




# **PRINCIPLES OF MANAGEMENT ACCOUNTING**

## **MAC2601 (Semester module)**

**TUTORIAL LETTER 102  
Errata and other important information  
(first semester only)**

**DEPARTMENT OF MANAGEMENT  
ACCOUNTING**

BAR CODE



## CONTENTS

1.	Introduction .....	2
2.	Importance of myUnisa .....	3
3.	Errata: study guides .....	3
4.	Errata: Tutorial Letter 101.....	4
5.	Other helpful information.....	4 - 5

**NB: This tutorial letter must be read in conjunction with Tutorial letter 101/2013 and the study guides.**

### 1. Introduction

Dear Student

This Tutorial Letter contains errata to Tutorial Letter 101/2013 and the study guides as discovered up to 13 February 2013. It is in your own interest to make the necessary corrections to the study material. These errata have been available on myUnisa under *Announcements* and the relevant announcements will subsequently be updated on myUnisa when new errors are discovered.

Should you suspect anything else in the study material could be an error, please contact your lecturers.

We apologise for any inconvenience caused.

We also include other information which may be helpful in the process of completing your assignments.

Kind regards,

	<b>Telephone number</b>	<b>Office number</b>	<b>E-mail</b>
RK Nzhingana (Mr)	(012) 429-6937	1 – 49	MAC2601-13-S1@unisa.ac.za
M Ramaleba (Mr)	(012) 429-4334	1 – 47	MAC2601-13-S1@unisa.ac.za
JM Verster (Mrs)	(012) 429-4767	1 – 50	MAC2601-13-S1@unisa.ac.za

Please note that Mrs Reyneke is now involved in a postgraduate module and please do not contact her with regard to MAC2601 anymore.

**LECTURERS: MAC2601**

## 2. Importance of myUnisa

As mentioned in Tutorial Letter 101/2013, myUnisa forms an integral part of this module and you will therefore have to visit myUnisa on a frequent basis to ensure you keep up to date with the latest MAC2601 announcements, important dates, Tutorial Letters (Tutorial Letters are sometimes available on myUnisa even before you receive them in the post), etcetera.

## 3. Errata: Study guides

Please remember that these errata only include those errors discovered up to 13 February 2013. As we have already indicated, these errata have been available on myUnisa and additions thereto will also be added to the relevant myUnisa announcement(s) as they are discovered.

Guide number	Page number	Correction
1	19	In the answer to (e), the R28 000 that is included in the Rand column is correct, but the calculation of this (R28 000 x 30%) is a typing error. It should have been R28 000 x 100%.
1	23	Please move B slightly to the right so that it stands next to the line that goes through A and T.
1	24, 25	Formula 1 should read as follows (the <sup>2</sup> at the end of the formula was left out on both pages): $\Sigma xy = a\Sigma x + b\Sigma x^2$
1	27	Please change the words "Plant depreciation" to "Production plant insurance" to correspond with the information that was given.
1	30	Column total for $x^2$ has to show $\Sigma x^2 = 198\ 407$ and not $b\Sigma x = 198\ 407$ . Therefore, please remove the "b" from the column total and add the <sup>2</sup> to the $\Sigma x$ .
1	35	Activity 3.1a: Answer should be 1 500 units and not 500 units or R500 units (30 000 / 20 or 75 000 / 50 = 1500)
1	53	Close to the bottom of the page: Below the line (denominator) should be R5,245 instead of R5,45.
1	96	Part C of the solution: The total for manufacturing overheads should be R5 400, calculated as follows: R20 000 * 16% = R3 200; R3 200 + R2 000 + R200 = R5 400. The total for the journal should therefore amount to R27 000.
1	163 - 164	Please make the following changes:  1. Variable cost of sales page 163 should be 1 940 400 and not 1 942 957. 2. Manufacturing cost of sales page 164 should be 1 849 082 and not 1 852 261. 3. "Opening inventory from (a)" (page 164) should read "Opening inventory from activity 9.2(b)".
1	173	R2 171 500 should stand in line with "-variable (increased by R3 per unit from April 20x1 figures)" and not next to Production costs: move the amount one line down.

#### 4. Errata: Tutorial Letter 101

Please remember that these errata only include those errors discovered up to 13 February 2013. As we have already indicated, these errata have been available on myUnisa and additions thereto will also be added to the relevant myUnisa announcement(s) as they are discovered.

Page number	Correction
18	Close to the top of the page: Please change the 7,5% (employer's contribution to the pension fund) to 8% for the junior staff members.

#### 5. Other helpful information

The MAC2601 lecturers post some helpful advice on myUnisa under the *Announcements* section. The MAC2601 advice posted on myUnisa up to 13 February 2013 includes the following (remember to visit myUnisa frequently for more helpful hints and principles):

##### 5.1 Inventory returned from production:

FIFO: Returns on 23 April (assignment 1) – refer to question 3 of the self-assessment activity (page 149). **If they give you the date of the issue that you are (partially) “reversing”,** you have to use the same cost per unit as for your issue on the specified date (last issues on that date assumed to be returned first). If they do not supply the issue date, you will have to use the date of the last issue (see page 140).

Weighted average: A similar principle applies to the weighted average – if they supply the specific date of the issue you are “reversing”, use the weighted average cost associated with the specific date’s issue.

##### 5.2 Cost of sales:

Question 17 (assignment 1): "Manufacturing cost of sales" (page 156 of Guide 1) can also be simply referred to as "Cost of sales" - the reason why we called it *manufacturing* cost of sales on page 156 is to emphasise that it includes all (variable AND fixed) production costs in the valuation of inventory (absorption costing method).

When we use the direct costing method, we can also refer to "variable cost of sales" as "*variable manufacturing* cost of sales", as only variable production costs are included in the valuation of inventory. But this "*variable manufacturing* cost of sales" is not the same as "cost of sales" which is used when we prepare an absorption costing income statement.

##### 5.3 Reconciliation of profits:

Question 20 (assignment 1): The purpose of this question is to see whether students know the differences between direct and absorption costing and, based on these differences, can adjust the net profit of the one method to arrive at the net profit of the other method. The R188 800 is an ASSUMPTION and you will not arrive at this specific net profit if you prepare the full income statement for absorption costing in this question. You will have to adjust the R188 800 for differences with direct costing to get to the answer.

However, to simplify the question slightly, we will provide you with the change that lead to the R188 800 absorption costing net profit should you prefer to prepare the complete income statements. You will have to change the selling price per unit from R60 to R70 to get to the R188 800 and use a selling price of R70 to prepare the direct costing income statement in question 20.

Please make sure that, even if you use the full income statements to arrive at the answer to question 20, you also understand how to get from one method's profit to the other method's profit WITHOUT preparing the income statements in their entirety. Pages 166 and 167 of Guide 1 may assist you in this regard.

#### 5.4 Opening and closing inventory:

Question 4 (assignment 2): The opening inventory in units on 1/1/2012 was given as 2 000. You will have to calculate the opening inventory in units on 1/1/2013 based on the following important principles:

- Closing inventory of a specific period becomes the opening inventory of the following period
- Closing inventory (in units) = Opening inventory (in units) + Production units – Units sold