

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

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

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 06 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** |

The following information was drawn from the books of Golden company Manufacturers on 28 February 2019. **The business uses a mark-up of 50% on cost.**

**REQUIRED**

1.1 Prepare the following ledger accounts.

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| 1.1.1 | Raw Materials Stock | [06] |
| 1.1.2 | Work-in-Process Stock | [11] |
| 1.1.3 | Finished Goods Stock | [07] |
| 1.1.4 | Factory Overhead Cost | [12] |

**INFORMATION**

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| **1. Balances** | **28 February** | | **1 March** |  |
| **2019** |  | **2018** |  |
|  |  |  |
| Raw Materials Stock | 133 000 | | 130 440 |  |
| Work-in-Process in Stock | 94 240 | | ? |  |
| Finished Goods Stock | 69 000 | | 37 000 |  |
| Consumable Stores on Hand [Indirect Materials] | 9 560 | | 3 840 |  |
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| **2. Summary of transactions for the year ended 28 February 2019** | | | |  |
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| Raw Materials on credit |  |  | 983 440 |  |
| **Salaries** |  |  |  |  |
| Factory manager |  |  | 248 000 |  |
| Office staff |  |  | 164 400 |  |
| **Wages** |  |  |  |  |
| Direct labour |  |  | 249 360 |  |
| Indirect labour |  |  | 86 200 |  |
| Bad debts |  |  | 9 800 |  |
| Water and electricity |  |  | 53 600 |  |
| Rent expense |  |  | 181 700 |  |
| Indirect materials purchased during the year |  |  | 51 720 |  |
| Sundry factory expenses |  |  | 54 610 |  |
| Sale of finished goods |  |  | 2 800 000 |  |
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**ACCOUNTING**

1. **ADDITIONAL INFORMATION** 
   * Wages of R2 800 was owed to the factory cleaner on 28 February 2019.
   * Raw materials are only bought on credit.
   * Expenses in respect of water and electricity must be apportioned between the factory and the administration section in the ratio of 3:1 respectively.
   * Rent expense must be apportioned according to floor space. The factory occupies 140 m2 out of a total floor space of 200 m2.

1.2 You are provided with information from the accounting records of Novelty

Mug Manufacturers Ltd. on 31 December 2018. Their financial year ends on

31 December each year.

**No stocks were on hand at the beginning or end of the financial year.**

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| **REQUIRED** | |  |
| 1.2.1 Calculate the total direct labour cost. | | [03] |
| 1.2.2 | Calculate the factory overhead cost per unit. | [03] |
| 1.2.3 | Calculate the break-even point. | [04] |

1.2.4 China Sand has been supplying the business with raw materials for the past

seven years. Management has been approached by a new supplier who

promises a 25% saving on raw materials cost. Mention TWO points that

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| management should consider before changing suppliers. | [04] |

**INFORMATION**

1. A total of 2 000 mugs were produced during the year.
2. The selling price per mug is R51,20.
3. The costs for the 2 000 mugs were as follows:

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|  | **Total** |  | **Per Unit** |
| **Variable Costs** | **54** | **000** | **27,00** |
| Raw materials cost | 20 | 800 | 10,40 |
| Direct labour cost | ? |  | 13,60 |
| Selling and distribution cost | ? |  | 3,00 |

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| **Fixed Costs** | **26 000** | **?** |
| Factory overhead cost | 16 000 | ? |
| Administration cost | 10 000 | ? |
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| **Total Cost** | **80 000** | **40,00** |
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**ANSWER BOOK**

**QUESTION 1**

**1.1.**

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| **General Ledger of Metal Manufacturers** | | | | | | | |
| **1.1.1** | **Raw Materials Stock** | | | | | | |
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| **1.1.2** | **Work-in-Process Stock** | | | | | | |
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| **1.1.3** | **Finished Goods stock** | | | | | | |
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| **1.1.4** | **Factory Overhead Cost** | | | | | | |
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**QUESTION 1.2**

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| **1.2.1** | **Calculate the total direct labour cost.** |  |  |
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| **1.2.2** | **Calculate the factory overhead cost per unit.** |  |  |
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| **1.2.3** | **Calculate the break-even point.** |  |  |
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| **1.2.4** | **Mention TWO points that management should consider before changing suppliers.** |  |
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