UNIVERSITY OF JOHANNESBURG

QUALIFICATION	:	**B COM HONOURS**
MODULE	:	**ROAD TRANSPORT COSTING & DISTRIBUTION**
CODE	:	**TRE8X10**
DATE	:	**NOVEMBER 2016 EXAMINATION**
DURATION	:	**180 MINUTES**
TIME	:	**08:00**
TOTAL MARKS	:	**180**

EXAMINER(S)	:	**PROF GP PRINSLOO**
(EXTERNAL) MODERATOR(S)	:	**MR H LEMMER**
NUMBER OF PAGES	:	**5 PAGES**

INSTRUCTIONS TO CANDIDATES:

- Question papers must be handed in.
- Answer questions as per instructions
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
- Please answer all questions.

QUESTION 1 **(10 Marks)**

Complete the "*Vehicle Concepts*" description where required in your examination script (NOT ON QUESTION PAPER).

QUESTION 2 **(40 Marks)**

Complete the attached "*Vehicle Cost Schedule*". **(The use of calculators is permitted)**

QUESTIONS 3 **(10 Marks)**

Give formulae description for the follow Cost concepts:

a) Cost of Capital
b) Depreciation per annum
c) Insurance Cost
d) License Cost
e) Fuel Cost
f) CPK Maintenance
g) Fixed Cost per day
h) Annual Maintenance
i) Overheads administration
j) CPK Fuel

QUESTION 4 **(20 Marks)**

In the process of managing a Road Transport enterprise the Management normally utilises two different sets of accounting information to steer the organisation. Illustrate how you will apply this statement in a Road Transport Enterprise of your choice with due attention to:

a) The users of the information and
b) The differences encountered between the two kinds of accounting Information.

QUESTION 5 **(20 Marks)**

The determination of costs affecting services directly or indirectly assist management in the efficient running of a road transport organisation. Identify the costs in the TWO categories and analyse the assignment of such costs to cost objects.

QUESTION 6 **(20 Marks)**

Management continuously attend to the determination of costing systems. Indicate how you would design an activity based costing system.

QUESTION 7 **(25 Marks)**

Risk and uncertainty forms an integral part of business activity. Comprehensively analyse:

a) Risk and uncertainty
b) Probability.
c) Attitudes to risk by individuals.

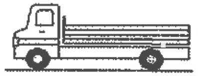
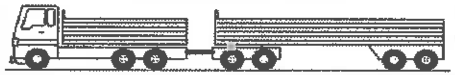
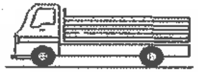
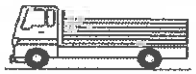
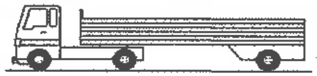
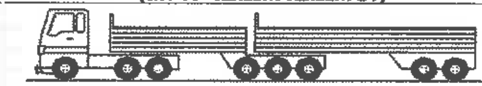
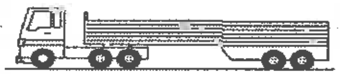
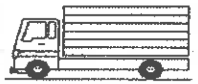
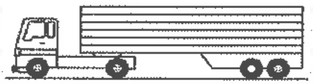
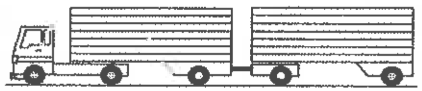
QUESTION 8 **(35 Marks)**

Budgeting is a major management activity.

a) Identify comprehensively the stages in the budgeting process.
b) State criticism against budgeting.

VEHICLE CONCEPTS

Page C1

No.	Vehicle			No.	Vehicle		
01	 (2400 kg or Less)	Permissible Unladen PAYLOAD up to	2 400 1 400 1 000	12	 (4x2 Rigid+2 Axle Trailer)	Permissible Unladen PAYLOAD up to	28 000 11 400 16 600
02	 (2400 to 5000 kg)	Permissible Unladen PAYLOAD up to	5 000 2 680 2 320	13	 (6x4 Rigid+2 Axle Trailer)	Permissible Unladen PAYLOAD up to	43 000 15 780 27 220
03	 (5001 to 7500 kg)	Permissible Unladen PAYLOAD up to	7 000 3 100 3 900	14	 (6x4 Rigid+4 Axle Trailer)	Permissible Unladen PAYLOAD up to	55 200 19 680 35 520
04	 (7501 to 10000 kg)	Permissible Unladen PAYLOAD up to	10 000 4 210 5 790	15	 (Doubles Combination)	Permissible Unladen PAYLOAD up to	43 000 17 150 25 850
05		Permissible Unladen PAYLOAD up to	13 700 5 610 8 090	16	 (C[illegible] Axle Trailer)	Permissible Unladen PAYLOAD up to	44 000 19 550 24 450
06		Permissible Unladen PAYLOAD up to	24 000 8 660 15 340	17	 (Concept 09+2 Axle Trailer)	Permissible Unladen PAYLOAD up to	56 000 21 730 34 270
07	 (4x2 TT+Single Axle ST)	Permissible Unladen PAYLOAD up to	25 000 10 720 14 280	18	 (6x4 TT+Tandem/Tandem ST)	Permissible Unladen PAYLOAD up to	56 000 22 125 33 875
08	 (4x2 TT+Tandem Axle ST)	Permissible Unladen PAYLOAD up to	14 [illegible] 14 440 19 560	19	 (6x4 TT+Tridem/Tandem ST)	Permissible Unladen PAYLOAD up to	56 000 23 180 32 820
09	 (6x4 TT+Tandem Axle ST)	Permissible Unladen PAYLOAD up to	43 000 16 250 26 750	20 PMA	 4x2 Rigid	Permissible Unladen PAYLOAD up to	13 700 5 390 8 310
10	 (4x2 TT+Tridem Axle ST)	Permissible Unladen PAYLOAD up to	40 000 15 420 24 580	21 PMA	 Four Axle Artic (4x2 TT+Tandem Axle ST)	Permissible Unladen PAYLOAD up to	34 000 13 650 20 350
11	 (6x4 TT+Tridem Axle ST)	Permissible Unladen PAYLOAD up to	49 500 17 520 31 980	22 PMA	 (Doubles Combination)	Permissible Unladen PAYLOAD up to	43 000 18 350 24 650

11 RFA VEHICLE COST SCHEDULE

Concept - 11
Six Axle Artic
6x4 TT+Tridem Axle ST
DROPSIDE Body

NNUAL FIXED (STANDING) COST	R	cpk	%	%
Cost of Capital (Finance)				
Depreciation	166 051			
Insurance	116 012			
On Vehicle Staff				
Overheads - Administration				
Overheads - Operational				
Licence	26 328	23.9	2.3%	1.1%
Other	0	0.0	0.0%	0.0%
TOTAL ANNUAL FIXED COSTS	1 144 906	1040.8	100.0%	47.9%
VARIABLE (RUNNING) COSTS	R	cpk	%	%
Fuel	639 406			
Lubricants				
Maintenance	334 234	303.8	26.8%	14.0%
Tyres	255 859			
Other	0	0.0	0.0%	0.0%
TOTAL VARIABLE COSTS	1 245 484	1132.3	100.0%	52.1%
TOTAL ANNUAL COSTS	2 390 390	2 173.1	---	100.0%

COST SUMMARY	From Total Annual		
	Fixed Cost	Variable Cost	Total Cost
Cost per Day R			
Cost per Hour R			
Cent / Ton . km At 70.0% Payload Utilisation and 75.0% Annual Laden km			129.4

INDICES and INCREASES	INDICES RFA 20 Base Mar 99 = 1000	INCREASES From Edition RFA 52
Total Annual Fixed Cost	3218	8.3%
Finance + Depreciation	1722	9.7%
On Vehicle Staff	4753	9.0%
Total Variable Cost	5770	0.1%
Fuel Cost	5178	-3.7%
Maintenance Cost	6216	4.0%

% INCREASE / DECREASE	Annual From Edition RFA 51	Previous From Edition RFA 52
Total Annual Fixed Cost	8.4%	8.3%
Total Variable cost - Incl Fuel & Oil	-0.2%	0.1%
Total Variable cost - Excl Fuel & Oil	7.3%	4.6%
Total Annual Cost - Incl Fuel & Oil	3.7%	3.9%
Total Annual Cost - Excl Fuel & Oil	8.0%	7.1%

ASSUMPTIONS : Concept - 11
Six Axle Artic 6x4 TT+Tridem Axle ST
DROPSIDE Body
Apr-16

PRIME MOVER OR RIGID					
Cost Price (excl VAT)				R	1 194 175
Residual Value				%	25.0%
Finance - Cost of Capital (Interest)				%	10.5%
- or Monthly Repayment				R	0
Depreciation - Distance kr	0	or	Time	yrs	5.0
Insurance (% of Cost Price)				%	7.5%
Tare	9 650	kg	Licence	R	15 780
Number of Steering Axle(s)				no	1
Number of Tyres (excl spare)				no	10
Tyre Size				-	15/80R22.5
Tyre Price - New Tyre (excl VAT)				R	20 616
- Retread (excl VAT)				R	2 955
New Tyre Life - Front & Rear	80 000			km	100 000
Retread Tyre Life - Front & Rear	80 000			km	100 000
Number of Retreads - Front & Rear	0.0			no	2.0
TRAILERS OR SEMI TRAILERS					
Cost Price (excl VAT) (1st + 2nd Trailer)				R	528 972
Residual Value				%	0.0%
Finance - Cost of Capital (interest)				%	10.5%
- or Monthly Repayment				R	0
Depreciation - Time				yrs	10.0
Insurance (% of Cost Price)				%	5.0%
Tare - First Trailer	7 870	kg	Licence	R	10 548
Tare - Second Trailer	0	kg	Licence	R	0
Number of Axle(s)				no	3
Number of Tyres (excl spares)				no	12
Tyre Size				-	15/80R22.5
Tyre Price - New Tyre (excl VAT)				R	20 616
- Retread (excl VAT)				R	2 686
New tyre life				km	120 000
Retread tyre life				km	120 000
Number of Retreads				no	2.0
ON VEHICLE STAFF					
Drivers - No & Monthly Cost		no	1	R	32 260
Assistants - No & Monthly Cost		no	1	R	11 656
ANNUAL FIXED OVERHEADS					
Administration				R	131 435
Operational				R	87 623
Other Fixed Standing Costs				R	0
VARIABLE COSTS					
Fuel Consumption				Litre / 100 km	55.0
Fuel Price				Cent / Litre	1 056.9
Lubricants (as % of fuel cost)				%	2.5%
Maintenance				cpk	303.8
Other Variable Running Costs				cpk	0.0
UTILISATION					
Annual Kilometres				km	110 000
Payload Utilisation & Annual Laden km		%	70.0%	%	75.0%
Days Worked per Annum				days	245
Chargeable Hours per Work Day				hrs	12.0

11-6 Axle Artic **Average Payload 32.0 Ton**