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|  Province of theEASTERN CAPEEDUCATION**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)****HOME SCHOOLING SELF-STUDY MARKING GUIDELINES**

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 04 May –2020 |
| **TOPIC** | **COST ACCOUNTING (MANUFACTURING)** |  **Term 2** |

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QUESTION 1

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| **1.1.1 Direct material cost:****18 500** + **660 000** – 35 300✓ + 13 300✓ – 21 000✓  | 🗹635 500 |
| **1.1.2 Direct labour cost:****Normal time** 3 x 1 600 x 40 = 192 000✓✓**Over time** 3✓ x 300 ✓ x (40✓ x 1.5✓) = 54 000 | 🗹246 000 |

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**1.1.3 GENERAL LEDGER OF Spring Park**

**Dr Factory overhead cost Cr**

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| 2019Jun  | 30 | **Rent**  |  **70 000** | 2019June | 30 | Work in progress  | 🗹358 510 |
|  |  | **Maintenance**  |  **47 700** |  |  |  |  |
|  |  | **Depreciation**  | **12 800** |  |  |  |  |
|  |  | Repairs  | ✓ 1 950 |  |  |  |  |
|  |  | Water and electricity (82 000 x 70/100) |  ✓✓57 400 |  |  |  |  |
|  |  | Indirect materials (7 500✓ + 57 500✓ – 7 800✓) x 80/100 | 🗹 45 760 |  |  |  |  |
|  |  | Sundry expenses (28 000 x 4/7) | ✓✓16 000 |  |  |  |  |
|  |  | Wages  | ✓25 000 |  |  |  |  |
|  |  | Salaries (89 050 – 7150) | ✓✓81 900 |  |  |  |  |
|  |  |  | **358 510** |  |  |  | **358 510** |
| (-1) if advertising or office assistant salary appears here  |  |

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 **Work in process**

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| 2018Jul | 1 | Balance  | ✓ 35 300 | 2019Jun | 30 | Finishedgoods stock | 🗹1 212 000 |
| 2019Jun  | 31 | Direct material  | 🗹635 500 see 1.1.1 |  |  | Balance  | 63 310 |
|  |  | Direct labour  | 🗹246 000see 1.1.2 |  |  |  |  |
|  |  | Factoryoverheads cost | 🗹358 510see FOH account |  |  |  |  |
|  |  |  | **1 275 310** |  |  |  | **1 275 310** |
|  | Jul | Balance  | 🗹63 310 |  |  |  |  |
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**1.2 RAINBOW TIES MANUFACTURERS**

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| **1.2.1** | **Calculate the unit costs for 2019 denoted by (a), (b) and (c).**No marks for workings.(a) = R 11,36✓accept R11,37(b) = R 3.86✓ (c) = R 4,65✓ accept R4 ,66 |

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| **1.2.2** | **Compare the unit costs of 2019 with those of 2018. In each of the following cases give a possible reason (other than inflation) for the change:***Alternative valid responses to be accepted – one reason for the change in each case**Description of the change is not acceptable e.g. increased from* *R5 ,94 - R7.27**– reason must be provided in each case** **Direct materials cost per unit** ✓✓

 More efficient usage / Less wastage (better quality) /  Cheaper supplier / Trade discounts for bulk purchase /  Free delivery / Material obtained locally * **Direct labour cost per unit** ✓✓

 Inefficiency in production (more workers per unit) / Wage rate correction (paid them higher wages) / Increase in overtime (at higher rate) / Incentives for hard work* **Factory overhead costs per unit** ✓✓

 Greater number of units produced / Economies of scale (fixed costs do not increase with production) / Certain fixed costs were not incurred / they decreased Proper control of costs /  Change in depreciation (in case of Dim Bal Method) |

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| **1.2.3** | **Calculate the break-even point for 2019:** ✓328 000  (✓45,00-✓22.50)   = 14 578 🗹 if one part correct **Comment on the break-even point calculated above. Should the business be satisfied with the number of units that are currently being produced? Explain.**Yes ✓ - they are exceeding the BEP by a significant quantity.44 000 - 14 578 = 29 422✓ *Full marks if consistent with calculations above* |

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