



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

COST AND MANAGEMENT ACCOUNTING N6

17 November 2022

This marking guideline consists of 8 pages.

SECTION A**QUESTION 1**

1.1 1.1.1 $R650\,000 \times 60\%$
 $= R390\,000$ ✓✓✓ (3)

1.1.2 $(300\,000\checkmark + 650\,000\checkmark + 390\,000\checkmark)$
 $= R1\,340\,000\checkmark\checkmark$ (5)

1.1.3 $R1\,340\,000/2\,500$
 $= R536,00\checkmark\checkmark$ (2)

1.2 1.2.1 Certified work is work that has already been done on the contract, certified by the architect and ready for payment.

1.2.2 Retention money is withheld by the contractee to protect himself/herself against any defective work done by the contractor.

1.2.3 A contractor is the person or party responsible for executing the contract.

1.2.4 A contractee is the person or party for whom the contract is completed. He or she can also be called the buyer.

1.2.5 A contract is an agreement between two parties (the contractor and the contractee) creating a legal obligation for both of them to perform specific acts. Each party is legally bound to perform the specified duties such as rendering a payment or delivering goods.
 (5 × 2) (10)

1.3 1.3.1 $(SR - AR)AT$
 $= (10,50\checkmark - 15,50\checkmark)650\checkmark$
 $= (5)650$
 $= 3\,250\checkmark$ unfavourable✓

1.3.2 $(ST - AT)SR$
 $= (300\checkmark - 650\checkmark)10,50\checkmark$
 $= (350)10,50$
 $= 3\,675\checkmark$ unfavourable✓

(2 × 5) (10)

1.4

MONTHS	TOTAL SALES
January	R337,50✓✓
February	R562,50✓✓
March	R787,50✓✓
April	R1 012,50✓✓
May	R1 237,50✓✓

(5 × 2) (10)

1.5	1.5.1	Total variable cost = $R300 \times R15$ = $R4\ 500$ ✓✓	(2)
	1.5.2	Total cost = variable cost + fixed cost = $(300 \times 15) + 35\ 000$ = $4\ 500 + 35\ 000$ = $R39\ 500$ ✓✓	(2)
	1.5.3	Marginal cost = sales – variable cost = $(300 \times 65) - (300 \times 15)$ = $19\ 500 - 4\ 500$ = $15\ 000$ ✓✓✓✓	(4)
	1.5.4	Total cost = variable cost + fixed cost = $(450 \times 15) + 35\ 000$ = $6\ 750 + 35\ 000$ = $R41\ 750$ ✓✓	(2)
			[50]
TOTAL SECTION A:			50

SECTION B**QUESTION 2**

2.1	2.1.1	(ST – AT)SR = [(7,5 × 3 500) – 23 000]38 500/25 000 = (226 250✓ – 23 000✓)1,54✓ = (3 250)1,54 = 5 005✓ favourable✓		
	2.1.2	(SR – AR)AT = [38 500/25 000 – 32 600/23 000]23 000 = (1,54✓ – 1,41✓)23 000✓ = (0,13)2 300 = 2 990✓ favourable✓	(2 × 5)	(10)
2.2	2.2.1	BFO – AFC = 53 000✓✓ – 55 400✓✓ = 2 400✓ unfavourable		
	2.2.2	(ST – BT)SR = (26 250✓ – 25 000✓)53 000/25 000 = (1 250)2,12✓ = 2 650✓ favourable✓	(2 × 5)	(10)
2.3	• It is an important instrument in evaluating performance. • It helps with the pricing of products. • The whole business becomes more cost-conscious. • It reduces administrative work. • It forms the basis for drawing up the budget.			(5 × 2)
				(10)
				[30]

QUESTION 3

3.1

SALES BUDGET

	Three-seaters	Five-seaters
Expected sales in units	R600	R500
Selling price per unit	✓R2 500	✓R3 500
Total sales	✓R1 500 000	✓R1 750 000

(4)

3.2

PRODUCTION BUDGET

	Three-seaters	Five-seaters
Expected sales in units	✓600	✓500
Add desired closing stock	✓300	✓300
Total stock requirements	✓900	✓800
Less opening stock	✓(250)	✓(160)
Number of units to be produced	✓650	✓640

(10)

3.3

RAW-MATERIAL BUDGET (SPONGE)

Production requirements (650 + 640)✓	1 290✓
X material needed per unit	40 kg✓
Production needs	51 600 kg✓
Add: desired closing stock	8 500 kg✓
Total needs	60 100 kg✓
Less: opening stock	(13 000 kg) ✓
Materials to be purchased	47 100 kg✓
Cost per material	R100✓
Value of material to be purchased	R4 710 000✓

(10)

3.4

DIRECT-LABOUR BUDGET

	Three-seaters	Five-seaters
Units to be produced	650	640
X direct labour time per unit	20 hrs	35 hrs
Total hours	13 000 hrs✓	22 400 hrs✓
Cost per labour hour	R95	R95
Total direct labour cost	R1 235 000✓	R2 128 000✓

(4)

3.5

MANUFACTURING-OVERHEADS BUDGET

	Three-seaters	Five-seaters	Total
No. of units to be produced	650	640	1 290
X variable cost per unit	R16,50	R16,50	R16,50
Total variable cost	R10 725	R10 560	✓R21 285
Plus: fixed overheads			✓R350 000
Total manufacturing overheads			R371 285

(2)

[30]

QUESTION 4

4.1

INCOME STATEMENT

Sales (1 200 × 120)	✓R144 000
Less: variable cost	R(30 800)
Direct material	✓R12 000
Direct labour	✓R6 000
Variable manufacturing overheads	✓R800
Variable selling and administrative cost (4 500 + 7 500)	✓R12 000
Marginal income	R113 200
Less: fixed costs	✓R(14 500)
Manufacturing overheads	✓R1 500
Selling and administrative cost (5 500 + 7 500)	✓R13 000
Net income	✓✓R98 700

(10)

4.2

4.2.1

$$\text{BEQ} = \frac{\text{TFC}}{\text{MI/U}}$$

$$= \frac{14\,500}{94,33}$$

$$= 154 \text{ units}$$

$$*** (1\,500 + 5\,500 + 7\,500) = 14\,500$$

$$** 113\,200 / 1\,200 = 94,33$$

(5)

4.2.2

$$\text{BEV} = \text{BEQ} \times \text{SP/U}$$

$$= 154 \times 120$$

$$= R18\,480$$

(5)

4.2.3

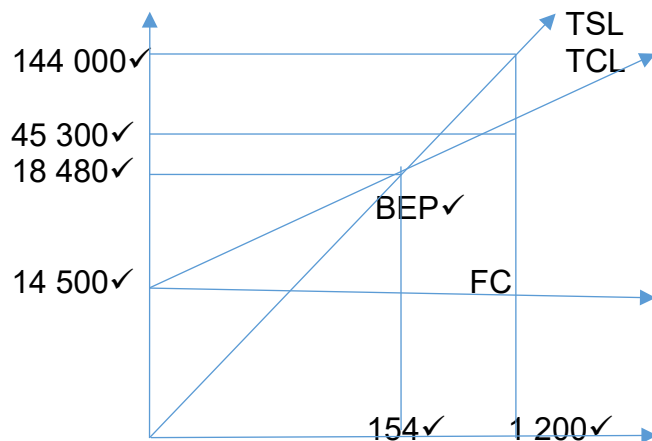
$$\text{MS(R)} = \frac{\text{S} - \text{BEV}}{\text{S}} \times \frac{100}{1}$$

$$= \frac{144\,000 - 18\,480}{144\,000} \times \frac{100}{1}$$

$$= 87\%$$

(3)

4.3

(7)
[30]**QUESTION 5**

5.1 5.1.1 $\text{TEP} = (\text{contract price} + \text{extras}) - \text{total estimated cost}$
 $= (1\,500\,000 + 500\,000) - (890\,000 + 550\,000)$
 $= 560\,000$

(5)

5.1.2 $100\% \times \frac{\text{total estimated profit}}{1} \times \frac{\text{cash received}}{\text{certified work}}$
 $= 100\% \times \frac{560\,000}{1} \times \frac{1\,800\,000}{2\,000\,000}$
 $= 504\,000$

(8)

5.1.3 $\text{Provision for latent defects} = \text{certified work} - \text{cash received}$
 $= 2\,000\,000 - 1\,800\,000$
 $= 200\,000$

(4)

5.1.4 $\text{Adjusted profit} = \text{profit for the year} - \text{provision for latent defects}$
 $= 504\,000 - 200\,000$
 $= 304\,000$

(3)

5.2 5.2.1 $\text{Depreciation} = 700\,000 - 450\,000$
 $= 250\,000$

(3)

5.2.2 $\text{Material used} = (300\,000 + 100\,000) - (10\,000 + 60\,000)$
 $= 330\,000$

(5)

5.2.3 $\% \text{ of completion} = \frac{\text{certified work}}{\text{total contract price}} \times \frac{100}{1}$
 $= \frac{1\,500\,000}{3\,000\,000} \times \frac{100}{1}$
 $= 50\%$

(2)
[30]

QUESTION 6

6.1

PRODUCTION CONTROL ACCOUNT

Balance	✓165 000	Finished goods	✓283 300
Material control	✓95 000	Balance c/d	✓128 450
Labour control	✓80 500		
Applied manufacturing	✓71 250		
	411 750		411 750

(6)

6.2

JOB CARD: JOB DPD

Balance	53 200
Direct material	✓17 000
Direct labour	✓45 500
Applied overheads	✓12 750
	✓128 450

(4)

6.3

JOB CCB

$$\begin{aligned}
 \text{Cost per unit} &= \frac{\text{Total cost}}{\text{No of units}} \\
 &= \frac{283\,300}{30\,000} \\
 &= \text{R}9,44\checkmark
 \end{aligned}$$

JOB DPD

$$\begin{aligned}
 \text{Cost per unit} &= \frac{\text{Total cost}}{\text{No of units}} \\
 &= \frac{128\,450}{15\,000} \\
 &= \text{R}8,56\checkmark
 \end{aligned}$$

(2)

6.4

JOB COST STATEMENT: JOB CCB

Balance b/d	111 800
Direct materials	✓78 000
Direct labour	✓35 000
Applied overheads	✓58 500
Production costs	✓283 300
Selling and admin	✓46 667
Total cost	✓329 967
Profit @ 65%	✓214 479
Selling price	✓544 446

(8)

6.5

MATERIAL CONTROL ACCOUNT

Balance	✓120 000	Production control	
Bank	✓65 000	Manufacturing overheads	✓95 000
		Balance c/d	✓45 500
Balance b/f			0
			✓44 500
	✓185 000		185 000
	44 500		

(6)

6.6

GENERAL JOURNAL

1.		
Material control	✓65 000	
Bank		✓65 000
Cash purchases of material		
2.		
Production control	✓95 000	
Material control		✓95 000
Direct material issued to production		

(4)

[30]

TOTAL SECTION B: 150
GRAND TOTAL 200