

Tutorial Letter 101/3/2018

Introduction to Management Accounting MAC1501

Semesters 1 & 2

Department of Management Accounting

IMPORTANT INFORMATION:

Please activate your myUnisa and myLife email addresses; and make sure that you have regular access to the myUnisa module site MAC1501-18-S1 (semester 1) or MAC1501-18-S2 (semester 2) as well as your e-tutor group site.

Please note: This is an online module; therefore, it is available on myUnisa. However, in order to support you in your learning process, you will also receive some study material in printed format.

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1 INTRODUCTION

Dear Student,

Welcome to ONLINE module: Introduction to Management Accounting (MAC1501). We hope you will find it interesting and rewarding. We will do our best to help you complete this module successfully. You will be well on your way to success if you start studying early in the semester and resolve to do the assignments properly.

Since this is an online module, you need to use myUnisa to study and complete the learning activities for this course. Please visit the website for MAC1501 on myUnisa frequently. The modules on the website for this course is MAC1501-18-S1 (semester 1) or MAC1501-18-S2 (semester 2).

1.1 Getting started

Owing to the nature of this module, you have to go online to access your study material for this module. Go to the website <https://my.unisa.ac.za> and login with your student number and password. You will see MAC1501-18-S1 (semester 1) or MAC1501-18-S2 (semester 2) in the row of modules in the grey blocks across the top of the webpage. Remember to click on the **more** tab if you cannot find the module you require in the grey blocks and to click on the module you want to open.

You will receive this tutorial letter and a printed copy of the online study material. Although the printed material may appear to differ from the online study material, it is exactly the same since it has been copied from the myUnisa website.

We wish you success on your journey!

2 OVERVIEW

2.1 Purpose

The purpose of this module is to acquire knowledge of the foundational concepts in management accounting. Students who have passed this module will be able to explain and apply basic cost and management accounting principles. This module will be useful to students who intend pursuing a career in accounting sciences and it will provide a foundation for further modules in management accounting.

This module is delivered via myUnisa and the internet as well as through peer group interaction in the form of the **Discussion Forum** on myUnisa. Lecturers will interact with students on myUnisa and via email.

2.2 Outcomes

After having studied and completed this module successfully, you should be able to do the following:

- Describe the basic cost concepts and perform cost classifications.
- Define the various terms and concepts in respect of purchased inventory; and record the accounting entries for purchasing and issuing inventory.
- Perform the valuation of purchased inventory.
- Define the various terms and concepts in respect of payroll-related costs and record the accounting entries for labour costs.
- Allocate production overheads by means of predetermined rates.
- Calculate the cost of manufactured goods sold in a traditional absorption costing system.
- Draft the operational budget of a manufacturing and retail entity.
- Describe the different facets of working capital management.

- Compute ratios for managing working capital.
- Prepare a cash flow budget.
- Discuss concepts of strategy, stakeholders and business risks.

3 CONTACT DETAILS

3.1 Lecturer(s)

The following lecturers are responsible for this module:

Lecturer	Office	Tel
Mr SKM Sithole	Samuel Pauw 4-05	012 429 4785
Ms SB Ntuli	Samuel Pauw 4-06	012 429 3895

Module email addresses:

First semester students: MAC1501-18-S1@unisa.ac.za

Second semester students: MAC1501-18-S2@unisa.ac.za

All **queries** that are not of a purely administrative nature but **are about the content of this module** should be directed to us. We are most of the time available to assist with student queries from Mondays to Fridays, between 08h30 and 15h30. As far as personal visits are concerned, we are available by appointment only. Please have your study material with you when contacting us.

3.2 Department of Management Accounting

The Department of Management Accounting is situated on Unisa's Muckleneuk Campus in Pretoria on the fourth floor of the Samuel Pauw Building and is part of the College of Accounting Sciences (CAS). The department's location details are subject to change due to renovations in the current building.

Contact details:

CAS Student information Hub email address: CASenquiries-Undergraduate@unisa.ac.za

3.3 University

Follow the instructions in the brochure, *Study @ Unisa*, when contacting the university. Remember to have your student number available.

Always give your student number when contacting the lecturers; this will enable them to assist you.

4 RESOURCES

4.1 How to use 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; your fellow students and the administrative departments at Unisa – all via a computer and the internet.

You can visit the Unisa website at <http://www.unisa.ac.za> and click on the myUnisa link in the orange block. This will take you to the myUnisa website. To go to the myUnisa website directly, go to <https://my.unisa.ac.za> and click on the **Claim Unisa Login** on the right-hand side of the page. You will

then be prompted to give your student number to claim your initial myUnisa details as well as your myLife login details.

For more information on myUnisa, consult the brochure, *Study @ Unisa*, which you received with your study material.

4.2 Other resources – printed support material

Since we want you to complete this online module successfully, we will also provide you with some study material in printed format (hard copy). This gives you access to the study material even if you are not online.

The printed study material will be sent to you in the beginning of the semester, but you do not have to wait to receive the study material before you start studying. You can go online as soon as you have registered and all your study material for this module will be uploaded and available. The printed study material we will send you is merely a hard copy of the formal content for the online module; and will give you the opportunity to do a lot of studying for this module WITHOUT having to access the internet; whether at home or in an internet café. This will save you money and you will be able to take as much time since you need to read and re-read the study material and do the activities.

The Department of Despatch must supply you with the following printed study material for this module:

- Study guide
- Tutorial Letter 101 (this letter)

Apart from Tutorial Letter 101, you will also receive follow up tutorial letters 102 (examination guidelines), 201 and 202 (feedback on the relevant assignments) during the year. However, there will be no printed follow up tutorial letters that will be posted to you. Follow up tutorial letters will only be uploaded on myUnisa, under additional resources, as soon as they are available or needed.

It is very important that you log into myUnisa regularly. We recommend that you do this at least once a week or every ten days to check for the following:

- **Check for new announcements and additional resources.** You can also set up your myLife email so that you receive the announcement emails and additional resources notifications on your smartphone.
- **Do the discussion forum activities.** When you do the activities for each unit, we want you to share them with the other people in your group. (However, please note that you are not allowed to post any of your assignment answers on this forum)
- **Do other online activities.** Do not skip these activities if they are available because they will help you to complete the assignments and the activities for the module.

We hope this system will ensure your successful completion of this online module by giving you additional ways to study the material and do all the activities. At the same time, you **MUST** go online regularly to complete and submit assignments on time and to get the most out of the online course.

Remember, the printed support material is a back-up of everything that is available online on myUnisa. It does not contain any extra information. **In other words, you should NOT wait for the printed study material to reach you before you start studying.**

5 STUDENT SUPPORT SERVICES

The following student support services are offered by Unisa and the Department respectively:

5.1 Tutorials and e-tutors

Information on face-to-face tutorial classes must be obtained from your regional office. Contact your nearest Unisa Learning Centre to ascertain whether there are any face-to-face tutorial classes for this module. Please consult the publication, *Study @ Unisa*, which you received with your study material for more information on tutorial classes. These tutorials are offered free of charge; however, it is important that you register at your nearest Unisa Regional Centre to secure attendance of these classes.

Unisa also offers online tutorials (e-tutoring) to students registered for modules at NQF level 5 and 6. Please check the MAC1501 module site on myUnisa for information on e-tutors for this module. Once you have been registered for MAC1501, you will be allocated to a group of students with whom you will be interacting during the tuition period as well as an e-tutor who will be your tutorial facilitator. You will receive an SMS with information on your group; your e-tutor's name; and instructions on how to log into myUnisa to receive further information on the e-tutoring process.

Online tutorials are conducted by qualified e-tutors who are appointed by Unisa and are offered free of charge. All you need to participate in e-tutoring is a computer with internet access. If you live close to a Unisa regional centre or a telecentre contracted by Unisa, please feel free to visit any of these venues to access the internet. E-tutoring takes place on myUnisa where you are expected to connect with other students in your allocated group. It is the role of the e-tutor to guide you through your study material during this interaction process. To get the most out of online tutoring, you need to participate in the online discussions the e-tutor will facilitate.

Lectures offered by private organisations and/or persons are not the responsibility of the Department of Management Accounting at Unisa. Do not contact lecturers of the Department in this regard.

5.2 Study groups

Many students have found that they benefit immensely from joining a study group consisting of students that are all enrolled for the same module(s). Please ask your fellow students to join your group on the myUnisa **Discussion Forum**.

6 HOW TO STUDY THIS MODULE ONLINE

6.1 What does it mean to study fully online?

Studying modules that are fully online is totally different from studying some of the other modules at Unisa.

- **All your study material and learning activities for online modules are designed to be delivered online on myUnisa.** Although we will send you printed material to support your studies, the module is primarily designed to be delivered online.
- Students may submit written assignments that should be typed and submitted online in PDF format in the same manner in which all the other assignments are submitted online. Posted written assignments are also acceptable but online submission is recommended. The MCQ (multiple-choice questions) assignment has to be completed on a mark-reading sheet and submitted **either** by post, mobile MCQ submission **or** electronically via myUnisa. No assignments may be submitted by fax or email.
- Remember to retain proof of your submission.

- Please note that it will be wise to submit assignments electronically via myUnisa a few days before the due date because the system is often overloaded on the due date. **If the system displays an error message, please wait a while and try again until your assignment is accepted.**
- **All communication between students and the university also takes place online** – via email and on the **Discussion Forum**. Use these communication channels to ask questions and contact your lecturers. This also means that your lecturers will communicate with you in the same way – via email, **Announcements** and the **Discussion Forum** on myUnisa. The lecturers will also send important SMS to students from time to time; therefore, it is important to make sure that Unisa has your updated contact details on record.

6.2 Assignments

The questions for compulsory Assignments 01 and 02 are included in this tutorial letter (see Annexure A to D).

7 ASSESSMENT

7.1 Assessment method

The assessment plan is based on two formative assessment interventions, namely two compulsory assignments and one compulsory summative assessment intervention – the examination. The multiple-choice assignment gives evidence of students' competence in the form of their answers to 20 multiple-choice questions. Assignment 02, which is a written long-type questions assignment, requires the student's individual input and is scored by means of a marking plan. You will receive the marking plan with Tutorial letter 202.

7.2 Persons involved in the assessment process

Since this course is a first-year course, two different assessors are involved in the assessment process, namely the student and the lecturer.

(a) Student:

In the instance of formative interventions, the student is primarily responsible for the success of his or her assignments. In other words, the student is encouraged to become an independent learner and has to check (self-assess) the contents of the assignment before submitting it for assessment.

(b) Lecturer(s):

The formative and summative interventions will be assessed by appropriately qualified and trained lecturing staff or marking staff. All the staff members involved in the assessment process have completed the required assessor training successfully. The examination is marked in accordance with the learning outcomes and assessment criteria set out in the study material.

7.3 Assessment time frame

All work submitted for formative assessment (compulsory assignments) will be returned in a reasonable time. You will receive the correct answers to multiple-choice questions automatically. Comments on compulsory assignments will be uploaded on myUnisa for access by all students registered for this module in a follow-up tutorial letter and not only to those students who submitted the assignments. The tutorial letter numbers will be 201 and 202.

7.4 Assignments

You are required to submit the compulsory assignments for Module MAC150:1 Assignment 01 and Assignment 02. Admission to the examination will be obtained by submitting at least **one assignment**; and the admission will not depend on the marks you obtain for the assignment. Therefore, please ensure that your assignments reach the university **before or on the due date**. **Late submission of assignments will result in you not being admitted to the examination.**

Although you will be admitted to the examination by submitting at least one assignment, your marks for Assignments 01 and 02 will be used to determine your semester mark.

PLEASE NOTE:

TO OBTAIN ADMISSION TO THE EXAMINATION, YOU MUST SUBMIT AT LEAST ONE ASSIGNMENT BEFORE OR ON THE DUE DATE.

YOUR MARKS FOR ASSIGNMENTS 01 AND 02 WILL BE USED TO DETERMINE YOUR SEMESTER/YEAR MARK.

7.5 Due dates for the submission of assignments

The due dates for the submission of the assignments are:

Assignment	Due date:	Due date:	Assignment type
	First Semester	Second Semester	
01	19 March 2018	17 August 2018	Multiple-choice questions
02	16 April 2018	14 September 2018	Written (long questions)

7.6 Submission of assignments and unique numbers of assignments

You may submit both your multiple-choice questions assignment (s) and written assignment (s) either by post/courier or electronically via myUnisa. We strongly recommend that you submit the answers online on myUnisa, since this is an online module. **Please note: Assignments MAY NOT BE submitted by fax or email.** For detailed information and requirements for assignments, consult the brochure, *Study @ Unisa*, which you have received with your study material package. As previously stated, Assignments 01 and 02 are compulsory.

- Refer to Annexure A (page 13 of this study letter) for the **first semester's** compulsory Assignment 01 questions. **Unique number: 655031**
- Refer to Annexure B (page 19 of this tutorial letter) for the **first semester's** compulsory Assignment 02 questions. **Unique number: 808772**
- Refer to Annexure C (page 27 of this tutorial letter) for the **second semester's** compulsory Assignment 01 questions. **Unique number: 757155**
- Refer to Annexure D (page 34 of this tutorial letter) for the **second semester's** compulsory Assignment 02 questions. **Unique number: 883233**

Plagiarism

Plagiarism: 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.

The *Disciplinary Code* appears in the Study @ Unisa Brochure given to all students at registration as well as online on www.unisa.ac.za . Students are advised to study the Disciplinary Code, especially chapter 3 (1.19). Kindly also read the University's *Policy on Copyright Infringement and Plagiarism*.

All your assignments must be your own work. You will receive 0% for your whole assignment if it's deemed that plagiarism was committed in any part of the assignment and you may also be subject to disciplinary proceedings by the University.

Everyone must obtain the required skills to ensure that you will be able to make a valuable contribution in the workplace.

PLAGIARISM DECLARATION:

By submitting any MAC1501 assignment, I declare that:

- 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;
- This assignment, submitted by myself, is my own work and that I have referenced all the sources that I have used;
- I have not allowed any other student to copy my work;
- I know that if I am found to be in violation of this declaration I will receive 0% for the assignment involved.

Please note: You do not have to submit the declaration. By submitting any MAC1501 assignment, you automatically declare that you adhere to all the above with regard to the specific assignment.

7.7 Marking written assignments

Please note that it is the practice of the Department of Management Accounting not to mark the whole assignment. Depending on the length and degree of difficulty of an assignment, **only one or two questions or parts of these questions may be marked**. Your mark for the whole assignment, therefore, will be the marks you obtained for the specific section(s) that have been marked.

7.8 What to do before attempting to answer assignment questions

Study the subject matter relevant to the assignment and work through the activities in the learning units on myUnisa/study guide. Before completing the assignment, you should

- have a sound knowledge of the specific subject matter
- have read through the assignment questions carefully and understand what is required
- have analysed the questions carefully to ensure that you answer only what is required
- plan your answers – take care of the structure and lay-out of your answers

8 EXAMINATION

8.1 Examination admission

To obtain admission to the examination you must submit at least one of the compulsory assignments, which should reach Unisa by the due date.

Both assignments will contribute towards your semester mark. Assignment 01 will contribute 25% and Assignment 02 will contribute 75% towards your semester mark.

How will this work in practice?

Year mark:

Your year mark will be calculated as follows:

For example,

- Student X submits both assignments and obtains the following marks for his/her assignments:

Compulsory Assignment 01	$60\% \times 0,25$	15
Compulsory Assignment 02	$80\% \times 0,75$	60
Year mark		75

- Student Y submits only Assignment 01 and obtains the following marks for his/her assignment:

Compulsory Assignment 01	$60\% \times 0,25$	15
Compulsory Assignment 02	$0\% \times 0,75$	0
Year mark		15

8.4 Final mark

You will be required to obtain a **final mark of 50%** to pass this module. Your **examination mark** will contribute 80% towards your final mark and your **year mark** 20%.

Therefore, your final mark will be calculated as follows:

Student X

Examination mark x 80%: e.g.	$(48 \times 80\%) =$	38
Add: Year mark x 20%: e.g.	$(75 \times 20\%) =$	15
Final mark		53 pass

Student Y

Examination mark x 80%: e.g.	$(55 \times 80\%) =$	44
Add: Year mark x 20%: e.g.	$(15 \times 20\%) =$	3
Final mark		47 fail

The above calculation illustrates that the lower the year mark the higher the examination mark must be to obtain a final mark of 50%. Therefore, it is very important to submit both compulsory assignments to improve your chances of passing at the end of the semester.

Please note: If you do not obtain a subminimum of 40% in the examination; your year/semester mark will not be taken into consideration.

8.5 Examination period

This module is offered in a semester period of 15 weeks. This means that if you are registered for the first semester, you will write the examination in May/June 2018 and the supplementary examination will be written in October/November 2018. If you are registered for the second semester you will write the examination in October/November 2018 and the supplementary examination will be written in May/June 2019.

Examination paper

The final examination for this module is a **paper that will count 100 marks**. It is a **two-hour paper** and it is set in **English only**.

Pocket calculator policy

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

- Pocket calculators must be cordless, and may not have print facilities or alpha keys.
- The pocket calculator function on cell phones or any electronic device (laptops and/or any Smartphone) may not be used.
- Candidates may not share a pocket calculator with another candidate in the examination room.

Previous examination papers

A previous examination paper is available to students in the form compulsory assignment 02. Scanned copies of examination papers are also available on myUnisa. **We strongly advise that you do not focus on these previous examination papers set prior to 2016, since the syllabus and the content of this module have changed significantly since the 2016 academic year, which means that the content of forthcoming examination paper(s) will also differ considerably from that of examinations prior to 2016.** However, the type of questions that will be asked in the examination will be similar to the questions asked in the activities in your study guide and in the assignments.

9 STUDY PLAN

You need about eight hours of study time per week for each module. The table below can be used as a guideline to plan your studies for MAC1501. We work on the principle that an assignment submitted by post/courier will take seven working days to reach us. However, if you submit your assignment online, it reaches us immediately, which means you can submit it closer to the due date, which allows you additional time.

Semester 1 (2018)	Semester 2 (2018)	Possible programme	Tick completed tasks
1 February	18 July	Study material is available on myUnisa on registration. Tutorial Letter 101 (this study letter) and the brochure, <i>Study @ Unisa</i> , have been read. Since this is an online module you can immediately start working through the learning units in your study guide available on myUnisa. While working through the learning units in your study guide, make sure that you understand the principles so that you will be able to apply them in the different scenarios in the questions.	

Semester 1 (2018)	Semester 2 (2018)	Possible programme	Tick completed tasks
8 February	25 July	Continue working through the learning units in your study guide in preparation for Assignment 01.	
10 March	08 August	Submission of compulsory Assignment 01; if submission is via courier/post.	
19 March	17 August	Due date for submitting assignment 01.	
18 March	20 August	Continue working through the learning units in your study guide in preparation for Assignment 02.	
8 April	6 September	Submission of compulsory Assignment 02; if submission is via courier/post.	
16 April	14 September	Due date for submitting compulsory Assignment 02.	
19 April	18 September	Revision starts. Work through the self-assessment questions in the study guide.	
25 April	25 September	Follow-up tutorial letters with examination guidelines and suggested solutions to assignments are only available electronically on myUnisa . No printed follow up tutorial letters will be posted to students. Revision continues until the examination.	

10 CONCLUSION

Do not hesitate to contact your lecturer(s) via the module email if you are experiencing problems with the content of this tutorial letter or with any aspect of the module.

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

Enjoy the journey!

Lecturers: MAC1501

ANNEXURE A: Compulsory Assignment 01 (first semester only)

Please note:

- This assignment must be submitted by **first semester** students only.
- This assignment consists of 20 multiple-choice questions, which count three marks each.
- Each question must be considered independently unless specific reference is made to information in another question. Each question only has one correct answer.
- For this assignment you have to study **learning units 1–7**.
- Admission to the examination will be obtained by submitting at least one compulsory assignment and not on the marks you obtain for it. However, the mark you earn for Assignments 1 and Assignment 2 will be your year mark, which contributes 20% towards your final mark.
- The due date for this assignment is **19 March 2018** and **no extension will be granted for the submission of the assignment**.
- This assignment must be answered and submitted electronically via [myUnisa](#). **Please do not wait until the due date** to submit the assignment. Submit it at least two working days before the due date. This is to make provision for unforeseen problems (power failures; problems with internet connection on the due date).
- This assignment can also be completed on the mark-reading sheet supplied. Please refer to *Study @ Unisa* on how to use and complete a mark-reading sheet. Remember to enter the unique number of the assignment on the mark-reading sheet. If you prefer to submit it by post or courier, do it at least seven working days before the assignment is due in order to reach Unisa before or on the due date. The unique number for this assignment is: **655031**

MULTIPLE-CHOICE QUESTIONS

Read the following statements in questions 1 to 4 and indicate whether each statement is True (1) or False (2):

QUESTION 1

In a marginal costing system only *fixed costs* are considered as product costs.

- 1) True
- 2) False

QUESTION 2

Conversion costs refer to the *cost of materials* and *labour*.

- 1) True
- 2) False

QUESTION 3

The focus of Financial Accounting is on the *whole organisation*, while the focus of Management Accounting is on the *whole as well as the sections* of the organisation.

- 1) True
- 2) False

QUESTION 4

Under a periodic inventory system the cost of sales is *less than* under a perpetual inventory system.

- 1) True
- 2) False

QUESTION 5

Depreciation on manufacturing equipment is a ...

- 1) period cost.
- 2) variable manufacturing overhead.
- 3) product cost.
- 4) both (2) and (3).

QUESTION 6

When volume or level of activity decreases, variable costs will...

- 1) increase in total.
- 2) remain constant per unit.
- 3) decrease in total.
- 4) both (2) and (3).

QUESTION 7

Completed goods that the reporting entity purchased in a form ready for resale is called?

- 1) finished inventory
- 2) merchandise inventory
- 3) consumables inventory
- 4) raw material inventory

QUESTION 8

In which system is accounting records continuously updated every time that the company receives or sells inventory?

- 1) periodic system
- 2) weighted average system
- 3) perpetual system
- 4) None of the above-mentioned alternatives

QUESTION 9

Ngwebedla Limited's manufacturing overhead is 40% of its total conversion costs. If direct labour is R39 000 and direct materials are R27 000, the manufacturing overhead is ...

- 1) R97 500.
- 2) R26 000.
- 3) R26 400.
- 4) None of the above-mentioned alternative.

QUESTION 10

Uziri Limited uses a periodic inventory system. On 28 February 2018, the Merchandise Inventory Account of Uziri Limited reflected a balance of R35 600. During February 2018 the company had the total sales and the total purchases amounting to R138 000 and R117 000, respectively. The company applies a 25% mark-up on cost.

What is the value of closing inventory on 31 January 2018?

- 1) R42 200
- 2) R29 000
- 3) R34 500
- 4) None of the above-mentioned alternative

QUESTION 11

The policy of Ingabadi Limited is a gross profit mark-up of 30% on cost. The budgeted gross profit for April 2018 is R7 500. The budgeted cost of sales and sales for April 2018 will be R... and R... respectively.

- 1) R25 000 and R32 500
- 2) R2 250 and R9 750
- 3) R5 250 and R12 750
- 4) None of the above-mentioned alternative

QUESTION 12

Inkaba Limited is a retailer that has adopted a *perpetual inventory system* and a *weighted average cost flow assumption*. At the beginning of January 2018 there were 1 000 units of merchandise in inventory. The total value of opening inventory was R45 000.

During January 2018 the following purchases were made:

8 January: 200 units at R46 each; 15 January: 150 units at R48 each;

22 January: 120 units at R50 each; 29 January: 100 units at R51 each.

During January 2018 the following sales took place:

5 January: 300 units; 10 January: 400 units; 16 January: 250 units;

28 January: 170 units; 30 January: 30 units.

The cost of sales for January was approximately R... (Round off to the nearest two decimals where applicable)

- 1) R20 055.
- 2) R72 500.
- 3) R52 445.
- 4) None of the above-mentioned alternative

QUESTION 13

Use the information in question 12 above and assume that Inkaba Limited applies a consistent mark-up of 40% on cost. The gross profit for January was R...

- 1) R20 978.
- 2) R8 022.
- 3) R29 000.
- 4) None of the above-mentioned alternative

QUESTION 14

Imvuselelo Limited has adopted a perpetual inventory system and a first-in-first-out cost flow assumption. At the beginning of December 2017 there were 800 components of direct materials in inventory. The total value of opening inventory was R3 000.

During December 2017 the following purchases were made:

- 8 December: 200 components at R3,20 each;
- 15 December: 150 components at R3,50 each;
- 22 December: 120 components at R3,70 each;
- 29 December: 100 components at R4,00 each.

During December the following components were issued to production:

- 5 December: 300 components;
- 10 December: 400 components;
- 16 December: 250 components;
- 28 December: 170 components;
- 31 December: 30 components.

The total cost of direct materials issued in December was ...

- 1) R844.
- 2) R4 165.
- 3) R3 888.
- 4) None of the above-mentioned alternative

QUESTION 15

Lehlohonolo is employed in the assembly line of Buwa Manufacturing Plant. He is entitled to three weeks' paid leave per annum and an annual bonus equal to two weeks' normal wages. He is also entitled to 12 paid public holidays per year. Assume that all public holidays fall on weekdays. Lehlohonolo works 40 hours per week, Monday to Friday for which he is paid R100 per hour. The company contributes 12% of normal wages towards the pension fund and 10% towards medical insurance on behalf of employees. Normal idle time is considered as 6% of available hours. What is Lehlohonolo's labour recovery rate per hour that Buwa Manufacturing Plant will use for budgeting purposes?

- 1) R100,00 per hour
- 2) R115,88 per hour
- 3) R149,41 per hour
- 4) None of the above-mentioned alternative

QUESTION 16

Ndoda Goduka is a general worker at Emkhuze Factory. From Monday to Friday Ndoda works normal working hours of 45 hours per week. Normal overtime extends to Saturday and is remunerated at 1,5 times the normal rate, whereas the overtime on Sunday is remunerated two times the normal rate. During the week ending 05 January 2018 Ndoda worked 2 hours normal overtime and 4 hours overtime on Sunday. Ndoda earned a total gross wage of R6 468 for the week under review.

Ndoda's basic wage rate is ... per hour

- 1) R143,73
- 2) R128,82
- 3) R115,50
- 4) None of the above-mentioned alternatives.

QUESTION 17

Use the information in question 16 above, the overtime premium paid to Ndoda is...

- 1) R172,50
- 2) R577,50
- 3) R231,00
- 4) None of the above-mentioned alternative

QUESTION 18

The high / low method is ...

- 1) one of the techniques used to divide manufacturing overheads into fixed and variable portions.
- 2) applicable when there is more than one activity level of output.
- 3) both (1) and (2)
- 4) None of the above-mentioned alternative.

QUESTION 19

Given the cost formula $y = R15\ 000 + R2x$, total cost at an activity level of 8 000 units is expected to be:

- 1) R31 000
- 2) R15 500
- 3) R16 000
- 4) None of the above-mentioned alternative

QUESTION 20

The ... method ignores the cost of interdepartmental services provided among service departments and allocates all costs directly to production departments.

- 1) direct allocation
- 2) step allocation
- 3) reciprocal allocation
- 4) None of the above-mentioned alternative

[3 x 20 = 60 marks]

ANNEXURE B: Compulsory Assignment 02 (first semester only)

NOTES:

Important: By submitting your assignment you confirm that you accept and will adhere to the terms of the plagiarism declaration included in paragraph 7.6. Please note:

- If you are found to be in violation of the plagiarism declaration you will receive 0% for the assignment. If you copied **all or a portion** of your assignment from someone else, both you and the person you copied from will receive 0% for the assignment.
 - If you worked together in a study group, remember that you still have to submit your **own work**, written in your **own words**. If any similar-looking/worded assignments are found it will be considered to be a violation of the declaration and you will receive 0% for the assignment. The **plagiarism declaration** in paragraph 7.6 holds you accountable for completing your assignment on your own.
 - **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 because they will not inform you.
- This assignment must be submitted by **first semester** students only.
 - This assignment consists of **six (6)** questions and **ALL the questions** must be answered.
 - You have to study **ALL the learning units** for this assignment.
 - The mark you earn for Assignments 01 and 02 will be your year mark, which contributes 20% towards your final mark. However, admission to the examination will be obtained by submitting one of the compulsory assignments and not on the marks obtained for it.
 - The due date for this assignment is 16 April 2018 and **no extension of time will be given for submitting the assignment.** The unique number for this assignment is: **808772**.
 - Number your questions/answers correctly.
 - Show all your calculations.
 - Remember to keep copies of your assignment.
 - If you do not have access to the internet, post your assignment well in advance so that it reaches the university in good time.
 - This assignment can also be answered and submitted electronically via myUnisa (we prefer that you submit it online since this is an online module), **please do not wait until the due date of the assignment.** Submit it at least two working days before the closing date. This is to make provision for unforeseen problems: your internet connection could be down/not available on the closing date.) If you decide to submit the written assignment electronically via myUnisa, the word processor's file must be converted to **PDF format or scanned in PDF format**. Other formats will not be accepted. Ensure that you receive confirmation that your assignment was successfully submitted (online). Keep your **online submission receipt number** or a screenshot of your submission receipt as proof of online submission. If you did not receive confirmation that your assignment was submitted successfully, then your assignment was not submitted. Please submit your assignment again until you have received confirmation that your assignment was submitted successfully.
 - A coversheet consisting of your name, student number, postal address, module code and assignment number must be completed and included in the scanned document. Please ensure that you do not only submit a coversheet; attach your assignment.
 - The assignment must be scanned and submitted as only one **PDF file**.
 - Any format other than PDF or more than one scanned PDF file will not be accepted and will also be returned unmarked.

ASSIGNMENT QUESTIONS

QUESTION 1 (10 marks) (12 minutes)

Consider the following statements carefully and indicate whether they are TRUE **(T)** or FALSE **(F)**. Write only the highlighted letter.

As an example: 1.1 T

- 1.1 The South African Revenue Service (SARS) is an external user of the financial statements of a public company. (1)
 - 1.2 The annual financial statements of all public companies must be submitted to the Auditor-General SA for an independent audit. (1)
 - 1.3 Being an integral part of the management process, Management Accounting provides information that is amongst other essential for optimising the use of a company's resources. (1)
 - 1.4 Communication is a very important function of the management accounting system. (1)
 - 1.5 A manufacturing company converts direct materials into finished goods which it then sells for a profit. (1)
 - 1.6 Production overhead costs are those costs that can be directly traced to units of production. (1)
 - 1.7 Mixed costs refer to the total cost of materials, labour and overheads. (1)
 - 1.8 The flow of costs in a manufacturing environment starts with the purchase of materials. (1)
 - 1.9 A manufacturer will disclose unsold finished goods as Inventory of Merchandise in its Statement of Financial Position. (1)
 - 1.10 A company's value statement is a declaration of its core beliefs. It is often used to set out the company's responsibility towards its stakeholders. (1)
- [10]**

QUESTION 2 (10 marks) (12 minutes)

For each of the following questions, read carefully through the information provided and select only the most correct option as your answer. Please list the question numbers below one another, from 2.1 to 2.10 with your corresponding answer next to it, for example: 2.1 (a)

- 2.1 Which of the following is *not* considered as a production overhead cost for a manufacturer? (1)
- (a) Rent of factory building
 (b) Insurance of production equipment
 (c) Annual audit fee
 (d) Salary of factory canteen manager
- 2.2 A standard costing basis uses pre-determined rates for ... (1)
- (a) direct materials cost.
 (b) direct labour cost.
 (c) production overheads cost.
 (d) all the elements of production cost.
- 2.3 Which of the following will lead to an increase in abnormal idle time in a factory? (1)
- (a) The time production workers spend on taking tea and going to the toilet.
 (b) The time lost between finishing one job and setting up the machines for the next job.
 (c) The time employees spend on learning how to operate a new machine.
 (d) The time it takes to repair a machine after a breakdown.
- 2.4 The process of relying on feedback to ensure a plan is being implemented is referred to as ... (1)
- (a) planning.
 (b) directing.
 (c) controlling.
 (d) measuring.
- 2.5 Consider the cost/volume behaviour below: (1)
- | Cost | Volume |
|-------------|---------------|
| R10 | 1 unit |
| R100 | 10 units |
| R1 000 | 100 units |
- This behaviour is typical of a ... cost.

- (a) fixed
 - (b) variable
 - (c) mixed
 - (d) step
- 2.6 A report prepared by the management accountant is more likely to ... (1)
- (a) be used to assess the operating results of the most recent financial year.
 - (b) consider the entire organisation as the reporting entity.
 - (c) be used by decision makers outside the organisation.
 - (d) be tailored to the specific needs of an individual decision maker inside the organisation.
- 2.7 ... is *not* considered part of the production budget. (1)
- (a) Manufacturing costs
 - (b) Distribution costs
 - (c) Inventory levels
 - (d) Production supervisor salaries
- 2.8 The financial manager is *not* involved in the ... decision. (1)
- (a) investment
 - (b) financing
 - (c) production mix
 - (d) dividend
- 2.9 The focal point of financial management in a company is ... (1)
- (a) the number and types of products and services provided by the company.
 - (b) minimising the amount of taxes the company has to pay.
 - (c) the creation of value for the shareholders of the company.
 - (d) maximising profits of the company.
- 2.10 A management accountant who communicates information without bias is complying with the ... ethical standard. (1)
- (a) objectivity
 - (b) competence
 - (c) confidentiality
 - (d) integrity

[10]

QUESTION 3 (17 marks) (20 minutes)

This question consists of two separate questions, both of which must be answered.

PART 3.1

{7}

- 3.1.1 Explain the difference between product costs and period costs in a manufacturing environment. (5)
- 3.1.2 One method to assign production costs to units of production is through direct tracing of the cost, for example the cost of direct materials are assigned to products through direct tracing. Name two methods that are used to assign production overhead costs to units of production. (2)

PART 3.2

{10}

Baboo Lall operates a hotdog stand in Brooklyn Mall, Pretoria. Each hotdog sells for R15. The total cost of direct materials (the bread roll, sausage, condiment and wrapper) is R4 per hotdog. Rental for the hotdog stand amounts to R12 000 per month. Fixed wages of employees amount to R16 000 per month. Other overhead costs and sales units for the last three months were as follows:

	Number of hotdogs sold	Total overhead cost
	Units	R
January	2 850	5 550
February	3 000	5 800
March	3 550	6 390

Sales for April is expected to be 3 500 hotdogs.

REQUIRED:

- 3.2.1 Use the high-low method to calculate the fixed and variable costs of the other overhead costs. (5)
- 3.2.2 Calculate the expected profit of Baboo's hotdog stand for April. Use the following format to answer this question: (5)

	R
Total sales	
Less: Variable costs	
Less: Fixed cost	
Profit	

[17]

QUESTION 4 (30 marks) (36 minutes)

This question consists of two separate questions, both of which must be answered.

PART 4.1

{15}

Mr Mkhize is employed by Amambo Limited. Mr Mkhize is directly involved in manufacturing the company's leading pharmaceutical drug.

The normal working week of the company is 45 hours. Mr Mkhize's basic wage rate is R45 per hour. The company pays its employees normal time and a half for any work in excess of 45 hours per week. In the week ended 09 February 2018, Mr Mkhize worked 51 hours; however, he was idle for 3 hours due to material shortages.

Additional information:

1. Mr Mkhize makes the following contributions:

Pension fund	8% of normal wage
Medical Aid	6% of normal wage
UIF	1% of gross wage
2. The company makes the following contributions:

Pension fund	15% of normal wage
Medical aid	9% of normal wage
UIF	1% of gross wage
3. Mr Mkhize pays PAYE at 18% of his taxable income.

REQUIRED:

Calculate the following:

- 4.1.1 The net wage payable to Mr Mkhize for the given week. {8}
- 4.1.2 The amount that will be allocated to the direct labour cost. {3½}
- 4.1.3 The amount that will be allocated to factory overhead costs. {3½}

PART 4.2

{15}

The following are the inventory transaction of Tshinakaho, a retailer, for the financial year ended 31 December 2017:

	R
Purchased inventory on account.....	125 400
Paid for delivery of the inventory in cash.....	2 200
Sales of inventory on account.....	25 300
Paid for delivery of sold goods to the customer in cash.....	1 100
Sold inventory for cash.....	12 650
Sold inventory on account.....	88 550
Purchased inventory on account.....	33 000
Paid for delivery of inventory in cash.....	550
Returned unwanted goods to the supplier.....	11 000

On 01 January 2017, the value of physical inventory on hand was R5 500, and on the 31st December 2017, the value of physical inventory on hand was R45,650. Tshinakaho applies a mark-up of 20% on cost on all goods sold.

REQUIRED

Prepare the journal entries of Tshinakaho for the above transactions according to the perpetual system.

QUESTION 5 (15 marks) (18 minutes)

The following financial ratios, based on the audited financial statements of Abaphaki Limited, are presented to you:

	2017	2016
Current ratio	1,2 : 1	3 : 1
Quick ratio	0,57 : 1	1,31 : 1

REQUIRED:

- 5.1 Write down the formulas that are used to calculate the current ratio and the quick ratio. (2)
- 5.2 What does the current ratio indicate to an analyst? (1)
- 5.3 What does the quick ratio indicate to an analyst? (1)
- 5.4 Discuss in full your interpretation of the current ratio for 2016. For purposes of this discussion you must *not* compare the current ratio for 2016 with any of the other ratios. (3)
- 5.5 Consider all our ratios given and comment on the company's inventory management. (5)
- 5.6 Name one risk of carrying too little inventory. (1)
- 5.7 Explain the basic economic order quantity (EOQ) model as an inventory management strategy to mitigate the risk of holding too much or too little inventory on hand. Your explanation must include the underlying assumptions of the EOQ-model. (2)

[15]

QUESTION 6 (18 marks) (22 minutes)

MaNdlovu Limited manufactures and sells a single product. The details of the product are as follows:

- The selling price per unit is R250.
- The budgeted sales volume for each quarter of 2019 is as follows:

Quarter	Units
1.....	20 000
2.....	25 000
3.....	30 000
4.....	20 000

- Each unit of finished goods requires four kilograms of raw materials. This material is purchased from an outside supplier at R25 per kilogram.

- Each unit requires three direct labour hours and labour is currently paid R30 per hour.
- Inventories of finished goods:
The company requires its closing inventory of finished goods to be equal to 20% of the next quarter's sales
Opening inventory of finished goods for the first quarter is 2 000 units.
- Inventories of raw materials:
The closing inventory of raw materials is expected to be 10% of the next quarter's production requirements.
Opening inventory of raw materials for the first quarter is 10 000 kilograms.
- Variable manufacturing overheads vary with direct labour hours. Overhead rate per hour is R10.00

REQUIRED:

Prepare the following operational budgets for 2019 quarter 1 and quarter 2:

6.1	Sales budget	(2)
6.2	Production budget	(4)
6.3	Material purchase budget	(7)
6.4	Direct labour budget	(3)
6.5	Variable manufacturing overhead budget	(2)
		[18]

TOTAL: [100 MARKS]

ANNEXURE C: Compulsory Assignment 01 (second semester only)

Please note:

- This assignment must be submitted by **second semester** students only.
- This assignment consists of 20 multiple-choice questions, which count three marks each.
- Each question must be considered independently unless specific reference is made to information in another question. Each question has only one correct answer.
- You have to study **learning units 1–7** for this assignment.
- Admission to the examination will be obtained by submitting at least one compulsory assignment and not on the marks obtained for it. However, the mark you earn for Assignments 1 and 2 will be your semester mark, which contributes 20% towards your final mark.
- The due date for this assignment is **17 August 2018** and **no extension will be granted for submitting the assignment.**
- This assignment must be answered and submitted electronically via [myUnisa](#). **Please do not wait until the due date** to submit the assignment; submit it at least two working days before the due date. This is to make provision for unforeseen problems (problems with internet connection on the due date).
- This assignment can also be completed on the mark-reading sheet supplied. Please refer to *Study @ Unisa* on how to use and complete a mark-reading sheet. Remember to enter the unique number of the assignment on the mark-reading sheet. If you prefer to submit it by post or courier, please submit it at least seven working days before the due to reach Unisa before or latest on the due date. The unique number for this assignment is: **757155**.

MULTIPLE-CHOICE QUESTIONS

QUESTION 1

The management accounting reports of a company would be of most interest and benefit to the company's:

- 1) Shareholders
- 2) Bond holders
- 3) Director of the manufacturing department
- 4) All of the above

QUESTION 2

Wages paid to the factory shop supervisor are considered an example of:

	Direct labour	Period cost
1)	Yes	Yes
2)	Yes	No
3)	No	No
4)	No	No

QUESTION 3

Which of the following costs could contain both variable and a fixed cost element with respect to the total output of the company?

- 1) Sales commissions.
- 2) Manufacturing overhead.
- 3) Direct material
- 4) Administrative salaries

QUESTION 4

In describing the cost equation, $Y = a + bX$, 'a' is:

- 1) the dependent variable cost.
- 2) the total fixed costs
- 3) the independent variable, the level of activity.
- 4) the variable cost per unit of activity.

QUESTION 5

Over- applied overheads occur when:

- 1) Applied overheads exceed actual overheads.
- 2) Applied overheads exceed budgeted overheads.
- 3) Actual overheads exceed budgeted overheads.
- 4) Budgeted overheads exceed applied overheads.

QUESTION 6

Bonus is ...

- 1) an additional amount paid for hours worked in excess of the basic workweek.
- 2) an additional amount paid over and above the overtime for hours in excess of the basic overtime.
- 3) an amount paid to employees over and above the amounts paid in respect of salaries and wages.
- 4) All of the above

Use the information provided below to answer questions 7 and 8:

Somahaashi Limited incurred the following costs in March 2018:

	R
Selling expenses	54 000
Administrative expenses	45 000
Manufacturing overhead	92 000
Direct labour	103 000
Direct materials	123 000

QUESTION 7

Prime costs during the month amount to:

- 1) R226 000
- 2) R417 000
- 3) R318 000
- 4) None of the above-mentioned alternatives

QUESTION 8

Conversion costs during the month amount to:

- 1) R240 000
- 2) R280 000
- 3) R195 000
- 4) None of the above-mentioned alternatives

Use the information provided below to answer questions 9 to 11:

Tsetsetse Limited operates a cafeteria for its employees. The number of meals served each week over the last nine weeks, along with the total costs of operating the cafeteria are as follows:

Week	Meals served	Cafeteria costs R
1	3 000	9 600
2	3 200	10 160
3	3 600	10 560
4	2 900	9 800
5	2 400	8 000
6	3 300	10 200
7	3 800	10 800
8	3 400	10 400
9	2 500	8 200

QUESTION 9

Using the high-low method analysis, the variable cost per meal served in the cafeteria would be estimated to be:

- 1) R2,00
- 2) R1,50
- 3) R2,80
- 4) None of the above-mentioned alternatives

QUESTION 10

The total fixed overhead costs of Tsetsetse Limited are most likely to be:

- 1) R10 800
- 2) R8 000
- 3) R7 600
- 4) None of the above-mentioned alternatives

QUESTION 11

Assume that cafeteria expects to serve 3 700 meals during Week 10. Using the high-low method, the expected total cost of the cafeteria would be:

- 1) R7 400
- 2) R15 000
- 3) R18 200
- 4) None of the above-mentioned alternatives

Use the following information to answer questions 12 to14:

Kumkani Limited provided you with the following information:

	R
Budgeted overhead	1 050 000
Actual overhead	1 150 000
Budgeted machine hours	210 000
Actual machine hours	215 000

QUESTION 12

Based on the information provided above, what is the amount of overhead absorption rate?

- 1) R5,00
- 2) R5,35
- 3) R4,88
- 4) None of the above-mentioned alternatives

QUESTION 13

What is the amount of absorbed overheads?

- 1) R1 049 200
- 2) R1 150 250
- 3) R1 075 000
- 4) None of the above-mentioned alternatives

QUESTION 14

What is the amount of overhead under or over absorbed?

- 1) R100 000
- 2) R75 000
- 3) R100 800
- 4) None of the above-mentioned alternatives

Use the following information to answer questions 15 to 19:

Mr Wallet works for Malefetsane Limited. The following information relates to the week ending 27 July 2018:

The normal hours per week are 40 hours.

During the week ending 27 July 2018 Mr Wallet worked the following hours:

Day	Hours
Monday	9
Tuesday.....	8
Wednesday.....	10
Thursday.....	10
Friday.....	9

Normal wage rate is R50 per hour and overtime is paid 1,5 times of the normal rate.

Weekly deductions are as follows:

UIF = 1% of gross wage.

Pension fund = 7.5% of normal wage.

PAYE= 18% of taxable income.

Medical aid contribution= 6% of normal wage.

Malefetsane Limited makes the following contributions:

1% of gross wage towards UIF.

4% of normal wage towards medical aid

7.5% of normal wage towards pension fund.

QUESTION 15

Gross wage payable to Mr Wallet for the week ending 27 July 2018 amounts to;

- 1) R2 000
- 2) R3 000
- 3) R2 450
- 4) None of the above-mentioned alternatives

QUESTION 16

The amount of PAYE for the week ending 27 July 2018 is:

- 1) R360
- 2) R414
- 3) R441
- 4) None of the above-mentioned alternatives

QUESTION 17

The amount of UIF contribution payable by Mr Wallet for the week ending 27 July 2018 is:

- 1) R24,50
- 2) R20,00
- 3) R23,00
- 4) None of the above-mentioned alternatives

QUESTION 18

The medical aid contribution made by the employer for the week amounts to:

- 1) R120
- 2) R200
- 3) R80
- 4) None of the above-mentioned alternatives

QUESTION 19

The net wage payable to Mr Wallet for the week ending 27 July 2018 amounts to:

- 1) R1741,50
- 2) R1 781,50
- 3) R1 714,50
- 4) None of the above-mentioned alternatives

QUESTION 20

The following information pertains to Majuba Limited, a company that uses a **perpetual inventory system**, concerning the purchases and issues of material NN:

Opening inventory:

	Units	Total value
	4 000	R27 200

Purchases:

Date	Units	Total purchase price
10/05/2018	7 700	R53 130
16/05/2018	9 075	R63 525
24/05/2018	3 630	R25 773

Issues:

Date	Units
04/05/2018	3 850
11/05/2018	4 950
17/05/2018	7 260
20/05/2018	4 150

The value of closing inventory at the end of May would be:

- 1) R29 784
- 2) R29 365
- 3) R29 728
- 4) None of the above-mentioned alternatives

[20 x 3 = 60 marks]

ANNEXURE D: Compulsory Assignment 02 (second semester only)

NOTES:

Important: By submitting your assignment you confirm that you accept and will adhere to the terms of the plagiarism declaration included in paragraph 7.6. Please note:

- If you are found to be in violation of the plagiarism declaration you will receive 0% for the assignment. If you copied **all or a portion** of your assignment from someone else, both you and the person you copied from will receive 0% for the assignment.
- If you worked together in a study group, remember that you still have to submit your **own work**, written in your **own words**. If any similar-looking/worded assignments are found it will be considered to be a violation of the declaration and you will receive 0% for the assignment. The **plagiarism declaration** in paragraph 7.6 holds you accountable for completing your assignment on your own.
- **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 because they will not inform you.
- This assignment must be submitted by **second semester** students only.
- This assignment consists of **six (6)** questions and **ALL questions** must be answered. You have to study **ALL learning units** for this assignment.
- The mark you earn for Assignments 01 and 02 will be your year mark, which contributes 20% towards your final mark. However, admission to the examination will be obtained by submitting one of the compulsory assignments and not on the marks obtained for it.
- The due date for this assignment is **14 September 2018** and **no extension of time will be given for submitting the assignment.** The unique number for this assignment is: **883233**.
- Number your questions/answers correctly.
- Show all your calculations.
- Remember to keep copies of your assignment.
- If you do not have access to the internet, post your assignment well in advance so that it reaches the university in good time.
- This assignment can also be answered and submitted electronically via myUnisa (we prefer that you submit it online since this is an online module), **please do not wait until the due date of the assignment.** Submit it at least two working days before the closing date. This is to make provision for unforeseen problems: your internet connection could be down/not available on the closing date.) If you decide to submit the written assignment electronically via myUnisa, the file must be converted to **PDF format or scanned in PDF format.** Other formats will not be accepted. Ensure that you receive confirmation that your assignment was successfully submitted (online). Keep your **online submission receipt number** or a screenshot of your submission receipt as proof of online submission. If you did not receive confirmation that your assignment was submitted successfully, then your assignment was not submitted. Please submit your assignment again until you have received confirmation that your assignment was submitted successfully.
- A coversheet consisting of your name, student number, postal address, module code and assignment number must be completed and included in the scanned document. Please ensure that you do not only submit a coversheet; attach your assignment.
- The assignment must be scanned and submitted as only one **PDF file.**
- Any format other than PDF or more than one scanned PDF file will not be accepted and will also be returned unmarked.

ASSIGNMENT QUESTION	
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QUESTION 1 (10 marks) (12 minutes)

Consider the following statements carefully and indicate whether they are TRUE (T) or FALSE (F). Write only the highlighted letter.

As an example: 1.1 T

- 1.1 Period costs are expenses that are incurred in the manufacturing process of a product.
- 1.2 A bonus is an amount paid to employees over and above the amounts paid in respect of salaries and wages.
- 1.3 Financial accounting is concerned with providing timely and useful information internally to the organisation.
- 1.4 Operational risk refers to the risk that the reputation of the company can be harmed.
- 1.5 Collection policy refers to the methods that the company uses to collect accounts that are past due.
- 1.6 The purpose of the cash budget is to monitor the transactions recorded in the financial statements of the company.
- 1.7 The more debt the company uses, the higher its business risk will be.
- 1.8 The perpetual inventory system removes the need for physical inventory counts.
- 1.9 The difference between standard costs and actual costs are referred to as variances.
- 1.10 Mixed costs are costs that contain elements that vary with the levels of activity and elements that are fixed.

[10]**QUESTION 2 (10 marks) (12 minutes)**

For each of the following questions, read carefully through the information provided and select only the most correct option as your answer. Please list the question numbers below one another, from 2.1 to 2.10 with your corresponding answer next to it, for example: 2.1 (a)

2.1 Select the correct alternative to complete the sentence below:

Management reports are prepared for _____ users, while _____ statements are prepared for external users.

- (a) internal; wage
- (b) external; financial
- (c) internal; financial
- (d) internal; budget

(1)

- 2.2 Which of the following is a production overhead cost?
- (a) selling and distribution expense
 - (b) depreciation of factory equipment
 - (c) salary of the chief financial officer
 - (d) insurance of office building
- (1)
- 2.3 In determining the value of the closing inventory of merchandise for disclosure in the financial statements, all of the following information will be required except for...
- (a) the purchase costs of the inventory
 - (b) the net realisable value of the inventory
 - (c) whether a periodic or perpetual inventory system is used for recording inventory
 - (d) the number of physical units on hand on the last day of the financial year
- (1)
- 2.4 The remuneration of these employees would be classified as cost of indirect labour:
- (a) machinists in a clothing manufacturer
 - (b) maintenance workers in a food manufacturer
 - (c) bricklayers in a construction company
 - (d) assemblers in a furniture manufacturer
- (1)
- 2.5 When we use the high-low method, we determine the variable cost per unit by ...
- (a) using the difference between the highest and lowest observations of the cost driver as denominator and the difference between costs associated with the highest and lowest observations of the cost driver as nominator
 - (b) performing a regression analysis on the associated cost and cost driver database
 - (c) using the difference between the highest and lowest observations of the cost driver as nominator and the difference between costs associated with the highest and lowest observations of the cost driver as denominator
 - (d) subtracting the fixed cost per unit from the total cost per unit based on either the highest or lowest observation of the cost driver
- (1)

- 2.6 Direct materials are issued to production, but the conversion process has not been completed by the end of the month. At the end of the month, the cost of the direct materials will be included in the closing balance of...
- (a) inventory of direct materials
 - (b) inventory of finished goods
 - (c) the production overheads clearance account, from where it will be written off to the cost of sales account
 - (d) inventory of work-in-progress
- (1)
- 2.7 Working capital management is mainly concerned with...
- (a) managing the inventory of the company
 - (b) managing the company's non-current assets
 - (c) the capital structure of the company
 - (d) financing and managing the company's current assets
- (1)
- 2.8 The advantage of using trade payables to finance current assets is that it ...
- (a) reduces illiquidity risk
 - (b) reduces exposure to interest rate fluctuations
 - (c) reduces interest cost
 - (d) All of the above are the advantages of using trade payables to finance current assets.
- (1)
- 2.9 Which of the following objectives set by a company would be the most difficult to measure?
- (a) quality objectives
 - (b) social responsibility objectives
 - (c) financial objectives
 - (d) profitability objectives
- (1)

2.10 Risk evaluation attempts to assess each risk according to ...

- (a) probability and impact
- (b) probability and likelihood
- (c) probability and mitigation
- (d) probability and availability

(1)

[10]

QUESTION 3 (25 marks) (30 minutes)

This question consists of two separate parts, both of which must be answered.

PART 3.1

{10}

- 3.1.1 What are the two main objectives of financial accounting? (2)
- 3.1.2 Explain the difference between the fixed costs and mixed costs and give 1 (one) example of each. (4)
- 3.1.3 Distinguish between the absorption costing method and the marginal costing method. (4)

PART 3.2

{15}

Mfanafuthi Limited uses a perpetual inventory system and applies the first-in-first-out (FIFO) method for the valuation of inventory. The following information relates to the month ending 30 April 2018:

<u>Date</u>	<u>Transaction</u>
3 April	Purchase of 50 units at the total cost of R11 000
4 April	Sale of 150 units
5 April	Purchase of 100 units at the total cost of R21 000
7 April	Sale of 80 units
8 April	Sale of 60 units
10 April	Returns by the customer of 10 excess units (returned in good condition) that were sold on the 7 th April
13 April	Purchase of 100 units at the total cost of R21 500
15 April	Sale of 50 units
18 April	Sale of 70 units
20 April	Purchase of 120 units at the total value of R25 200
25 April	Sale of 130 units

The opening balance of inventory on the 1st of April was 200 units at the value of R40 000.

REQUIRED:

Calculate the value of closing inventory as at 30 April 2018.

[25]

QUESTION 4 (25 marks) (30 minutes)

This question consists of two separate parts, both of which must be answered.

PART 4.1

{12}

Gcin'imvelo Limited manufactures air pollution control devices. Mr Gxabhashe is directly involved in the production of these devices. The following information was taken from daily time tickets of Mr Gxabhashe for the week ended 06 April 2018:

Normal time	Overtime	Sunday	Normal rate
45 hours	5 hours	4 hours	R30 per hour

Additional information:

- Overtime is paid at one-and-half times the normal rate and hours worked on Sunday at twice the normal rate.
- PAYE tax deduction of 18,5% should be made every week.
- Union fees of R8 is deducted weekly.
- UIF contributions are calculated at 1% of gross wages for both employer and employee.
- Each employee contributes 8% of normal wage towards the pension fund, and the employer contributes 16% of normal wage.

REQUIRED:

4.1.1 Calculate the net wage due to Mr Gxabhashe for the given week (9)

4.1.2 Prepare the journal entry to record the payroll liability. (3)

PART 4.2

{13}

Chwepheshe Limited manufactures and sells high quality wood products. The company has two production departments: Cutting and Finishing. It also has two service departments, Quality control and Maintenance.

Budgeted production costs and the expected level of activity for the coming year, which have been developed by the company's management accountant are presented below:

	Cutting	Finishing	Quality control	Maintenance
Production units.....	6 300	10 300		
Prime costs				
Direct material.....	R69 300	R144 900		
Direct labour.....	R37 800	R41 400		
Budgeted overheads:				
Direct costs.....	R41 400	R29 205	R24 900	R39 970
Machine hours.....	5 400	2 100	1 500	1 200
Number of employees.....	27	21	6	6

Additional information:

- Maintenance department renders service to all other departments, whereas quality control renders service to production departments only.
- The maintenance department is allocated using the number of employees and the quality control department is allocated on the basis of machine hours.

REQUIRED:

Calculate the following for the forthcoming year:

- 4.2.1 The total manufacturing costs for both the Cutting and the Finishing department (11)
4.2.2 The planned product cost per unit in the Finishing department. (2)

[25]

QUESTION 5 (20 marks) (24 minutes)

This question consists of two separate parts, both of which must be answered.

PART 5.1

{10}

Zet Ltd and Bee Ltd manufacture the same Product Q and both use identical equipment, machine X in the manufacturing process. Each paid R2million for machine X which has the capacity to produce 200 units per hour. The operating profit per unit is R95 for both companies. Zet Ltd operates its factory seven hours a day, five days a week while Bee Ltd operates 9 hours a day on weekdays.

REQUIRED:

- 5.1.1 Calculate production in units for each company. (3)
5.1.2 Calculate the respective companies' Return on assets (ROA). (3)
5.1.3 Explain why the ROA of one company is better than the other. (1)
5.1.4 If Zet Ltd didn't have any debt in its capital structure what will the Return on equity (ROE) be and why? (1)
5.1.5 Explain what the cash conversion cycle is used to measure. (2)

PART 5.2

{10}

The following is an extract from the statement of financial position of Ramikosi Ltd as at 28 February 2018:

	2018	2017
	R	R
Current assets		
Inventories	51 745	40 446
Trade receivables	15 655	17 989
Prepayments	563	835
Cash and cash equivalents	4 467	2 620
	<u>72 431</u>	<u>61 890</u>

	2018	2017
	R	R
Current liabilities		
Trade payables	21 959	14 194
Short-term borrowings	6 175	6 613
Current portion of non-current liabilities	2 072	1 668
	<u>30 207</u>	<u>22 475</u>

REQUIRED:

Calculate the following ratios for 2018 and explain what they are used to measure in general terms:

- 5.2.1 Net working capital (3)
- 5.2.2 Current ratio (3)
- 5.2.3 Quick ratio (4)

QUESTION 6 (10 marks) (12 minutes)

Cash budget of Ramano Ltd for the third quarter of the 2018 financial year is as follows:

	June	July	August
Opening balance of cash	14 300 000	(j)	38 381 750
Cash inflows:			
Collection from debtors	(a)	(b)	(c)
Total cash available	xxx	xxx	xxx
Cash outflows:	(5 049 000)	(5 123 250)	(4 699 750)
Direct material purchases	(d)	(e)	(f)
Direct labour payment	(g)	(h)	(i)
Production overheads payment	907 500	726 000	574 750
Net cash position	26 081 000	38 381 750	48 928 000

Ramano Ltd manufactures couches. The selling price of each couch is R1 980. The budgeted sales units for the third quarter of the 2018 financial year are as follows:

June	8 800 units
July	7 700 units
August	5 500 units

It takes 3 (three) hours to manufacture one couch. The labour recovery rate is R110 per hour. All purchases and sales are on account. Debtors pay their accounts in full in the month following sales and creditors are paid in full in the second month after purchases. The outstanding balance of debtors was R16 830 000 on 1 June. Purchases for April, May and June amounted to R1 237 500, R1 856 250 and R2 310 000 respectively. All other costs are paid as incurred. On 1 June, the company had a favourable balance in the bank of R14 300 000.

REQUIRED:

Provide the figures represented by (a) to (j) in the cash budget. (10)

TOTAL: [100 MARKS]