

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

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

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 28 April 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 –MANUFACTURING 50 marks; 60 minutes

1.1 You are provided with information taken from the records of Fabric Cleaners

for the financial year ended 28 February 2019. The business manufactures and

sells a single type of cleaning broom.

REQUIRED:

1.1.1 Calculate:

* Direct material cost (6)
* Direct labour cost (6)
* Factory overhead costs. (15)

1.1.2 Post to the Work-In –Process Stock account in the General ledger.

Show all workings in brackets (10)

**INFORMATION**

A.

|  |  |  |
| --- | --- | --- |
| **Stock balances:** | **28 February 2019** | **01 March 2018** |
| Raw material stock | 36 650 | 30 500 |
| Work-in-process stock | 20 950 | 18 600 |
| Factory indirect material stock | 2 170 | 3 330 |

B. **Transactions for the financial year ended 28 February 2019:**

|  |  |  |
| --- | --- | --- |
| Raw material purchased (cash and credit) | | 829 500 |
| Damaged raw materials returned to suppliers | | 8 200 |
| Carriage on purchases of raw materials | | 9 840 |
| Salaries: Factory foreman | | 64 500 |
| Office workers | | 32 500 |
| Wages : Production wages (refer to information C) | | **?** |
| Office workers | | 81 00 |
| UIF contribution  1% of basic salaries or wages | Factory workers in production | ? |
| Factory foreman | 925 |
| Office workers | 422 |
| Factory indirect material purchased | | 85 880 |
| Advertising | | 9 500 |
| Factory maintenance | | 26 285 |
| Rent expense | | 108 000 |
| Bad debts | | 9 700 |
| Brooms stolen | | 4 720 |
| Water and electricity | | 68 300 |
| Depreciation of factory plant | | 16 660 |
| Sundry expenses | | 47 700 |

**C. Factory workers in the production process:**

|  |  |
| --- | --- |
| Number of workers in production | 6 employees |
| Normal hours worked by each factory worker above | 1 680 hours |
| Overtime hours worked by each worker above | 240 hours |
| Normal time wage rate | R75 per hour |
| Overtime wage rate | R120 per hour |

**D. Rent is apportioned according to the floor space occupied by each department.**

**Floor space occupied is as follows:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Factory** | **Sales** | **Office** |
| Square metres | 2100m2 | 1 100m2 | 800m2 |

**E. Water and electricity:**

10% of this amount is allocated to the office and 25% to the sales department. The balance applies to the factory.

**F.** Sundry expenses must be divided between the factory and the sales department in the ratio 3:1.

**1.2 THOMPSON MANUFACTURERS**

Thompson Manufacturers is a small business that manufactures plastic helmets that are used at local cricket matches as part of an advertising campaign.

**REQUIRED:**

1.2.1 Give ONE example of a fixed cost and ONE example of a variable cost. (2)

1.2.2 Calculate the break-even point for Thompson Manufacturers for the year ended

30 June 2019. (6)

1.2.3 Comment on your calculations in QUESTION 1.2.2. What advice would you offer

Thompson Manufacturers? Quote figures to support the advice you offer. (5)

**INFORMATION:**

Information for the financial year ended 30 June 2019

**A.**

|  |  |
| --- | --- |
| Number of helmets produced and sold | 23 500 units |
| Sales for the year | R1 057 500 |
| Total fixed costs | R 291 200 |
| Total variable costs | R 752 000 |

**B.** The business does not carry any work-in-process balance into the next financial

year.

**QUESTION 1: COST ACCOUNTING-MANUFACTURING**

**1.1.1 Calculate:**

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| --- |
| * **Direct material cost** |

**6 MARKS**

|  |
| --- |
| * **Direct labour cost** |

**6MARKS**

* **Factory overhead cost**

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| --- | --- |
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**15MARKS**

**1.1.2**

**GENERAL LEDGER OF CLASSIC CLEANERS**

**WORK-IN-PROCESS STOCK ACCOUNT (B7)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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**10MARKS**

**1.2**

**1.2.1**

|  |  |
| --- | --- |
| **Give ONE example of a fixed cost and ONE example of a variable cost.** | |
| **FIXED COST:** | **VARIABLE COST:** |

**2MARKS**

**1.2.2**

|  |
| --- |
| **Calculate the break-even point for Thompson Manufacturers for the year ended 30 June 2019.** |

**6MARKS**

**1.2.3**

|  |
| --- |
| **Comment on your calculations in QUESTION 1.2.2. What advice would you offer Thompson Manufacturers? Quote figures to support the advice you offer.** |