

May | Jun 2016

1.1 F  
1.2 T  
1.3 T  
1.4 T  
1.5 F  
1.6 T  
1.7 T  
1.8 F  
1.9 T  
1.10 T

WILLIAM SCOTT TUTORIALS (PTY) LTD  
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2.1 A  
2.2 D  
2.3 B  
2.4 B  
2.5 B  
2.6 B  
2.7 B  
2.8 B  
2.9 C  
2.10 A

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$$3. \quad EOC = \sqrt{\frac{2 \times 2000 \times 170}{8}}$$

$$= 922$$

- 3.2 - Inventory days  
 - Inventory turnover  
 - Current ratio

- 3.3 - Transactional motive  
 - precautionary motive  
 - speculation motive.

- 3.4 - Abscondence  
 - theft  
 - building costs  
 - evaporation  
 \*

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#### 4. Production budget

	Q1	Q2	Q3	Q4
Sales	1000	1200	1300	1100
Add Cl stock	200	250	275	300
Required	1200	1450	1575	1400
less ol stock	(400)	(200)	(250)	(275)
Production	800	1250	1325	1125

5. - Reputation risk  
 - legal costs  
 - #

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5.12 depreciation does not vary with production

5.13 depreciation

$$\text{Machines} = \frac{20 \times 2500}{5} = 10000$$

$$\text{tools} = \frac{2700}{3} = 900$$

$$\text{Rees} = \frac{890 \times 20}{5} = 3560$$

$$\text{Printer} = \frac{2500}{5} = 500$$

Total

14960

5.1.4 labour cost

$$105 \text{ hours} \times 2 = 105 \times 2 = 210$$

$$\text{harvesting} = 105 \times 2 \times 32 = 6720$$

$$\text{fill \& label} = \frac{15}{60} \times \frac{2000}{10} \times 32 = \frac{1600}{8320}$$

5.1.5 No cost are incurred on direct materials.

5.1.6 bottles  $2000 \times 1.5 = 3000$

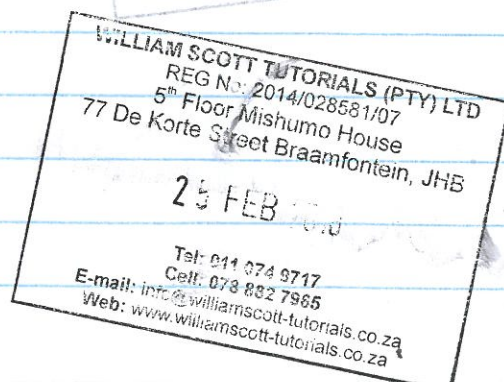
labels  $\frac{275}{250} \times 2000 = 2200$

boxes  $\frac{2000}{10} \times 5 = \frac{1000}{6200}$

5.1.7

<u>Cost per carton</u>	
labour cost	8320
indirect material	6200
Depreciation	14960
Variable production	<u>10520</u>
	40000

$$\text{Cost per carton} = \frac{40000}{200} \times 100 = 200$$





5.18

Closing Stock

Bottles =  $(5000 - 200) \times 1.5 = 4500$

Cartons =  $(250 - 200) \times 5 = 250$

bottles =  $(2000 - 1890) \times 20 = 2200$

6950

5.1.9

~~Direct~~ Purchases materials  
C/stock

R

8750

(4750)

4000

Direct labour

8320

Variable overheads

10520

$5.26 \times 2000$

Fixed overheads

14960

Cost of good manuf

37800

Inventory

(2200)

C.O.G. sold

35600

Calculations

$(5000 \times 1.5) +$

$250 \times 5$

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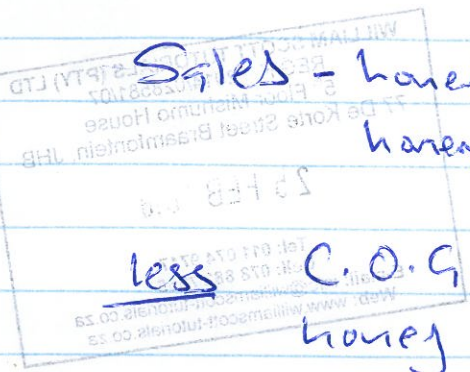
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5.2 Labour (5 x 2 x 32) 320

5.3 Sales - honey (189 x 500) 94500  
honey camp (115 x 90) 10350



less C.O.G.S honey camp 35600  
320

Gross profit 68930

less operating costs  
selling & admin cost (16730)

Net profit 52200

