



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Accountancy
<b>DEPARTMENT</b>	Commercial Accounting
<b>CAMPUS(ES)</b>	APB
<b>MODULE NAME</b>	Management Accounting Aspects 4
<b>MODULE CODE</b>	MAA41-2
<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY MONTH AND YEAR</b>	Final Summative Assessment Opportunity November 2019

<b>ASSESSMENT DATE</b>	18 November 2019	<b>SESSION</b>	Y
<b>ASSESSOR(S)</b>	Mr K Daly		
<b>MODERATOR(S)</b>	Mr R Rhodes, Mr R B Ford (External)		
<b>DURATION</b>	180 min	<b>TOTAL MARKS</b>	100

<b>NUMBER OF PAGES OF QUESTION PAPER</b>	6
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#### INFORMATION/INSTRUCTIONS:

- This is a closed-book assessment.
- There are 6 questions.
- Unless otherwise indicated, work to 2 decimal places.
- Silent, non-programmable calculators may be used.
- Read the questions carefully and answer only what is required.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.

**Question 1**

(10 marks)

The following information pertains to KQ Manufacturers which operates 52 weeks a year:

Minimum lead time	2 weeks
Average lead time	4 weeks
Maximum lead time	6 weeks
Consumption:	
Normal	2 000 units per week
Minimum	1 440 units per week
Maximum	2 560 units per week
Cost per order	R24
Carrying cost	R6,60 per unit of average inventory
Material cost	R75 per unit

**Required:**

Calculate the following in respect of the material (give the formula for each):

- |     |                                 |                   |
|-----|---------------------------------|-------------------|
| 1.1 | Economic order quantity         | (2 marks)         |
| 1.2 | Re-order level                  | (2 marks)         |
| 1.3 | Minimum inventory (stock) level | (2 marks)         |
| 1.4 | Average inventory (stock) level | (2 marks)         |
| 1.5 | Maximum inventory (stock) level | (2 marks)         |
|     |                                 | <b>(10 marks)</b> |

**Question 2**

(10 marks)

The wage clerk of SpotOn Manufacturing CC prepared the following wage analysis for the second week of September 2019 for V Mbhele:

	Hours Worked
Monday	8
Tuesday	9
Wednesday	9
Thursday	10
Friday	8
Saturday	6
Sunday	4

**Question 2 (continued)****Additional Information:**

1. According to the tables provide by SARS, the PAYE deduction is 18% of taxable income.
2. The UIF deduction is equivalent to 1% of gross income.
3. The employee's contribution to the medical aid is 5% of gross wages, excluding overtime. This is matched rand for rand by the employer.
4. The pension fund contribution (based on normal time) is made up as follows:  
Employees contribution: 8,5%  
Employers contribution: 15,0%
5. Guaranteed hourly wage rate is R40,00 per hour.
6. The normal working week extends from Monday to Friday for 8 hours per day. Any overtime worked in addition to this on weekdays and on Saturdays, is overtime at time and a half.
7. Extra time worked on any other day in the calendar week is remunerated at double time.

**Required:**

Calculate the net wage due to V Mbhele. (Show all workings)

**(10 marks)**

**Question 3**

**(5 marks)**

You are the management accountant of A'Top the Trees B & B in the Helderberg Nature Reserve. The bookings clerk provides the following occupancy figures for the period that extends from 1 January to 31 July 2019:

Month	Number of guests per month	Mixed costs (R)
January	475	97 600
February	520	98 320
March	315	95 040
April	215	96 720
May	180	42 720
June	240	93 840
July	172	92 752

**Required:**

Calculate the fixed and total variable cost component of the mixed cost at an occupancy of 520 guests by using the high/low method.

**(5 marks)**

**Question 4**

(25 marks)

LCI Manufacturing Ltd supplies the following information for an item of raw material inventory:

01 Jan	Opening stock	2 000 kgs @ R12.00 per kg
05 Jan	Receipt	6 000 kgs @ R12.48 per kg
08 Jan	Issue	1 600 kgs
14 Jan	Issue	2 800 kgs
19 Jan	Receipt	3 000 kgs @ R12.80 per kg
23 Jan	Issue	2 600 kgs
29 Jan	Issue	2 200 kgs
30 Jan	Receipt	3 000 kgs @ R13.60 per kg
31 Jan	Issue	2 800 kgs

**Required:**

Calculate the value of closing inventory and the value of issues using:

4.1 the FIFO method in a periodic inventory system (10 marks)

4.2 the Weighted Average method in a perpetual inventory system. (15 marks)

**(25 marks)****Question 5**

(20 marks)

Egoli Manufacturing supplies you with the following profit or loss income statement:

Marginal profit or loss statement for the year ended 30 September 2019

	<b>R '000</b>
Sales (600 000 units @ R40 each)	24 000
Variable costs of goods sold (600 000 @ R24)	(13 200)
Manufacturing profit	10 800
Variable selling costs (600 000 @ R2.40)	(1 680)
Marginal income	9 120
Fixed costs	(7 360)
Manufacturing costs	4 320
Selling cost	1 000
Administration costs	2 040
<b>Profit</b>	<b><u>1 760</u></b>

**Question 5 (continued)****Required:**

Give the formula for each calculation

- 5.1 Calculate the enterprise's break-even quantity in units and the sales value for 2019. (7 marks)
  - 5.2 What is the enterprise's margin of safety value based on the above profit or loss statement? (3 marks)
  - 5.3 Calculate the break-even point for 2020 if the fixed costs of Egoli Manufacturing increases by R340 000, and the variable costs decrease by R0, 80 cents per unit. (10 marks)
- (20 marks)**

**Question 6**

(30 marks)

The following information was extracted from the records of KB (Pty) Ltd:

	January R	February R	March R
Sales (60% cash)	1 800 000	1 600 000	1 500 000
Purchases (30% cash)	800 000	880 000	1 000 000
Salaries and wages	280 000	280 000	560 000
Overhead expenses	240 000	280 000	300 000

**Additional information:**

1. The opening bank balance on 1 January 2019 is expected to be an overdraft of R650 000.
2. Credit sales are collected as follows:
  - 60% in the month following the month of sale;
  - 35% in the 2<sup>nd</sup> month following the month of sale.
  - 5% will prove to be irrecoverable.
3. Credit sales were R950 000 in November and R1 100 000 in December 2018.
4. Credit purchases are paid in the month following purchase less a 2% settlement discount.
5. Creditors for purchases at 1 January 2019 are:
  - for December 2018 purchases R480 000.
6. Overhead expenses includes a monthly depreciation charge of R43 000. Overhead expenses are paid in the month following the month in which they are incurred.
7. Creditors for overhead expenses at 1 January 2019 are:
  - for December 2018 overheads: R270 000.
8. A provisional tax payment of R350 000 must be made at the end of February 2019.
9. A new manufacturing machine will be bought in February 2019 for R2 000 000. A deposit of 10% will be paid on 1 February 2019. Monthly instalments of R80 000 must be paid for 36 months from the end of February 2019.
10. A dividend of R90 000 from shares in another company will be received in March 2019.

**Question 6 (continued)**

**Required:**

Prepare a cash budget for KB (Pty) Ltd for January, February and March 2019.

**(30 marks)**

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**[100 marks]**

**END OF PAPER**