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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Province of the  EASTERN CAPE  EDUCATION  **DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**  **HOME SCHOOLING SELF-STUDY MARKING GUIDELINES**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 28 April –2020 | | **TOPIC** | **COST ACCOUNTING (MANUFACTURING)** | **Term 2** | | | | |

**QUESTION 1:**

**COST ACCOUNTING –MANUFACTURING**

**1.1.1 Calculate:**

|  |
| --- |
| * Direct material cost   30 500+829 500+9 840-8 200-36 650=824 990[√] (one part correct)  √ √ √ √ √ 󠅃  Accept alternative arrangements (such as ledger accounts) **6]** |
| * Direct labour cost   6x1 680xR75 = 756 000√√  6x 240xR120 = 172 800√√  +UIFof 1% = 7 560√    =936 360 [√] (one part correct) [**6]** |

* **Factory overhead cost**

|  |  |
| --- | --- |
| Indirect materials(3 330+85 880-2 170) | 87 040[√] |
| Salary: factory foreman (64 500+925) | 65 425√√ |
| Rent expense(108 000 x 21/40) | 56 700√√ |
| Maintenance | 26 285√ |
| Depreciation on factory plant | 16 660√ |
| Sundry expenses(47 700 x 3/4) | 35 775√√ |
| Water and electricity(68 300 x 65%) | 44 395√√ |
| TOTAL FACTORY OVERHEAD COST | 332 280[√] |

[**15]**

1.1.2 **GENERAL LEDGER OF FABRIC CLEANERS**

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2018  March | 1 | Balance | b/d | 18 600√ |  | 2019  Feb | 28 | Finished goods stock |  | 2 091 280[√] |
| 2019  Feb | 28 | Direct Material Cost√ |  | 824 990[√] |  |  |  | Balance | c/d | 20 950√ |
|  |  | Direct labour Cost√ |  | 936 360[√] |  |  |  |  |  |  |
|  |  | Factory Overhead Cost√ |  | 332 280[√] |  |  |  |  |  |  |
|  |  |  |  | **2 112 230** |  |  |  |  |  | **2 112 230** |
|  |  |  |  |  |  |  |  |  |  |  |

[**10]**

**1.2 THOMPSON MANUFACTURERS**

|  |  |
| --- | --- |
| 1.2.1 **Give ONE example of a fixed cost and ONE example of a variable cost.** | |
| **FIXED COST:**  Any ONE example from the Factory Overhead Cost or the Administration Cost categories. √ | **VARIABLE COST:**  Any ONE example from the Direct Material, direct labour or selling and distribution cost accounts√ |

**[ 2]**

**1.2.2**

|  |
| --- |
| **Calculate the break-even point for Thompson Manufacturers for the year ended 30 June 2019.**  291200√ / R13=22 400 units[√] (one part correct)  Workings:(1057 500/23 500)-752 000/23 500) =R13[√]  R45√√ R32√ |

**[ 6]**

**1.2.3**

|  |
| --- |
| **Comment on your calculation in QUESTION 1.2.2. What advice would you offer Thompson Manufacturers? Quote figures to support the advice you offer.**  Comment√ with figure quoted√√ advice√√  The business produced more than the BEP (produced 23 500; BEP 22 400.  This is however  only 1 100 units above the BEP meaning that profitability is still very low.  The business needs to increase production and control costs more efficiently in order to improve profitability.  Buy locally /in bulk to save on transport costs and to receive discounts. Improve production techniques and reduce wastage.  \***Take into consideration the candidate’s calculation for the Break even point(1.2.2).** |

**[5]**