

Tutorial letter 101/3/2015

Principles of Management Accounting

MAC2601

Semesters 1 and 2

Department of Management Accounting

IMPORTANT INFORMATION:

Please activate your *myUnisa* and *myLife* e-mail address and ensure you have regular access to the *myUnisa* module site for MAC2601-15-S1 (if registered for semester 1) and MAC2601-15-S2 (if registered for semester 2) respectively.

BAR CODE

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IMPORTANT NOTE:

Assignment 1/2015 is compulsory and on-time receipt thereof by the University gives you admission to the examination. If we do not receive this assignment by the due date, you will not be allowed to write the examination. Also keep in mind that assignment 1 contributes 25% to your semester mark and assignment 2 contributes 75% to your semester mark. The assignments differ between semester 1 and 2 – make sure you do the correct semester's assignments.

1. INTRODUCTION

Dear Student

Greetings to you and welcome to the MAC2601 module. We will do our best to make studying this module interesting and rewarding. You will be well on your way to success if you start studying early in the semester and resolve to put in a lot of effort when doing your assignments.

We cannot emphasise enough how important it is for you to register for a *myLife* e-mail address and be able to log on to *myUnisa* often for the purposes of studying this module.

We hope that you will have a very enjoyable and successful semester of study.

1.1 General overview

In this module, you will be introduced to the principles of management accounting.

This module is structured into four distinct parts, each containing more than one topic. There are twelve topics in total and these topics are split between the two study guides that will be sent to you: Study Guide 1 contains Topics 1 to 8 and Study Guide 2 contains Topics 9 – 12.

You will also receive a number of tutorial letters during the semester. A tutorial letter is our way of communicating with you about teaching, learning and assessment.

Some of the hard copy tutorial matter (including study guides) may not be available when you register. Printed tutorial matter that is not available when you register will be posted to you as soon as possible, but is also available on myUnisa.

Please make use of *myUnisa* (<https://my.unisa.ac.za>), because it contains your study guides, tutorial letters as they become available and further resources that will help you to master this module. The following are examples of resources that are available on *myUnisa*:

- **Study Guide 1 and Study Guide 2 for MAC2601**
- **Various tutorial letters issued during the semester**
- **Discussion forum**
- **Announcements**

myUnisa and the Internet fulfil important roles in this module. Being registered on *myUnisa* enables you to submit assignments, gain access to the Library functions and various learning resources, "chat" to your lecturers and fellow students about your studies and the challenges you encounter, download study material, and participate in online discussion forums. *myUnisa* provides you with additional opportunities to take part in activities and discussions of relevance to your module topics, assignments, marks and examinations.

1.2 Tutorial Letter 101

This tutorial letter contains important information about the scheme of work, resources and assignments for this module. Please read it carefully and keep it at hand when working through the study material, doing the assignments, preparing for the examination and addressing questions to your lecturers.

In this tutorial letter (101), you will find your compulsory assignment 1 (included in the annexure at the end of this tutorial letter), be informed about **where to find assignments 2 and 3** and be provided with some instructions on the preparation and submission of the assignments. The tutorial letter also provides information with regard to the official study material and other resources for this module. Please study this information carefully and make sure that you contact Despatch (see 3.3 below for contact details) as soon as possible if your printed study materials are missing.

We have also included certain general and administrative information about this module.

Right from the start we would like to point out that you have to use the study guides as your primary reference. It is also very important to read (or study, when applicable) all the tutorial letters and announcements during the semester immediately and carefully as they become available, as they contain important, useful and/or urgent information.

In spite of the care that is taken to prepare study guides, tutorial letters, assignments and solutions that are understandable, comprehensive and free from errors, omissions and errors may occur. Should you come across such matters, or matters which are not clearly expressed, kindly inform us to enable us to make the necessary corrections.

1.3 To get started on *myUnisa*

Go to the following website: <https://my.unisa.ac.za> and login with your student number and password. You will see MAC2601-15-S1 (semester 1) or MAC2601-15-S2 (semester 2) in the row of modules across the top of the webpage. If you cannot find the appropriate module site in the blocks, you can also check in the "**More sites**" block. Click on the module you want to open.

You will also receive this tutorial letter and some other tutorial letters in print. While these printed materials may appear to be different from the online study materials, they are exactly the same and have been copied from the online *myUnisa* website.

2. OVERVIEW OF THIS MODULE: MAC2601

2.1 Purpose

In this module, the student is introduced to the principles of management accounting.

This module is intended for people who are interested in qualifying as registered chartered accountants (SAICA – South African Institute of Chartered Accountants) or management accountants (CIMA – Chartered Institute of Management Accountants), which requires that they develop certain competencies.

The purpose of this module is to:

- give students a basic knowledge of cost classification, cost behaviour, cost analysis, cost estimation, cost objects and cost management accounting systems;
- enable students to understand and apply planning, budgeting and control techniques; and

- enable students to understand how financial and other data are analysed in order to provide information for decision-making.

2.2 Specific outcomes

After studying and completing this module, you should be able to:

- Value inventories using basic techniques
- Value inventories using more advanced techniques
- Plan, budget and control performance
- Identify and apply relevant financial information to make short-term business decisions

3. LECTURERS AND CONTACT DETAILS

3.1 Lecturer information

The lecturers responsible for this module are as follows:

Lecturer's name: Mrs N Dumalisile
 Building and office number: AJH vd Walt Building, office 1-35
 Telephone number: 012 429 4437 (mostly available between 8:00 and 13:00 weekdays)

Lecturer's name: Mr M Ramaleba
 Building and office number: AJH vd Walt Building, office 1-47
 Telephone number: 012 429 4334 (mostly available between 8:00 and 13:00 weekdays)

Lecturer's name: Mr B M Ramokhele
 Building and office number: AJH vd Walt Building, office 1-61
 Telephone number: 012 429 4624 (mostly available between 8:00 and 13:00 weekdays)

Lecturer's name: Mrs J M Verster
 Building and office number: AJH vd Walt Building, office 1-50
 Telephone number: 012 429 4767 (mostly available between 8:00 and 13:00 weekdays)

Details may change and such changes will be communicated via *myUnisa*.

E-mail addresses for lecturers:

MAC2601-15-S1@unisa.ac.za (for use only during the **first semester**)

MAC2601-15-S2@unisa.ac.za (for use only during the **second semester**)

Please do not hesitate to consult lecturers by e-mail, telephone or personally (by prior arranged appointment only) should you experience specific problems regarding the **content of this course**. Please have your study material with you when you contact us. Please note that enquiries with regard to matters not relating to the **content of the course** (e.g. registrations, non-receipt of study material, enquiries in respect of exam dates, venues, etc) must **not be directed to your lecturers** but can be e-mailed to the appropriate department's e-mail address. See 3.3 below.

3.2 Department of Management Accounting

The Department of Management Accounting is situated in Pretoria, in the AJH van der Walt Building on the main campus.

The departmental contact numbers are as follows:

Telephone number: 012 429 4753 (Mrs Mautjana, departmental secretary)

3.3 University

To contact the University, you should follow the instructions in the *myStudies@Unisa* brochure. Remember to have your student number available when you contact the University.

Website: <http://www.unisa.ac.za> or Mobi: <http://mobi.unisa.ac.za>

E- mail addresses and SMS numbers:

E-mail addresses	SMS numbers	Use to enquire about:
study-info@unisa.ac.za	43578	Applications and registrations
assign@unisa.ac.za	43584	General assignment enquiries
exams@unisa.ac.za	43584	General examination enquiries
despatch@unisa.ac.za	43579	Study material
finan@unisa.ac.za	31954	Student accounts
gaudeamus@unisa.ac.za	n/a	Graduation ceremonies
myUnisaHelp@unisa.ac.za	43582	myUnisa
myLifeHelp@unisa.ac.za	43582	myLife e-mail accounts

Please refer below for general contact information for the College of Accounting Sciences:

CAS Student Information Hub

The e-mail addresses are:

CASenquiries-Postgraduate@unisa.ac.za

CASenquiries-Undergraduate@unisa.ac.za

CASenquiries-CTA@unisa.ac.za

CAS Student Information Hub telephone number: **012 429 4211**

You can also contact the following personnel at the CAS Student Information Hub:

Thabea Radise Telephone number: 012 429 2233

Jabulani Chauke Telephone number: 012 429 2982

Enquiries regarding registrations can be directed to the CAS Student Information Hub.

NB: Always have your student number and module code ready when you contact the university!

4. MODULE-RELATED RESOURCES

4.1 Prescribed study material

The prescribed study material for this module is:

- Study guides 1 and 2 for MAC2601
- Various tutorial letters and announcements issued during the semester

PLEASE NOTE: Your lecturers cannot help you with missing study material. Please contact despatch@unisa.ac.za or send an sms to 43579 for study material enquiries. Keep in mind that all the tutorial matter for MAC2601 is available for download on *myUnisa*. You should therefore be able to start with your studies early in the semester. No extension for submission of assignments will be given!

Please make use of *myUnisa* (<https://my.unisa.ac.za>) as it contains resources to help you master this module. The following are examples of the resources that are available on *myUnisa*:

- Your study guides 1 and 2 for MAC2601
- Various tutorial letters issued during the semester
- Discussion forum where problem areas are discussed
- Announcements
- Other resources

This module has two comprehensive study guides and therefore no text book has been prescribed.

4.2 Recommended books

There are no recommended books for this module; however, you can use the bibliography at the end of certain topics in the study guide if you want to obtain additional resources and read more about specific topics (for the purpose of self-enrichment).

4.3 Joining *myUnisa*

If you have access to a computer that is linked to the Internet, you can quickly access resources and information at the University. The *myUnisa* learning management system is Unisa's online campus that will help you to communicate with your lecturers, with other students and with the administrative departments of Unisa all through the computer and the Internet.

You can start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the orange *myUnisa* block. This will take you to the *myUnisa* website. To go to the *myUnisa* website directly, go to <https://my.unisa.ac.za>. When you are on the *myUnisa* website, click on the "*Claim UNISA Login*" at the right-hand side of the screen. You will then be prompted to give your student number to claim your initial *myUnisa* as well as *myLife* login details.

Please consult the publication *myStudies@Unisa* that you received with your study material for more information on *myUnisa*.

4.4 Printed support materials

- The printed study material will be sent to you at the beginning of the semester, but you do not have to (and **should not**) wait to receive them to start studying – you can go online as soon as you register and all your currently available study material will be there.

- The printed material is, therefore, not something that you need to wait for before you start with the module and its assignments. It is only an **offline** copy of the formal content for the module.
- The printed material will, however, give you the opportunity to do a lot of the studying for this module **without** having to go onto the Internet or to an Internet cafe. This could save you money and you may be able to take more time to read - and to examine - the materials.

Based on the above, it is very important that you log onto *myUnisa* regularly. We recommend that you do this at least every week or every 10 days to check for the following:

- **Check the Home page for any relevant information or updates.** Refer to the Home page for reminders regarding assignment deadlines and other relevant information.
- **Check for new Announcements.** You can also set up your *myLife* e-mail so that you receive the Announcement e-mails on your cell phone.
- **Check the Discussion forum.** You can share your thoughts on the different topics with the other students in your group. (Please note, however, that you are not allowed to post your answers to any of the assignments!)

We hope that this system will help you to succeed in this module by providing you with extra ways to study the materials and practice by means of activities and assignments.

Remember: the printed support materials are simply a back-up of some of the materials that are found online on *myUnisa*. There is no additional information in the printed tutorial letters. **In other words, you should not wait for the printed support materials to start studying or to do your assignments.**

4.5 Tutors and E-Tutors

Tutors and E-Tutors could possibly be available for MAC2601. More information about E-tutors will be communicated to students during the semester and students can enquire from their nearest regional centre regarding the availability of Face-to-Face Tutors.

5. STUDENT SUPPORT SERVICES FOR THE MODULE

For information on the various student support systems and services available at Unisa (e.g. student counselling, tutorial classes, language support), please consult the publication *myStudies@Unisa*, which you received with your study material.

5.1 Contact with fellow students

5.1.1 Study groups

It is advisable to have contact with fellow students. One way to do this is to form study groups. The addresses of students in your area may be obtained from the following department:

Directorate: Student Administration and Registration
PO Box 392
UNISA
0003

5.1.2 *myUnisa*

If you have access to a computer that is linked to the Internet, you can quickly access resources and information at the university. The *myUnisa* learning management system is Unisa's online campus that will help you communicate with your lecturers, with other students and with the administrative departments of Unisa – all through the computer and the internet.

5.2 Assignments

Assignment 1 for 2015 is included in this tutorial letter. You can also download it online from *myUnisa* (refer to the module home page). Assignments 2 and 3 can be found online on *myUnisa* or in tutorial letter 103. Tutorial letter 103 is available on *myUnisa* under Official Study Material and a hard copy will also be sent to you. Please do not wait for the hard copy to arrive before you start doing your assignments! The MAC2601 assignments differ between the first and second semesters, so please make sure you do the assignments of the semester that you are registered for.

Please note that it would be wise to submit assignments electronically via *myUnisa* a few days before the due date, as the system is often overloaded on the due date. ***If the system gives you an error message, please wait a while and then try again until the specific assignment is accepted.***

6. ASSESSMENT

6.1 Assessment plan

For general information and requirements as far as assignments are concerned, see the brochure *myStudies@Unisa*, which you received with your study material.

MAC2601 includes three assignments and an examination. On-time submission of the first of the three assignments (Assignment 1) also gives you admission to the examination. Assignments 1 and 2 are seen as compulsory, as they both contribute to your semester mark. Assignment 3 is a self-assessment assignment and does not have to be submitted.

Assessment criteria

The assessment criteria for each of the specific outcomes listed in section 2.2 above are listed below:

Specific outcome 1: Value inventories using basic techniques.

Assessment Criteria:

- Costs are estimated according to their nature and behaviour
- Material, labour and overheads are recorded and assigned in the general ledger
- The first-in-first-out method versus the weighted average method to value inventory are described and applied
- The traditional absorption costing method versus the variable costing method are applied to value completed inventories
- Costs are managed using basic techniques

Specific outcome 2: Value inventories using more advanced techniques.

Assessment Criteria:

- Costs are assigned and the profit calculated according to an activity-based costing system
- Costs are assigned and the profit calculated according to a job costing system
- Costs are assigned to joint and by products and the profit is calculated
- Costs are assigned according to a process costing system and profit is calculated

Specific outcome 3: Plan, budget and control performance.

Assessment Criteria:

- The difference between long term planning and budgeting is explained
- Budgets for cost management and control are compiled by using different techniques
- Standard cost systems are designed and variances are reported

Specific outcome 4: Identify and apply relevant financial information to make short-term business decisions.

Assessment Criteria:

- The relevant and irrelevant information for decision-making purposes are differentiated
- The implication of financial and infrastructure constraints is described and calculated
- The application of relevant information to decisions regarding capacity and resource utilisation and special orders are described
- Sensitivity analysis techniques that can be used in decision-making are applied

6.2 Assignments and learning

Assignments and tutorial letters form an integral part of your tutorial matter and you must study them for examination purposes.

6.3 Compulsory assignment 1

If we receive your first compulsory assignment (Assignment 1) on time, it will prove that you are an active student and will therefore earn you admission to the examination. The mark you obtain for this compulsory assignment will have no influence on your admission to the examination. However, it will contribute towards your semester mark.

You will undoubtedly realise the importance of commencing your study programme in good time so that you can obtain admission to the examination and earn a good semester mark.

6.4 Assignment questions

Very important: Assignment 1 is in the Annexure at the end of this tutorial letter. Assignments 2 and 3 are available in tutorial letter 103 (for your specific semester) and on *myUnisa*. This enables us to communicate general comments about the module with you together with these assignments (common mistakes that are made, frequently-asked questions, etc.).

6.5 General remarks

- (a) You must submit the first **compulsory assignment** (Assignment 1) to be received by the University before or on the due date to obtain admission to the examination. Make sure you indicate the assignment numbers, etc. correctly if you submit it via a manual mark-reading sheet.
- (b) It is in your own interest to **retain a copy of the proof you received for submitting Assignments 1 and 2**, so that you can produce this in the event of any dispute concerning whether or not the assignments were received.

(c) **Important notes** with regard to **assignments**:

- 1) Although students are allowed to work together in groups to discuss the **approach to** assignment questions, we require from a MAC2601 student to
 - Physically do all the calculations required for submission of a multiple-choice or written assignment himself/herself
 - Present written assignment questions in his/her own presentation format and own words

We can therefore only allow **discussion** of the **approach to** assignment questions. No copying is allowed! It is unacceptable for students to submit identical assignments or partially identical assignments (for example, photocopied assignments or assignments containing the same wording, etc.).

If we see that you've copied someone else's work, or that someone else has copied your work, you will both get a mark of zero.

- 2) Please make sure you submit the correct documents for your respective assignments. The lecturers will not phone you to inform you if they discover that you've submitted the incorrect or an incomplete assignment. It is your own responsibility to submit the correct assignment and in the correct format, else you will get a mark of zero. **We only accept PDF documents for assignment 2 if it is submitted online.**
 - 3) Assignments received after the due dates will not be marked and students will get a mark of zero for a late assignment.
- (d) Your **semester mark** will contribute 20% towards your final mark (**only if you obtain at least 40% in the examination**). The assignments will contribute to the semester mark as follows:

Assignment 1	25%
Assignment 2	75%
Assignment 3	0%

Assignment 3 is not compulsory and you do not have to submit this assignment. It is however in your own best interest to work through this assignment thoroughly as it should be good for your examination preparation.

(e) **Plagiarism (Refer plagiarism declaration section 6.8)**

Plagiarism is the act of taking the words, ideas and thoughts of others and passing them off as your own. It is a form of theft which involves a number of dishonest academic activities. All students receive the *Disciplinary code for students* (latest version) at registration. Please study the code. Kindly read Unisa's *Policy on copyright infringement and plagiarism* as well.

If you worked together in a study group, remember that you still have to submit your **own work** (and written in your own words if it is a written assignment). For purposes of MAC2601, this also involves that you do all the calculations yourself when it comes to any type of MAC2601 assignment, i.e. you can discuss how to approach a question, but you have to implement this approach by yourself. If the lecturers find any similar-looking/worded assignments, all parties involved will get zero for their assignment mark.

By submitting any MAC2601 assignment, you automatically declare that you have submitted your own work and that you are aware of the consequences of being guilty of plagiarism.

6.6 Due dates of assignments

The due dates for the submission of the assignments are as follows:

Assignment	Semester 1		Semester 2	
	Unique number	Due date	Unique number	Due date
01 (compulsory)	576374	12/03/2015	576995	11/08/2015
02 (compulsory)	576389	30/03/2015	577059	01/09/2015
03 (non-compulsory)	576399	20/04/2015	577082	30/09/2015

6.7 Submission of assignments

Although you may still submit assignments by post, we would like to encourage you to submit them online on *myUnisa*.

The MCQ (multiple choice questions) assignment can be completed on a physical mark-reading sheet or submitted online by selecting answers electronically via *myUnisa*. Please refer to the brochure *myStudies@Unisa* on how to submit the assignment on a mark-reading sheet or electronically via *myUnisa*.

The written assignment needs to be written or typed. You can either post a written assignment, or submit it online via *myUnisa*, but only as a **PDF document**. This means that you may have to scan your assignment into PDF format or convert it to PDF in another way.

Please make sure that you submit the correct and complete document. The lecturers will not phone you to inform you if you've submitted the wrong assignment/document. It is your own responsibility to submit the correct assignment.

Submitting assignments on *myUnisa*

- Go to <http://my.unisa.ac.za>.
- Enter your student number and password.
- Select the module.
- Click on "Assignments" in the left-hand menu.
- Click on the number of the assignment you want to submit.
- Follow the instructions on the screen.

Receipt of assignments after the due date disrupts the marking programme and the uncontrolled submission of assignments furthermore creates administrative problems. You are requested to carefully note the undermentioned requirements and suggestions and to adhere strictly to them.

1. **NO EXTENSION OF TIME WILL BE GIVEN FOR THE SUBMISSION OF ANY OF THE ASSIGNMENTS, AS SOLUTIONS WILL BE FORWARDED AUTOMATICALLY TO ALL STUDENTS SHORTLY AFTER THE DUE DATES.**
2. **NO CORRESPONDENCE OR TELEPHONIC CONVERSATION WILL BE CONDUCTED REGARDING THE LATE SUBMISSION OF ASSIGNMENTS.**
3. **ASSIGNMENTS RECEIVED AFTER THE DUE DATE WILL NOT BE MARKED AND STUDENTS WILL GET A MARK OF ZERO FOR THESE ASSIGNMENTS.**
4. **RETAIN PROOF OF SUBMISSION OF EACH ASSIGNMENT.**

6.8 Plagiarism declaration for all MAC2601 assignments

PLAGIARISM DECLARATION
I declare that this assignment, submitted by myself, is my own work. If I took part in a group discussion of the assignment questions, I still performed the calculations myself (all assignments) and presented the answers in my own words (written assignments). For written assignments, I have referenced all the sources that I have used.
By submitting any MAC2601 assignment, I declare that: <ul style="list-style-type: none"> • I have read the Unisa Students' Disciplinary Code; • I know what plagiarism is, that plagiarism is wrong and that disciplinary steps can be taken against me if I am found guilty of plagiarism; • My assignments for MAC2601 are my own work; • I have not allowed any other student to copy my work and have not copied from any other student; • I know that if I am found to be in violation of this declaration I will receive 0% for the assignments involved.
Please note: You do not have to submit the declaration. By submitting any MAC2601 assignment, you automatically declare that you adhere to all the above with regard to the specific assignment.
NB: It is unacceptable for students to submit identical assignments on the basis of working together. That is copying (a form of plagiarism) and none of these assignments will be marked. Furthermore, you may be penalised or subjected to disciplinary proceedings by the University.

7. SEMESTER MARK AND FINAL EXAMINATION

7.1 Compulsory assignments

For students to benefit from our formative tuition and assessments, the management of the University decided to introduce compulsory assignments for all modules.

Receipt by the University of your **compulsory assignment 1** on or before its due date will earn you admission to the examination. This assignment consists of multiple-choice type questions. The mark you earn for compulsory assignment 1 will contribute 25% towards your semester mark, which weighs 20% in the calculation of your final mark.

Admission to the examination will therefore only be **obtained by submitting compulsory assignment 1** in time to be officially **received by the University before or on the due date** and the marks obtained for it will contribute towards your semester mark.

Assignment 2 (to be found on *myUnisa* and in Tutorial Letter 103 for your specific semester) is a written assignment which contributes 75% towards your semester mark, which weighs 20% in the calculation of your final mark. Although non-submission of this assignment will not influence your exam admission, we still prefer to refer to this assignment as compulsory as it is impossible to earn a decent semester mark without submitting this assignment.

Please note that it is practice in our Department to only mark selected sections of a written assignment. You can therefore not afford to leave out any questions as they might form part of the selected questions for marking.

The lecturers will not inform you upfront on which question(s), or parts thereof, will be selected for marking. Do not phone the lecturers to ask which questions will be marked. They will not inform you.

Assignment 3 (to be found on *myUnisa* and in Tutorial Letter 103 for your specific semester) is not compulsory. It is a written assignment that does not contribute towards your semester/final mark. You do not have to submit this assignment as it will not be marked. You are encouraged to work through this assignment and its suggested solution thoroughly as we believe it should be good for your examination preparation.

PLEASE NOTE: Enquiries about assignments (e.g. whether or not the University has received your assignment or the date on which an assignment was returned to you) must be e-mailed to assign@unisa.ac.za

7.2 How to calculate your semester mark

The **mark obtained** for compulsory assignment 1 counts 25%, the **mark obtained** for assignment 2 counts 75% and the **mark obtained** for assignment 3 counts 0%, giving a semester mark out of 20% towards the final mark.

Students require a combined final mark of at least 50% to pass a module. This final mark is calculated as follows:

Semester mark
= A mark out of **25%** for assignment 1 + a mark out of **75%** for assignment 2 + a mark out of **0%** for assignment 3

Final mark
= 20% x semester mark + **80% x mark obtained in the examination.**

If a student fails the examination with less than 40%, the semester mark will not be used to calculate the final mark. How it will work in practice?

The marks you obtain for the compulsory assignments 1 and 2 will count towards your semester mark, contributing towards a possible maximum of 20% accounted for in your final mark. Your semester mark will, however, only be taken into account to calculate your final mark if you obtained 40% or more in the examination.

Your **semester** mark will be based on the following:

- mark (%) for compulsory assignment 1: 25% weight in semester mark
- mark (%) for compulsory assignment 2: 75% weight in semester mark

The above means that your assignments will have the following weights in the calculation of your **final** mark:

- Assignment 1: 5% (calculated as 20% of 25%)
- Assignment 2: 15% (calculated as 20% of 75%)
- Assignment 3: 0%

7.3 How to calculate your final mark

The semester mark will contribute 20% towards your **final mark**. The mark you obtain in the examination will be restated to be out of 80% and your semester mark will be restated to a mark out of 20%. For example: If you earn 75% for compulsory assignment 1, 65% for compulsory assignment 2 and 48% for the examination, your final mark will be 51,9%.

Example:

Semester mark:	$18,75^{\textcircled{1}} + 48,75^{\textcircled{2}} = 67,50$	$\times 20\% = 13,50$
Exam mark:	48,00	$\times 80\% = \underline{38,40}$
Final mark:		51,90%

^① Assignment 1: $75 \times 25\% = 18,75$

^② Assignment 2: $65 \times 75\% = 48,75$

A subminimum of 40% in the examination is, however, required before the semester mark will be taken into account in calculating your final mark.

8. MODULE-SPECIFIC STUDY PLAN

Read the information on general time management and planning skills contained in the *myStudies@Unisa* brochure.

Plan your studies properly so as to achieve specific study goals at predetermined dates. This avoids a haphazard approach to your studies and the use of ineffective study techniques.

Suggested study programme for 2015

First priority - Compulsory assignment 1 (to gain admission to the examination and contributing 25% towards your semester mark)

Study topics 1 (Nature and behaviour of costs); 2 (Accounting for material labour and overheads); 3 (Methods of inventory valuation); 4 (Valuing completed inventories) and 5 (The activity-based costing (ABC) System).

Complete and submit compulsory assignment number 1 to be received by the University before or on the due date. This is a multiple choice questions (MCQ) assignment.

Second Priority – Assignment 2 (contributing 75% towards your semester mark)

All the topics can be tested in this assignment. You will therefore have to study all topics from both study guides.

Complete and submit assignment number 2 to be received by the University before or on the due date. This is a written assignment.

Third Priority – Assignment 3 (does not contribute towards your semester mark)

It is in your own interest to complete assignment number 3 before the due date. This is a written assignment. You do not need to submit this assignment as it will not be marked. You should mark the assignment yourself based on the suggested solution. This assignment should give you some practice regarding exam technique – approach it as if you are doing it under exam conditions.

Please note: All twelve topics are important for your examination preparation. We will not provide an exam "scope" and assignment 3 is **not** an indication of what will be asked in the exam.

Suggested study programme for 2015

Semester 1

Date	Topics from the study material	Assignment	Due date
30/01/2015 to 08/03/2015	Topic 1 – Nature and behaviour of costs Topic 2 – Accounting for material labour and overheads Topic 3 – Methods of inventory valuation Topic 4 – Valuing completed inventories: the variable/direct costing method versus the traditional absorption costing method Topic 5 – The activity-based costing (ABC) System	1/2015 Semester 1 (topics 1 – 5) (COMPULSORY FOR ADMISSION TO THE EXAMINATION PLUS A 25% CONTRIBUTION TOWARD SEMESTER MARK)	12/03/2015
12/03/2015 to 27/03/2015	Revise topics 1 – 5 and also study: Topic 6 – The job costing system Topic 7 – The process costing system Topic 8 – Joint and by-product costing system Topic 9 – Budgeting techniques Topic 10 – Standard costing Topic 11 – Relevant costing Topic 12 – Sensitivity analysis	2/2015 Semester 1 (topics 1 – 12) (FOR 75% CONTRIBUTION TOWARD SEMESTER MARK)	30/03/2015
30/03/2015 to 17/04/2015	Revise Topics 1 – 12. This includes not only revision of the contents of the study guides, but also all the tutorial letters, announcements, etc. that are available on myUnisa.	3/2015 Semester 1 (topics 1 – 12) (FOR 0% CONTRIBUTION TOWARD SEMESTER MARK – self-assessment; does not have to be handed in)	20/04/2015

Semester 2

Date	Topics from the study material	Assignment	Due date
15/07/2015 to 08/08/2015	Topic 1 – Nature and behaviour of costs Topic 2 – Accounting for material labour and overheads Topic 3 – Methods of inventory valuation Topic 4 – Valuing completed inventories: the variable/direct costing method versus the traditional absorption costing method Topic 5 – The activity-based costing (ABC) System	1/2015 Semester 2 (topics 1 – 5) (COMPULSORY FOR ADMISSION TO THE EXAMINATION PLUS A 25% CONTRIBUTION TOWARD SEMESTER MARK)	11/08/2015
11/08/2015 to 27/08/2015	Revise topics 1 – 5 and also study: Topic 6 – The job costing system Topic 7 – The process costing system Topic 8 – Joint and by-product costing system Topic 9 – Budgeting techniques Topic 10 – Standard costing Topic 11 – Relevant costing Topic 12 – Sensitivity analysis	2/2015 Semester 2 (topics 1 – 12) (FOR 75% CONTRIBUTION TOWARD SEMESTER MARK)	01/09/2015
01/09/2015 to 26/09/2015	Revise Topics 1 – 12. This includes not only revision of the contents of the study guides, but also all the tutorial letters, announcements, etc. that are available on myUnisa.	3/2015 Semester 2 (topics 1 – 12) (FOR 0% CONTRIBUTION TOWARD SEMESTER MARK - self-assessment; does not have to be handed in)	30/09/2015

9. EXAMINATION

9.1 Examination period and examination paper

Date: May/June (First semester) and October/November (Second semester)

Marks: 100

Covers the whole syllabus (Topics 1 to 12)

We will provide you with general information about the format of the exam during the semester, but we will not be providing you with a demarcation of the work you need to study. You need to study everything in the study material for purposes of the exam.

During the semester, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

9.2 Previous examination papers

A mock exam will be made available as your Assignment 3. Students are also encouraged to attempt the 2014 papers and send their attempts to the lecturers for feedback.

Please note: All twelve topics are important for your examination preparation. We will not provide an exam "scope" and assignment 3 and the previous examination papers are **not** an indication of what will be asked in the exam.

9.3 Calculator policy

Candidates may only use silent, electronic, battery-driven pocket calculators (non-programmable financial calculators will be allowed) subject to the following conditions:

- Calculators must be cordless, and may not have print-out facilities or alpha keys;
- The calculator function on mobile telephones or any electronic device (i.e. laptops and/or any Smart Phone) may not be used; and
- Candidates may not share a calculator with another candidate in the examination room.

10. CONCLUSION

In spite of care taken to prepare study guides, assignments and suggested solutions that are understandable, comprehensive and free from errors, omissions and discrepancies may occur. Should you come across such matters, or matters which are not clearly expressed, kindly let us know to enable us to affect the necessary corrections.

Do not hesitate to contact your lecturers if you are experiencing problems with the content of this tutorial letter or any aspect of the module.

We wish you a fascinating and satisfying journey through the learning material and trust that you will complete the module successfully.

Enjoy the journey!

MAC2601 lecturers

11. ANNEXURE

ASSIGNMENT 01/2015 (FIRST SEMESTER): MULTIPLE-CHOICE QUESTIONS (compulsory)

Instructions:

- For this assignment you have to study **Topics 1 – 5**.
- The submission of the **compulsory** Assignment 01/2015 will prove that you are an active student and will therefore also earn you admission to the examination.
- Marks awarded to Assignment 01/2015 weighs 25% in the calculation of your semester mark.
- The due date for this assignment is **12 March 2015** and **no extension of time will be given for the submission of the assignment**.
- This assignment must be completed on the mark-reading sheet supplied or submitted electronically via myUnisa. Please refer to **myStudies@Unisa** on how to use and complete a mark-reading sheet or how to submit a multiple-choice assignment via myUnisa.
- Please remember to enter the unique number of the assignment on the mark-reading sheet.
- The unique number for this assignment is **576374**.
- Submission of this assignment implies that you make the declaration in section 6.8: Plagiarism Declaration of this Tutorial Letter.

QUESTION 1 – COST CONCEPTS AND ESTIMATION

Curro Transport Services (Pty) Ltd. manages a fleet of delivery trucks. The company transports goods and services with specific focus in the SADC countries. In the past, the company had a challenge of separating semi-variable costs between variable and fixed costs. The company's variable cost per unit (one delivery) consists of the cost of petrol, oil, maintenance and tyres whilst the fixed costs consist of the vehicle lease payments.

A study done by the company in the past indicated that if the company does 30 000 deliveries during a year, the average semi-variable cost is R5 per delivery whilst if the company makes 15 000 deliveries in a year, the average semi-variable costs increases to R6 per delivery.

QUESTION 2 – ACCOUNTING FOR MATERIAL, LABOUR AND OVERHEADS

INDEPENDENT PART A:

Redefine Prop (Pty) Ltd. uses an overhead recovery rate based on machine hours. Budgeted overhead amounted to R833 000 for the year. Redefine (Pty) Ltd. incurred actual overhead of R854 000 for the year. During the year Redefine absorbed R840 000 of factory overhead based on 120 000 actual machine hours.

INDEPENDENT PART B:

Guptagate Task Team (Pty) Ltd. uses an absorption costing system and absorbs manufacturing overheads on the basis of production units.

The following budgeted and actual information relates to the period ended 30 June 2015:

	Budget	Actual
	R	R
Manufacturing overhead	200 000	180 000
Machine hours	40 000	30 000
Units produced	20 000	19 000

INDEPENDENT PART C:

Hladi (Pty) Ltd. has over absorbed fixed production overhead for the period ended 30 June 2015 by R12 000. The fixed overhead recovery rate of R5 per unit was based on normal activity (production) of 8 000 units. Actual production was 7 000 units.

QUESTION 3 – METHODS OF INVENTORY VALUATION

Forever Fluid (Pty) Ltd. bottles water in its factory in the Northwest Province. The company uses the FIFO method of inventory valuation.

Forever Fluid (Pty) Ltd. recorded the following information regarding materials (plastic sheets) for the month of June 2014:

Date	Details
June 2014	
1 Opening inventory	250 units @ R7 per unit
5 Purchased	200 units @ R8,50 per unit
8 Issued	300 units to production

Additional information:

- The purchase price of R8,50 per unit at which units were bought on 5 June 2014 does not yet include freight charges. These additional freight charges amount to 10% of the purchase price specified.
- Forever Fluid (Pty) Ltd. uses the plastic sheets in the production of plastic bottles that are filled with mineral water. The company values finished goods using an absorption costing system.

QUESTION 4 – DIRECT AND ABSORPTION COSTING

Zinhle Manufacturers has a division that produces picnic baskets. Zinhle has provided you with the following extract from the division's records and plans and requested you to prepare the budgeted income statement for February 2015.

	December 2014		January 2015		February 2015	
	Units	Rand	Units	Rand	Units	Rand
Opening inventory	0	?	?	?	?	?
Sales	60 000	?	?	?	?	?
Closing inventory	?	?	?	?	?	?
Production	65 000	?	?	?	?	?

Additional information:

- Selling prices per unit were R50 in December 2014 and January 2015 and are expected to increase by 10% in February 2015.

- Sales volumes increased by 5% in January 2015 and are expected to increase by a further 5% in February 2015.
- The division uses the **FIFO method** of inventory valuation.
- Production volumes decreased by 7% from December 2014 to January 2015 and increased by 9 550 units from January 2015 to February 2015.
- The following costs were incurred in December 2014:

Variable selling costs	R150 000
Fixed production costs	R812 500
Fixed administration costs	R70 000
Variable manufacturing costs	R1 300 000

- All the individual variable costs on a per unit basis, the total fixed administration cost and the total fixed production cost remained constant from December 2014 to January and February 2015.
- The division rounds to two decimal places throughout their calculations of costs per unit. (If your answer differs only slightly from one of the options provided, it might be due to rounding off in different places in the calculations and we therefore recommend that you select the option closest to your own answer.)

QUESTION 5 – ACTIVITY-BASED COSTING SYSTEM (ABC)

XYZ Ltd. manufactures two products, P and Q, using a mostly automated manufacturing process. The company manufactures 150 000 units of product P and 600 000 units of product Q per year. The budgeted manufacturing overheads for the coming financial year are expected to be as follows:

Overhead item	Overhead cost	Basis of allocation
Setting up of machines	4 100 000	Setting up hours
Processing	2 500 000	Machine hours
Purchasing and storage	600 000	Number of orders
Maintenance	300 000	Inspection hours
Total	7 500 000	

Additional information:

It takes 3 machine hours to manufacture a batch of 2 000 units of product P and 2 machine hours to manufacture a batch of 4 000 units of product Q. Set-ups are done for every batch and each set-up takes 30 minutes for a batch of product P and 20 minutes for a batch of product Q respectively. 100 orders for product P and 150 orders for product Q were placed during the year. Inspection is done after every 25 machine hours and takes 30 minutes for product P and 15 minutes for product Q.

XYZ Ltd. currently allocates all manufacturing overheads according to machine hours.

To answer (1) – (4), please refer to the information supplied in Question 1.

1. Calculate the variable cost per unit (per delivery).

- (1) R4
- (2) R5
- (3) R6
- (4) R1

2. Calculate the total fixed cost for a year.
- (1) R90 000
 - (2) R150 000
 - (3) R30 000
 - (4) R60 000
3. Curro Transport Services is considering increasing the number of yearly deliveries in the future. Assuming that the company makes 45 000 deliveries in a year, calculate the amount of total cost for the year. (**Note: Use the variable cost per unit calculated above.**)
- (1) R30 000
 - (2) R210 000
 - (3) R180 000
 - (4) R60 000
4. Contribution is the amount remaining after deducting from sales:
- (1) All fixed costs
 - (2) All admin costs
 - (3) All variable costs
 - (4) All manufacturing costs

To answer (5) – (8), please refer to the information supplied in Question 2.

5. Redefine's budgeted level of machine hours for the year was:
- (1) 119 000 hours
 - (2) 191 000 hours
 - (3) 122 000 hours
 - (4) 117 049 hours
6. At the end of 30 June 2015 manufacturing overhead for Guptagate Task Team (Pty) Ltd. will be reported as:
- (1) R10 000 over recovered overheads
 - (2) R10 000 under recovered overheads
 - (3) R20 000 under recovered overheads
 - (4) R20 000 over recovered overheads
7. What was the actual fixed manufacturing overhead incurred by Hladi (Pty) Ltd. for the period ended 30 June 2015?
- (1) R32 000
 - (2) R23 000
 - (3) R35 000
 - (4) R12 000
8. A fellow MAC2601 student requested you to list possible causes for the overapplied overheads. You were excited because it was the topic you studied the previous night.

- (i) Companies listed on the JSE will always over absorb overhead because of the nature of their operations.
- (ii) The budgeted overhead application rates were incorrectly pre-determined.
- (iii) Total actual overheads were more than total budgeted overheads.
- (iv) Actual units produced were less than budgeted production.

Indicate which combination of statements consists of two **valid** possible causes for Hladi's overapplied overheads:

- (1) (i) and (ii)
- (2) (ii) and (iv)
- (3) (i) and (iii)
- (4) (iii) and (iv)

To answer (9) – (12), please refer to the information supplied in Question 3.

9. The value of inventory after issues to production of 300 units (using the FIFO method of inventory valuation) is:
- (1) R3 620,00
 - (2) R1 050,00
 - (3) R1 402,50
 - (4) R1 275,00
10. Assume that 100 of the units issued to the factory on 8 June 2014 are sent back to the stores on 9 June 2014. What will be the value of inventory (using the FIFO method of inventory valuation) after this return?
- (1) R2 102,50
 - (2) R2 220,00
 - (3) R2 337,50
 - (4) R2 125,00
11. Product cost under an absorption costing system is:
- (1) Total variable costs plus all manufacturing overhead
 - (2) Variable production costs plus variable selling costs
 - (3) Variable manufacturing costs plus fixed manufacturing costs
 - (4) Variable production costs only
12. Work-in process is defined as:
- (1) Partially completed products that cannot be classified as finished products
 - (2) Products that are about to be transferred to a subsidiary company
 - (3) Products that are kept in stores and are used by all the company departments
 - (4) Products used in the manufacturing process

To answer (13) – (16), please refer to the information supplied in Question 4.

13. The budgeted value of opening inventory for February 2015 using direct costing is:
- (1) R100 000
 - (2) R49 000
 - (3) R162 500
 - (4) R2 212 500

14. The budgeted value of opening inventory for February 2015 using absorption costing is:

- (1) R81 928
- (2) R162 500
- (3) R2 021 500
- (4) R49 000

15. The budgeted value of closing inventory for February 2015 using direct costing is:

- (1) R49 000
- (2) R199 143
- (3) R126 000
- (4) R1 209 000

16. The budgeted value of closing inventory for February 2015 using absorption costing is:

- (1) R2 212 500
- (2) R1 400 000
- (3) R199 143
- (4) R81 928

To answer (17) – (20), please refer to the information supplied in Question 5.

17. Total machine hours amount to:

- (1) 225
- (2) 300
- (3) 450
- (4) 525

18. Overhead cost allocated to product P (in total) using the traditional costing method and rounded to the nearest Rand amounts to:

- (1) R3 248 571
- (2) R3 124 829
- (3) R4 300 000
- (4) R3 214 286

19. Total inspection hours amount to (round to 1 decimal place):

- (1) 7,5 hours
- (2) 4,5 hours
- (3) 12,0 hours
- (4) 3,0 hours

20. Overhead cost allocated to product Q (in total) using the ABC method amounted to (do not round off until you get to the final answer and then round to the nearest Rand):

- (1) R4 285 714
- (2) R4 251 429
- (3) R3 248 571
- (4) R4 500 000

ASSIGNMENT 01/2015 (SECOND SEMESTER): MULTIPLE-CHOICE QUESTIONS (compulsory)

Instructions:

- For this assignment you have to study **Topics 1 – 5**.
- The submission of the **compulsory** Assignment 01/2015 will prove that you are an active student and will therefore also earn you admission to the examination.
- Marks awarded to Assignment 01/2015 weighs 25% in the calculation of your semester mark.
- The due date for this assignment is **11 August 2015** and **no extension of time will be given for the submission of the assignment**.
- This assignment must be completed on the mark-reading sheet supplied or submitted electronically via myUnisa. Please refer to **myStudies@Unisa** on how to use and complete a mark-reading sheet or how to submit a multiple-choice assignment via myUnisa.
- Please remember to enter the unique number of the assignment on the mark-reading sheet.
- The unique number for this assignment is **576995**.
- Submission of this assignment implies that you make the declaration in section 6.8: Plagiarism Declaration of this Tutorial Letter.

QUESTION 1 – NATURE AND BEHAVIOUR OF COSTS

Jonny Mthembu (Pty) Ltd. procures and supplies expensive whiskeys.

The actual performance for the quarter ended 30 September 2014 is stated below:

	Actual
Sales units (Bottles)	100 000
	R
Revenue	12 000 000
Cost of sales	3 720 000
Empty bottles	500 000
Packaging	300 000
Variable machine operation cost	400 000
Direct labour	2 000 000
Fixed manufacturing overhead	520 000
Gross Profit	8 280 000
Selling and administrative costs	8 240 000
Fixed administrative costs	240 000
Variable sales and marketing costs	8 000 000
Net profit (loss)	40 000

Additional information:

1. The labour cost is considered to be a fixed cost. The costs of empty bottles and packaging are variable.
2. No inventory of materials or finished goods is kept.
3. Fixed manufacturing overheads are allocated to production based on machine hours and there were no over or under applied overheads.

QUESTION 2 – ACCOUNTING FOR MATERIAL, LABOUR AND OVERHEADS**INDEPENDENT PART A:**

Jason Mars is paid a normal wage of R4 032 per week for working 42 ordinary hours in a 5-day working week. Jason's weekly working hours are spread evenly over the five working days. It is expected that Jason will work 150 hours of overtime in the coming year and he is remunerated for overtime at 1,5 times the normal hourly rate. The company operates for 52 working weeks a year and calculates all averages based on 52 working weeks. Jason's employment contract provides for 20 workdays' leave a year and the calendar for the coming year includes 11 paid public holidays.

The company plans to pay Jason a bonus of R10 000 in December of the coming year. The company contributes 15% of normal wage (including vacation pay, but excluding overtime pay) to the pension fund and 12% of normal wage (including vacation pay, but excluding overtime pay) to Jason's medical aid – these amounts are rounded to the nearest Rand. The company expects that all its workers will be idle for an average of 4 hours per working week in the coming year.

INDEPENDENT PART B:

You have been provided with the following budgeted information for Big City Lite (Pty) Ltd. for the coming financial year:

Economic order quantity based on the formula method	12 000 units
Variable cost per order placed	R300
Interest rate	6%
Purchase price per unit	R50
Selling price per unit	R90
Expected demand for the year	780 000 units

INDEPENDENT PART C:

Onica Optical (Pty) Ltd. manufactures small items of equipment for use by optometrists. The company has two production departments (referred to as D1 and D2) and two service departments (referred to as S1 and S2).

The company has already performed the primary allocation of budgeted overheads for the period and you are provided with the following amounts per department that resulted from this allocation:

D1	R700 000
D2	R300 000
S1	R200 000
S2	R150 000

You were requested to perform the secondary allocation of the service departments' costs to production and service departments. Department S2 should be allocated first, based on labour hours, and then department S1, based on floor area.

Further budgeted information for the period is as follows:

	D1	D2	S1	S2
Floor area (m ²)	600	2 400	800	600
Labour hours	250	650	100	400

The predetermined overhead rates for D1 and D2 are calculated based on labour hours.

QUESTION 3 – METHODS OF INVENTORY VALUATION

An extract from the records of Thengo Ltd. shows the following data for material Zate in the month of February 20X1:

Date	Transaction	Details
Feb. 20X1		
01	Opening inventory	500 units @ R6 each
03	Purchases	2 500 units @ R6,50 each
10	Issues	800 units to production
15	Returned to the supplier	600 units bought on 03 February 20X1
20	Purchases	1 000 units @ R7 each
25	Issues	900 units to production
28	Returned by production	200 units issued on 25 February to the store

QUESTION 4 – DIRECT AND ABSORPTION COSTING

Raymond Rule Manufacturers has a division that produces large cooking oil containers. Raymond has provided you with the following extract from the division's records and plans and requested you to prepare the budgeted income statement for November 2015.

	September 2015		October 2015		November 2015	
	Units	Rand	Units	Rand	Units	Rand
Opening inventory	0	?	?	?	?	?
Sales	60 000	?	?	?	?	?
Closing inventory	?	?	?	?	?	?
Production	65 000	?	?	?	?	?

Additional information:

- Selling prices per unit were R50 in September and October 2015 and are expected to increase by 10% in November 2015.
- Sales volumes increased by 5% in October 2015 and are expected to increase by a further 5% in November 2015.
- The division uses the **weighted average method** of inventory valuation.
- Production volumes decreased by 7% from September 2015 to October 2015 and increased by 9 550 units from October 2015 to November 2015.
- The following costs were incurred in September 2015:

Variable selling costs	R150 000
Fixed production costs	R812 500
Fixed administration costs	R70 000
Variable manufacturing costs	R1 300 000

- All the individual variable costs on a per unit basis increased by 10% per month from September 2015 to October 2015 and is expected to increase by a further 10% from October to November 2015. The total fixed administration cost and the total fixed production cost remained constant from September 2015 to October and November 2015.
- The division rounds to two decimal places throughout their calculations of costs per unit and also in their monthly income statement (SCI) amounts. (If your answer differs only slightly from one of the options provided, it might be due to rounding off in different places in the calculations and we therefore recommend that you select the option closest to your own answer.)

QUESTION 5 – ACTIVITY-BASED COSTING SYSTEM (ABC)

Khulani Ltd. manufactures two products X and Y using an almost fully automated manufacturing process. The company manufactures 200 000 units of product X and 400 000 units of product Y per year. The budgeted manufacturing overheads for the coming financial year are as follows:

Overhead item	Overhead cost	Basis of allocation
Setting up of machines	R 3 800 000	Setting up hours
Processing	R 3 000 000	Machine hours
Purchasing and storage	R 850 000	Number of orders
Maintenance	R 350 000	Inspection hours
Total	R 8 000 000	

Additional information:

The products are manufactured mainly by machines. It takes 4 machine hours to manufacture a batch of 2 500 units of product X and 3 machine hours to manufacture a batch of 2 000 units of product Y. Set-ups are done for every batch and each set-up takes 60 minutes for a batch of product X and 30 minutes for a batch of product Y. 80 orders for product X and 120 orders for product Y were placed during the

year. Inspection is done after every 20 machine hours and takes 30 minutes for product X and 20 minutes for product Y.

Khulani Ltd. currently allocates all manufacturing overheads according to machine hours.

To answer (1) – (4), please refer to the information supplied in Question 1.

1. Contribution per unit is:

- (1) R28,00
- (2) R30,00
- (3) R91,20
- (4) R108,00

2. If the actual number of machine hours amounted to 20 000 and the budgeted machine hours amounted to 18 000, budgeted fixed overheads for the period were:

- (1) R400 000
- (2) R520 000
- (3) R577 778
- (4) R468 000

3. The breakeven point in units (number of filled bottles that had to be sold to break even) is:

- (1) 96 842 bottles
- (2) 89 000 bottles
- (3) 98 572 bottles
- (4) 120 000 bottles

4. Breakeven point is the point where:

- (1) Total contribution is equal to all admin costs
- (2) Total contribution is equal to all the profits
- (3) Total contribution is equal to total fixed costs
- (4) Total contribution is equal to all selling costs

To answer (5) – (8), please refer to the information supplied in Question 2.

5. The budgeted hourly labour recovery rate per clock hour for Jason Mars, rounded to the nearest Rand, is:

- (1) R133
- (2) R144
- (3) R155
- (4) R160

6. The variable inventory holding cost per unit per year for Big City Lite (Pty) Ltd., excluding interest, is expected to be:

- (1) R1,63
- (2) R3,25
- (3) R197,48
- (4) R0,25

7. The predetermined overhead rate for D1 of Onica Optical (Pty) Ltd. is:
- (1) R3 122 per labour hour
 - (2) R3 137 per labour hour
 - (3) R2 800 per labour hour
 - (5) R3 118 per labour hour
8. The predetermined overhead rate for D2 of Onica Optical (Pty) Ltd., rounded to two decimal places, is:
- (1) R461,54 per labour hour
 - (2) R876,15 per labour hour
 - (3) R745,50 per labour hour
 - (4) R870,37 per labour hour

To answer (9) – (12), please refer to the information supplied in Question 3.

9. The total value of material Zate issued to production on the 10th of February 20X1 using the FIFO method of inventory valuation would be (rounded to two decimal places):
- (1) R3 000,00
 - (2) R1 950,00
 - (3) R5 133,33
 - (4) R4 950,00
10. The total value of material Zate issued to production on the 10th of February 20X1 using the weighted average method of inventory valuation would be (rounded to two decimal places):
- (1) R5 133,33
 - (2) R4 950,00
 - (3) R3 000,00
 - (4) R1 950,00
11. The value of inventory returned from production on the 28th of February 20X1 using the FIFO method of inventory valuation would be (rounded to two decimal places):
- (1) R2 000,00
 - (2) R1 500,00
 - (3) R1 300,00
 - (5) R1 324,26
12. The value of closing inventory at 28 February 20X1 using the FIFO method of inventory valuation would be (rounded to two decimal places):
- (1) R12 581,41
 - (2) R11 850,00
 - (3) R11 257,05
 - (4) R12 850,00

To answer (13) – (16), please refer to the information supplied in Question 4.

13. The budgeted value of opening inventory for November 2015 using direct costing is:

- (1) R53 900,00
- (2) R86 289,00
- (3) R100 000,00
- (4) R53 532,50

14. The budgeted value of opening inventory for November 2015 using absorption costing is:

- (1) R162 500,00
- (2) R86 289,00
- (3) R81 928,00
- (4) R101 577,00

15. The budgeted value of closing inventory for November 2015 using direct costing is:

- (1) R151 956,00
- (2) R152 460,00
- (3) R225 477,00
- (4) R147 294,00

16. The budgeted value of closing inventory for November 2015 using absorption costing is:

- (1) R81 928,00
- (2) R225 477,00
- (3) R86 289,00
- (4) R126 000,00

To answer (17) – (20), please refer to the information supplied in Question 5.

17. Machine hours for product X (in total) amount to:

- (1) 320
- (2) 600
- (3) 920
- (4) 350

18. Overhead cost allocated to product Y (in total) using the ABC method amounts to (round your answer to the nearest Rand):

- (1) R3 227 923
- (2) R5 217 391
- (3) R4 772 077
- (4) R2 782 608

19. Purchasing and storage costs allocated to product Y (in total) amount to:

- (1) R340 000
- (2) R550 000
- (3) R510 000
- (4) R400 000

20. Which one of the following statements regarding ABC costing system is false?

- (1) ABC is expensive to implement because it involves mapping of all business processes
- (2) ABC helps a business to make more accurate price decisions if costs are used to set prices
- (3) In the ABC costing method, fixed production overhead cost in total is allocated to products by linking it to only one volume-driven base
- (4) ABC is more suitable for companies with larger amounts of indirect costs