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|  Province of theEASTERN CAPEEDUCATION**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)****HOME SCHOOLING SELF-STUDY MARKING GUIDELINES**

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 05 May –2020 |
| **TOPIC** | **COST ACCOUNTING (MANUFACTURING)** |  **Term 2** |

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**Question 1**

1.1.1 Calculate the direct labour cost.

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| 7 x 1 240 x R45 = R390 600🗸🗸7 x 365 x 90 = R229 950 🗸🗸5% of R390 600 = R 19 530🗹 check normal salary 1% of R390 600 = R 3 906🗹 check normal salary  R643 986🗹 one part correct  |

 1.1.2 GENERAL LEDGER OF NOGODUKA BUILDERS

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| (a) RAW MATERIAL ACCOUNT |
| 2018March  | 1 | Balance b/d  |  | 35 250🗸 |  |  | Creditors' Control  |  | 🗸9 600 |
|  |  | Creditors' Control  |  | 788 400 🗸 |  |  | Work in progress/ Raw materials issued/Direct mat. cost  |  | 785 485🗹\* |
|  |  | Bank  |  | 23 230🗸 | 2019Feb  | 28 | Balance  | c/d | 🗸51 795 |
|  |  |  |  | 636 225 |  |  | 636 225 |
| 2019March  | 1 | Balance  | b/d | 51 795🗸  |  |

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| (b)  **FACTORY OVERHEAD ACCOUNT** |
| 2019Feb. | 28 | Factory sundry expenses |  | 88 690 |  |  |  |  |  |
|  |  | Indirect labour cost |  | 91 000 🗸 | 2019Feb | 28 | Work-in-progress acc. |  | 636 225🗹\* |
|  |  | Indirect material cost(75 750 -15 900) |  | 59 850🗸 |  |  |  |  |  |
|  |  | Rent expense (329 000 x 4/7) |  | 188 000🗸🗹One part correct |  |  |  |  |  |
|  |  | Water and electricity |  | 152 685🗸🗸 |  |  |  |  |  |
|  |  | Insurance  |  | 32 200🗸🗸 |  |  |  |  |  |
|  |  |  |  | 636 225 |  |  | 636 225 |
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| 1.2.1 |  |
|  | Refer to Information A and calculate the amounts indicated by (a) and (b).  Administration cost  14 x 24 960 = 349 440 🗸🗸   Direct material cost  748 800 / 24 960 = R30 🗸🗸  |

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| 1.2.2 |  |
|  | Calculate the break-even point for the financial year ended 30 June 2019. see 1.2.1 1 248 000 1 mark and one method mark  349 440 🗸 + 898 560🗸 / 184🗸 – (56 + 46 + 30) 🗸 one part correct see 1.2.1  52 2 marks  = 24 000 units 🗸 one part correct |

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| 1.2.3 |  |
|  | Comment on whether the business should be happy with the break-even point. Quote relevant figures in your comment.  Explanation 🗸🗸 🗸🗸 Figures 🗸 🗸 Must refer to BEP & production; One mark for incomplete/unclear explanation  Break-even point is 24 000 whereas number of units produced is 24 960 and therefore the business is making profit.  The break-even increased from 11 800 to 24 000 (by 12 200 units) OR Units produced and sold increased from 23 600 to 24 960 (by 1 360 units) |

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| 1.2.3 |  |
|  | Give a valid reason for the change in the direct material cost per unit.  Any one valid reason 🗸Cheaper suppliers Less wastage Buy in bulk Negotiate discount  |