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| Province of the  EASTERN CAPE  EDUCATION  **DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**  **HOME SCHOOLING SELF-STUDY MARKING GUIDELINES**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 05 May –2020 | | **TOPIC** | **COST ACCOUNTING (MANUFACTURING)** | **Term 2** | | | | |

**Question 1**

1.1.1 Calculate the direct labour cost.

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| 7 x 1 240 x R45 = R390 600🗸🗸  7 x 365 x 90 = R229 950 🗸🗸  5% of R390 600 = R 19 530🗹 check normal salary  1% of R390 600 = R 3 906🗹 check normal salary  R643 986🗹 one part correct |

1.1.2 GENERAL LEDGER OF NOGODUKA BUILDERS

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| (a) RAW MATERIAL ACCOUNT | | | | | | | | | |
| 2018  March | 1 | Balance b/d |  | 35 250🗸 |  |  | Creditors' Control |  | 🗸9 600 |
|  |  | Creditors' Control |  | 788 400 🗸 |  |  | Work in progress/ Raw materials issued/Direct mat. cost |  | 785 485🗹\* |
|  |  | Bank |  | 23 230🗸 | 2019  Feb | 28 | Balance | c/d | 🗸51 795 |
|  |  |  |  | 636 225 |  | | |  | 636 225 |
| 2019  March | 1 | Balance | b/d | 51 795🗸 |  | | | | |

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| (b)  **FACTORY OVERHEAD ACCOUNT** | | | | | | | | | |
| 2019  Feb. | 28 | Factory sundry expenses |  | 88 690 |  |  |  |  |  |
|  |  | Indirect labour cost |  | 91 000 🗸 | 2019  Feb | 28 | Work-in-progress acc. |  | 636 225🗹\* |
|  |  | Indirect material cost  (75 750 -15 900) |  | 59 850🗸 |  |  |  |  |  |
|  |  | Rent expense  (329 000 x 4/7) |  | 188 000🗸🗹  One part correct |  |  |  |  |  |
|  |  | Water and electricity |  | 152 685🗸🗸 |  |  |  |  |  |
|  |  | Insurance |  | 32 200🗸🗸 |  |  |  |  |  |
|  |  |  |  | 636 225 |  | | |  | 636 225 |
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| 1.2.1 |  |
|  | Refer to Information A and calculate the amounts indicated by (a) and (b).    Administration cost    14 x 24 960 = 349 440 🗸🗸      Direct material cost    748 800 / 24 960 = R30 🗸🗸 |

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| 1.2.2 |  |
|  | Calculate the break-even point for the financial year ended 30 June 2019.  see 1.2.1 1 248 000 1 mark and one method mark  349 440 🗸 + 898 560🗸 / 184🗸 – (56 + 46 + 30) 🗸 one part correct see 1.2.1  52 2 marks    = 24 000 units 🗸 one part correct |

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| 1.2.3 |  |
|  | Comment on whether the business should be happy with the break-even point. Quote relevant figures in your comment.    Explanation 🗸🗸 🗸🗸 Figures 🗸 🗸  Must refer to BEP & production; One mark for incomplete/unclear explanation    Break-even point is 24 000 whereas number of units produced is 24 960 and therefore the business is making profit.    The break-even increased from 11 800 to 24 000 (by 12 200 units) OR Units produced and sold increased from 23 600 to 24 960 (by 1 360 units) |

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| 1.2.3 |  |
|  | Give a valid reason for the change in the direct material cost per unit.    Any one valid reason 🗸  Cheaper suppliers  Less wastage Buy in bulk  Negotiate discount |