

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY QUESTIONS AND ANSWER BOOK**

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 05 May 2020 |
| **TOPIC** | **Cost Accounting (Manufacturing)** |  **Term 2** |
| **TIME ALLOCATION** | **1 Hour** | **TIPS TO KEEP HEALTHY**1. **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%.2. **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people.3. **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use.4. **TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick. 5. **STAY AT HOME.**  |
| **INSTRUCTIONS** | **See Required**  |

QUESTION 1

 **COST ACCOUNTING (40 marks; 60 minutes)**

 **1.1 NOGODUKA BUILDERS**

 Nogoduka Builders manufactures school desks. The information presented relates to the financial year ended 28 February 2019.

 **REQUIRED:**

1.1.1 Calculate the direct labour cost. (7)

1.1.2 Prepare the following Ledger Accounts at the end of the financial year:

 (a) Raw Material Account (7)

 (b) Factory Overhead Account (10)

**INFORMATION:**

 **A. Stock balances:**

|  |  |  |
| --- | --- | --- |
|  | **28 FEBRUARY 2019** | **1 MARCH 2018**  |
|  | **R** | **R** |
| Raw material |  51 795 | 31 250  |

B. Transactions during the year before taking into account the adjustments listed under **C to H**

|  |  |
| --- | --- |
|  | R |
| Credit purchases of raw material | 788 400  |
| Transport cost on raw material paid by cheque | 23 230  |
| Defective raw material returned to suppliers | 9 600  |
| Cash purchases of factory indirect material | 75 750  |
| Production wages  | ? |
| Salary and wages (including contributions)  | 512 800  |
| Rent expense | 329 000  |
| Water and electricity | 234 900  |
| Insurance | 84 000  |
| Factory sundry expenses | 88 690 |
|  |  |

**C. Production wages:**

|  |  |
| --- | --- |
| Number of employees | 7  |
| Normal time hours worked per employee | 1 240 hours |
| Overtime hours worked per employee | 365 hours |
| Normal time rate | R45,00  |
| Overtime rate | 2 times the normal rate  |

**Deductions and contributions:**

|  |  |  |
| --- | --- | --- |
|  | **EMPLOYEE** | **EMPLOYER** |
| Pension Fund | 4% of basic | 5% of basic |
| Unemployment Insurance Fund (UIF) | 1% of basic | 1% of basic |

D. Consumable stores on hand on 28 February 2019 amounted to R15 900.

E. Included in the salaries and wages is R91 000 for indirect factory labour.

 F. The rent expense must be apportioned among the factory, sales department and the office in the ratio 4 : 2 : 1.

G. 65% of the water and electricity must be allocated to the factory.

H. A 1/3 of the insurance expense is for the sales department and the office. The rest is for the factory.

**1.2 NOMBASA MANUFACTURERS**

 Nombasa Manufacturers manufactures plastic stationery bags. The information below was taken from their records for the financial year ended 30 June.

 **REQUIRED:**

1.2.1 Refer to Information A and calculate the amounts indicated by (a) and (b). (4)

1.2.2 Calculate the break-even point for the financial year ended 30 June 2019. (5)

1.2.3 Comment on whether the business should be happy with the breakeven point. Quote relevant figures in your comment. (6)

 1.2.4 Give a valid reason for the change in the direct material cost per unit. (1)

 **INFORMATION:**

1. Costs, Production, Sales and Break-Even Point

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| --- | --- | --- | --- |
|  | **30 JUNE 2019** | **30 JUNE 2019** | **2018** |
|  | **TOTAL COST** | **UNIT COST** | **UNIT COST** |
| Fixed costs | ?  | 50,00  | 47,00  |
| Factory overhead cost | 898 560  | 36,00  | 34,00  |
| Administration cost  |  (a)  | 14,00  | 13,00  |
| Variable costs | ? | ? | 126,00 |
| Direct labour cost  | 1 397 760  |  56,00  |  51,00  |
| Direct material cost | 748 800  |  (b)  |  50,00  |
| Selling and distribution cost | 1 148 160  |  46,00  |  25,00  |

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| --- | --- | --- | --- |
|  Number of units produced and sold  | 24 960 |  | 23 600 |
| Selling price per unit | R 184 |  | R220 |
| Break-even point | ? |  | 11 800 |

**ANSWER BOOK**

1.1.1 **Calculate the direct labour cost.**

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|   |

 1.1.2 **GENERAL LEDGER OF NOGODUKA BUILDERS**

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| **(a) RAW MATERIAL ACCOUNT** |
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| (b)  **FACTORY OVERHEAD ACCOUNT** |
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| 1.2.1 |  |
|  | **Refer to Information A and calculate the amounts indicated by (a) and (b).** **Administration cost**   |

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| --- | --- |
| 1.2.2 |  |
|  | **Calculate the break-even point for the financial year ended 30 June 2019.** |

|  |  |
| --- | --- |
| 1.2.3 |  |
|  | **Comment on whether the business should be happy with the break-even point. Quote relevant figures in your comment.**   |

|  |  |
| --- | --- |
| 1.2.3 |  |
|  | **Give a valid reason for the change in the direct material cost per unit.**   |