrecovery of manufacturing overheads	8 800		✓
Total cost of production		446 000	✓
Plus: Stock of work in progress 1 January 2014		18 000	✓
Less: Stock of work in process 31 December 2014		(26 000)	✓
Cost of production on finished products		438 000	✓

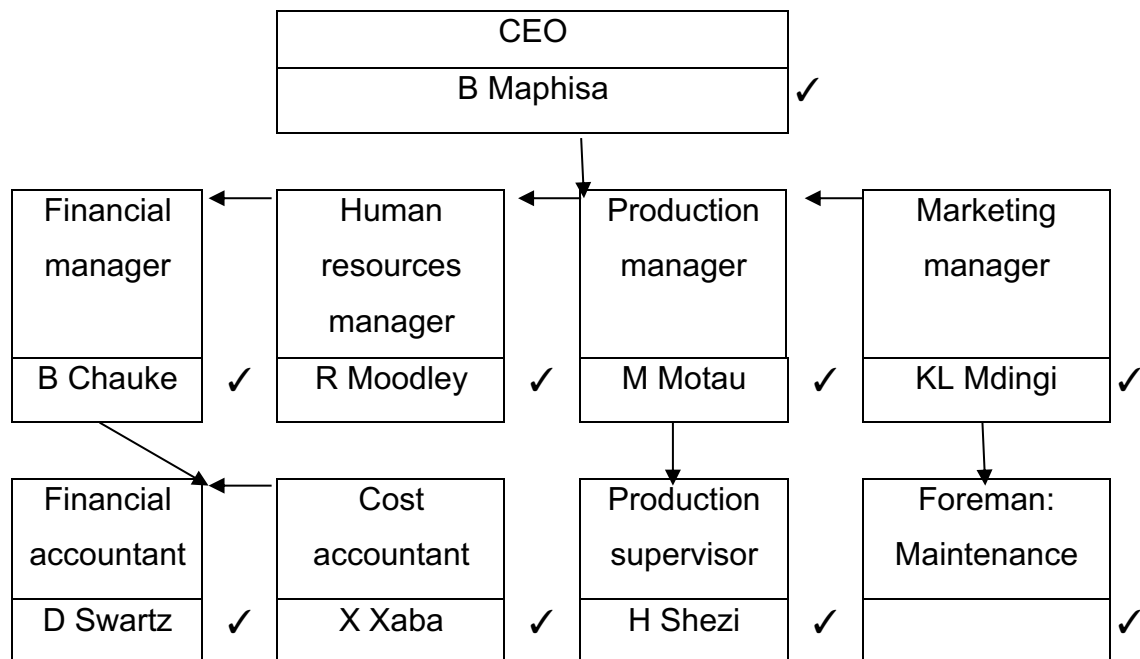
(20)

**INCOME STATEMENT OF TYRES MANUFACTURERS FOR THE MONTH
ENDED 31 DECEMBER 2014**

Sales		580 000	✓
Less: Cost of sales		471 200	✓
Finished goods inventory (1 December)	28 000		✓
Plus: Cost of production	475 200		✓
Finished goods ready for sale	503 200		✓
Less: Finished goods inventory	32 000		✓
Gross profit		108 800	✓
Less: Other expenses: Selling and admin costs		45 000	✓
Net profit for the year		63 800	✓ ✓

(10)

2.2

(9)
[39]

QUESTION 3

3.1

RAW MATERIAL CONTROL

Balance b/f	✓	46 000	Production control	✓	63 500
Creditors	✓	32 000	Balance b/f		30 000
Bank	✓	8 000			
Bank (railage)	✓	7 500			
		93 500			93 500
Balance b/d	✓	30 000			

(6)

3.2

PRODUCTION CONTROL

Balance b/f	✓	11 000	Finished products	✓	107 000
Raw material control	✓	63 500	Balance b/f		17 500
Labour control	✓	25 000			
Manufacturing overheads control	✓✓	25 000			
		124 500			124 500
Work in progress	✓	17 500			

(7)

3.3

FINISHED GOODS CONTROL

Balance b/f	✓	52 000	Cost of sales	✓	114 000
Production control	✓	107 000	Balance b/f		45 000
		159 000			159 000
Balance b/d	✓	45 000			

(5)

3.4

MANUFACTURING OVERHEADS CONTROL

Consumer goods	✓	5 750	Production control	✓	25 000
Direct labour	✓	4 000			
Depreciation	✓	2 583			
Maintenance	✓	1 600			
Water and electricity	✓	3 500			
Rent	✓	4 800			
Insurance	✓	2 000			
Cost of sales	✓✓	767			
	✓	25 000			25 000

(11)

COST OF SALES			
Finished products ✓	114 000	Manufacturing ✓	767
		Trading account ✓✓	113 233
	114 000		114 000

(4)

TRADING ACCOUNT			
Cost of Sales ✓	113 233	Sales ✓	180 000
Profit and Loss ✓✓	66 767		
	180 000		180 000

(4)

PROFIT AND LOSS ACCOUNT			
Depreciation: Equipment ✓	350	Trading account ✓	66 767
Advertisements ✓	2 500		
Salary ✓	4 500		
Commission ✓	17 000		
Insurance ✓	1 000		
Water and electricity ✓	500		
Sundry expenses ✓	9 750		
Net profit	31 167		
	66 767		66 767

(10)

[47]**QUESTION 4**

4.1 4.1.1 ORDER POINT

Maximum order period x maximum use	✓
4 x 1 200	✓✓
48 000	✓

(4)

4.1.2 ECONOMIC ORDER QUANTITY

$\frac{2 \times \text{annual usage} \times \text{ordering cost}}{\text{annual storage costs of a unit}}$	✓
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$\frac{2 \times 120\,000 \times 40}{1,20}$	✓✓✓
	✓

2 828,42 or 2 828 units	✓	(6)
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COST AND MANAGEMENT ACCOUNTING N5

4.1.3 MAXIMUM STOCK LEVEL

Order point + EOQ – (Minimum use x minimum order period) ✓

48 000 + 2 828 - (9 000 x 2) ✓✓✓

32 828 units ✓

(5)

4.1.4 AVERAGE STOCK

Average stock = (order size/2) + safety stock ✓

(2 828/2) + 6 000 ✓✓✓

7 415 units ✓

(5)

- 4.2 4.2.1 R1 250
- 4.2.2 R1 250
- 4.2.3 R1 000
- 4.2.4 R1 000
- 4.2.5 R300
- 4.2.6 R300
- 4.2.7 R450
- 4.2.8 R450
- 4.2.9 R1 275
- 4.2.10 R1 700
- 4.2.11 R750
- 4.2.12 R1 125
- 4.2.13 R360
- 4.2.14 R600
- 4.2.15 R2,48
- 4.2.16 R1,50
- 4.2.17 R0,98

(17 x 1)

(17)
[37]

QUESTION 5

COST AND MANAGEMENT ACCOUNTING N5

Normal payment (40 hours at R45 per hour)	1 800	✓ ✓
Overtime pay (10 hours at R45 x 1,5)	675	✓ ✓
Production bonus (100/25 x R25)	100	✓ ✓
Total gross payment	2 575	✓
Less: Pension contribution (1 800 x 5,7%)	135	✓ ✓
Medical fund contributions (R125)	125	✓
SITE (income tax) (R2 575 - R135) x 10%	244	✓ ✓
UIF (R1 800 x 1%)	18	✓ ✓
Total deductions	522	✓
Net wage	2 053	✓ ✓

[17]

TOTAL SECTION B: 140
GRAND TOTAL: 200