

**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**  |

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| **QUESTION 1**  | **COST ACCOUNTING-MANUFACTURING**  **(60 marks; 40 minutes)** |
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| 1.1 | Choose the terms in COLUMN A that matches an examples in COLUMN B. Write the letter (A – E) only next to question number (1.1.1 – 1.1.5) in the ANSWER BOOK. |  |
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|  | **COLUMN A** | **COLUMN B** |  |
|  | 1.1.1 | Selling and distribution cost | A | Wood used to make the desks |  |
|  | 1.1.2 | Direct material cost | B | Production wages |  |
|  | 1.1.3 | Factory overhead cost | C | Office stationery expense |  |
|  | 1.1.4 | Administration cost | D | Factory rent expense |  |
|  | 1.1.5 | Direct labour cost | E | Advertising expense | (5) |
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| 1.2 | **BUCO BUILDERS** |  |
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|  | Buco Builders manufactures school desks. The information presented relates to the financial year ended 28 February 2019. |  |
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|  | **REQUIRED:** |  |
|  |  |  |  |
|  | 1.2.1 | Calculate the direct labour cost. | (7) |
|  |  |  |  |
|  | 1.2.2 | Prepare the following Ledger Accounts at the end of the financial year: |  |
|  |  |  |  |
|  |  | (a) | Raw Material Account | (7) |
|  |  |  |  |  |
|  |  | (b) | Factory Overhead Account | (10) |
|  |  |  |  |  |
|  |  | (c) | Work-In-Process Stock Account  | (7) |
|  |  |  |  |  |
|  | 1.2.3 | Calculate the gross profit earned for the financial year ended 28 February 2019. | (8) |
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|  | **INFORMATION:** |  |
|  | **A.** | Stock balances: |  |
|  |  |  | **28 FEBRUARY 2019** | **1 MARCH 2018** |  |
|  |  | **(R)** | **(R)** |  |
|  |  | Raw material | 34 830 |  | 23 800 |  |  |
|  |  | Work-in-process | 26 900 |  | 27 570 |  |  |
|  |  | Finished goods | 45 744(240 desks) |  | 40 026(210 desks) |  |  |
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| **B.** | Transactions during the year: |
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|  |  |  **(R)** |  |
|  | Credit purchases of raw material | 489 400 |  |
|  | Transport cost on raw material paid by cheque | 15 230 |  |
|  | Defective raw materials returned to suppliers | 93 00 |  |
|  | Cash purchases of factory indirect material | 26 750 |  |
|  | Production wages  | ? |  |
|  | Salary and wages  | 214 800 |  |
|  | Rent expense | 279 400 |  |
|  | Water and electricity | 135 900 |  |
|  | Insurance | 47 500 |  |
|  | Factory sundry expenses | 39 699 |  |

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| **C.** | Production wages: |
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| Number of employees | 5 |
| Normal time hours worked per employee | 1 840 hours |
| Overtime hours worked per employee | 385 hours |
| Normal time rate | R45,60 |
| Overtime rate | 1,5 times the normal rate |
| **Deductions and contributions:**

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|  | **EMPLOYEE** | **EMPLOYER** |
| Pension Fund | 7% of basic | 9% of basic |
| Unemployment Insurance Fund (UIF) | 1% of basic | 1% of basic |

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| **D.** | Consumable stores used in the factory amounted to R22 914.  |
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| **E.** | Included in the salaries and wages is R81 500 for indirect factory labour.  |
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| **F.** | The rent expense must be apportioned among the factory, sales department and the office in the ratio 5 : 2 : 1. |
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| **G.** | 75% of water and electricity must be allocated to the factory. |
|  |  |
| **H.** | 1/3 of the insurance expense is for both the sales department and the office. |
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| **I.** | During the year, 8 000 desks were produced at a cost of R190,60 per unit. Desks are sold at a fixed selling price of R250 each. |
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| 1.3 | **ZONDO MANUFACTURERS**  |  |
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|  | Zondo Manufacturers manufactures plastic stationery bags. The information below was taken from their records for the financial year ended 30 June. |  |
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|  | **REQUIRED:** |  |
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|  | 1.1.1 | Refer to information A below and calculate the amounts denoted by **(a)** and **(b)**. |  (4) |
|  |  |  |  |
|  | 1.1.2 | Do a calculation to verify the break-even number of units for the financial year ended 30 June 2019. | (4) |
|  |  |  |  |
|  | 1.1.3 | Comment on the break-even point and the level of production for both years. Quote relevant figures in your comment. | (4) |
|  |  |  |  |
|  | 1.1.4 | Give a valid reason for the change in the direct material cost per unit. | (2) |
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|  | 1.1.5 | Give ONE suggestion that the business can do to improve production and profitability. Quote figures. | (2) |

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| **INFORMATION:** |  |
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| **COSTS, PRODUCTION, SALES AND BREAK-EVEN POINT** |  |
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|  | **30 JUNE 2019** | **2018** |  |
| **TOTAL COST** | **UNIT COST** | **UNIT COST** |  |
| **Fixed costs** | ? |  | 25,00 |  | 23,50 |  |  |
| Factory overhead cost | 224 640 |  | 18,00 |  | 17,00 |  |  |
| Administration cost  | **(a)** |  | 7,00 |  | 6,50 |  |  |
| **Variable costs** | ? |  | ? |  | 59,50 |  |  |
| Direct labour cost  | 349 440 |  | 28,00 |  | 25,60 |  |  |
| Direct material cost | 374 400 |  | **(b)** |  | 25,00 |  |  |
| Selling and distribution cost | 106 080 |  | 8,50 |  | 8,90 |  |  |
|  |
| Number of units produced and sold | 12 480 |  |  | 11 800 |  |  |
| Selling price per unit | R92,50 |  | R83,00 |  |  |
| Break-even number of units | 12 000 |  | 11 800 |  |  |
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|  |  | **60** |

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| **QUESTION 1** |  |
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| 1.1 | **Match the concepts** |  |
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| **1.1.1** |  |
| **1.1.2** |  |
| **1.1.3** |  |
| **1.1.4** |  |
| **1.1.5** |  |

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| 1.2 | **BUCO BUILDERS** |  |
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| 1.2.1 | **Calculate:** |  |
|  | **Direct labour cost** |  |
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| (a) | **GENERAL LEDGER OF BUCO BUILDERS** |
|  | **RAW MATERIAL ACCOUNT** |
| 2018 Mar | 1 | Balance | b/d |  |  |  |  |  |  |
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| **(b) FACTORY OVERHEAD ACCOUNT** |
| 2019Feb | 28 | Factory indirect material  |  |  |  |  |  |  |  |
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| **(c)** | **WORK-IN-PROCESS STOCK ACCOUNT** |
| 2018 Mar | 1 | Balance | b/d |  |  |  |  |  |  |
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| 1.2.3 | **GROSS PROFIT CALCULATION** |  |
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| 1.3 | **CLEAR BAG MANUFACTURERS** |  |
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| 1.1.1 | **(a)** |  |

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|  | **(b)** |  |
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| 1.1.2 | **Verify the break-even number of units for the financial year ended 30 June 2019 by doing a calculation.** |  |
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| 1.1.3 | **Comment on the break-even point and the level of production for both years. Quote relevant figures in your comment.** |  |
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| 1.1.4 | **Provide a valid reason for the change in direct material cost per unit.** |  |
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| 1.1.5 | **Give ONE suggestion that the business can do to improve production and profitability. Quote figures.** |  |
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