

Contents

OCTOBER / NOVEMBER 2011 2

MAY/ JUNE 2012 7

 OCTOBER / NOVEMBER 2012 12

MAY/JUNE 2013 18

May / June 2014..... 23

OCTOBER / NOVEMBER 2011

Question 1

- 1.1.1 F
- 1.1.2 V
- 1.1.3 F
- 1.1.4 V
- 1.1.5 F
- 1.1.6 V
- 1.1.7 V
- 1.1.8 F
- 1.1.9 F
- 1.1.10 V

1.2.1

Raw Materials Control			
Bal b/d	15 000	Issued	190 000
purchases	195 000	Bal c/d	20 000
Balancing figure	210 000		210 000

1.2.2. Labour costs charged to production
626 000 – 190 000 –

Question 2

2.1. Net wage for one week

Makepeace	46 800
Normal wage 45x20x52	(3 744)
Less perusion fund 8% 46 800	43 056
Taxable income	
Less deductions	8518
Medical aid	-
UIF 1% X 46 800	468
PAYE 18% x 43 056	7750

Net wage	34 538
Net wage for 1 week $34\ 538/52 = \mathbf{R664.19}$	
Xolani	
Normal wage $45 \times 25 \times 52$	58 500
Less pension fund 8% 58 500	(4680)
Taxable Income	53 820
Less – deductions	(10 273)
Medical aid	-
UIF 1% 58 500	585
PAYE 18% 53 820	9688
Net wage	43 547
Net wage for 1 week $43\ 547/52 = \mathbf{R837.44}$	

2.2. Total annual labour cost

Makepeace	44 100
Normal wage (52-3) 49 weeks x 20x45	2700
Vocation pay 3 weeks x 20 x 45	6552
Pension fund employer 14% (44 100 + 2700)	53 352
Xolani	
Normal wage (52-3) 49x25x45	55 125
Vocation	3375
Pension fund employer 14% 58 500	8 190
	66 690
2. 2.3. Hourly recovery rate	
Productive time for Makepeace and Xolane	
Clock hours in a year 52 x 45	2 340
Less Public – 45/5 x 12days	(108)
Less Vocation 3x45	(135)
Clock hours available	2097
Less the 2097 x 5%	(104.85)
Productive time	1992.15

Make peace $53\ 352/1992.15 = 26.78 / \text{hr}$

Xolani $66\ 690/ 1992.15 = 33.48/\text{hr}$

Question 3

	Milling	Finishing	Maintenance	Admin
Budgeted overhead maintenance (floor area)	624 000	480 000	240 000	180 000
$240\,000 / 9\,000 \times 6300$	168 000		(240 000)	
$240\,000 / 9\,000 \times 2700$		72 000	-	
Admin (employees)				
$\frac{180\,000}{250} \times 150$	108 000			(180 000)
		72 000		
$180\,000 / 250 \times 100$	900 000	624 000	-	

$$\text{Utility} = 900\,000 / 30\,000 = \mathbf{R30 / hr}$$

$$\text{Finishing} = 480\,000 / 20\,000 = \mathbf{R24 / hr}$$

3.2. Received

Issued

Balance

01			1000 @ R1
03	1200 @ R1.10		1200 @ R1.10
04		1000 @ R1 = 1000 600 @ R1.10 = 660	600 @ R1.10
06	2000 @ R1.15		600 @ R1.10 2000 @ R1.15
07	(60 @ R115)		600 @ R1.10 1 940 @ R1.15
08		600 @ R110 = 660	1940 @ R1.15
09		(100 @ R1.10) (110)	100 @ R1.10 1940 @ R1.15
10.	3000 @ R1.20		100 @ R1.10 1940 @ R1.15 3000 @ R1.20
15.		100 @ R1.10 110 15 000 @ R1.15. 1725	440 @ R1.15

4045

$$1000+660 -110 + 110+1725 = 4045$$

Question 4

4.1. Sales variation

$$AQ (S_P - A_P) \quad R15 - R15.5$$

$$320\,000 \left(\frac{4\,500\,000}{300\,000} - \frac{4\,960\,000}{320\,000} \right) = 160\,000 \text{ F}$$

4.2 Variable cost variance	300 000 units Budget	320 000 units Actual	320 000 units Flexed	difference variance
Raw materials $\frac{2250\,000}{300\,000} \times 320\,000$	2250 000	2176 000	2 400 000	224 000
Direct labour $\frac{450\,000}{300\,000} \times 320\,000$	450 000	800 000	480 000	320 000
V.O/heads $\frac{675\,000}{300\,000} \times 320\,000$	675 000	560 000	720 000	160 000
Administrations $\frac{300\,000}{300\,000} \times 320\,000$	300 000	240 000	320 000	80 000
Wastage of materials $\frac{150\,000}{300\,000} \times 320\,000$	150 000	480 000	160 000	320 000
	3825 000	4256 000	4 080 000	172 000

4.3 Net profit according to the flexible budget

Sales R15 X 320 000	4 800 000
Variable cost	(4 080 000)
Marginal income	720 000
Fixed cost	(145 000)
Net profit	<u><u>575 000</u></u>

Question 5

5.1.1. Marginal Income / unit = s/u - vc/u

$$100 - 45 - 30 - 15 - 10 = 50$$

$$5.1.2. \text{ BEP Units} = \frac{\text{total fixed cost}}{\text{contribution/u}}$$

$$= \frac{R440\,000}{R50/U} = 8\,800 \text{ Units}$$

$$\text{BEP Value} = 8800 \times 150 = 1\,320\,000$$

5.13. Margin of safety ratio

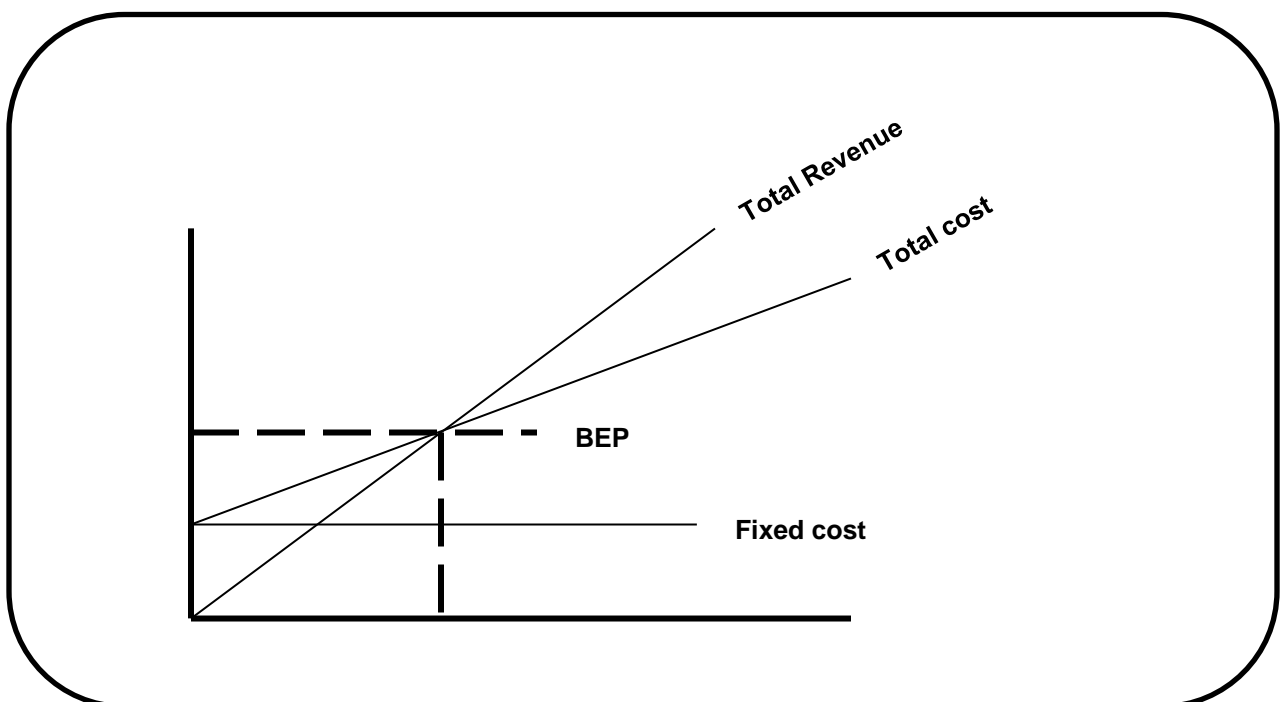
$$= \frac{\text{total sales units} - \text{BEP units}}{\text{total sales units}}$$

$$\frac{10\,000 - 8\,000}{10\,000} \times 700 = 12\%$$

$$5.1.4. \frac{\text{total fixed}}{\text{contribution/u}} + \text{target profit}$$

$$\frac{440\,000}{50} = 10\,500 \text{ units}$$

5.2



MAY/ JUNE 2012

Question 1

1.1 F

1.2 T

1.3. F

1.4. T

1.5. T

1.6. T

1.7. T

1.8. T

1.9. F

1.10. F

Question 1.2.

1.2.1. Annual usage – 250 x 480 = 120 000

12. ε 0 Q

$$= \sqrt{\frac{2 \times D \times C}{H}}$$

$$= \sqrt{\frac{2 \times 120\,000 \times 60}{3.60}}$$

= 2 000 units

$$\frac{120\,000}{2000} = 60 \text{ orders}$$

Purchase price R10.5 X 120 000 = 1 260 000

Question 2

Normal wage 45x20

Overtime 5x20x1.5

Bonus 280 – (c4 x a) x 5) x 1.20

900

150

120

Gross remuneration	1170
Less pension fund 8% 900	(72)
Taxable income	1098
Less other deduction	(267.3)
PAYE 20% 1098	219.6
UIF 1% 1170	11.7
Medical Aid 4% 900	36
 Net wage	 830.7
 2.2. Overtime 5x20 x 1.5	 150
Benefits medical aid 4% of 900	36
Pension 16% of 900	144
UIF 1 % 1170	11.7
	341.7
 2.3 Annual available hours	
Normal hours 45x52	2340.00
less vacation 3 x 45	(135)
Less Holidays 2x45	(90)
Annual available hours	2115

Question 3

3.1. Variable overhead cost/unit
3.11.

	Unit	Cost
Nov	4300	25 800
Oct	2 700	21800
	1600	4000

$$= 4000 / 1600 = 2.5/\text{units}$$

3.1.2. $T_c = vc + f \times d$

$$21\ 800 = (2.5 \times 2700) + \text{fxd}$$

$$2.800 = 6750 + \text{fxd}$$

$$\text{Fxd} = 21\ 800 - 6750$$

$$\text{Fxd} = \mathbf{15\ 050}$$

3.2.

3.2.1. $280\ 000 + 10\ 000 = 290\ 000$

Conversion cost = labour cost + overheads
 $300\ 000 + 30\ 000 + 420\ 000$
= 750 000

Production			
Materials 50%	232 000	Completed	855 000
Labour	300 000	W.P	127 000
Overheads (420 +30)	400 000		
	982 000		982 000

3.2.4. Cost of goods sold
 $855\ 000 \times 75\% = \mathbf{641\ 250}$

QUESTION 4

Marginal Income S – VC

sales	3 000 000
VC	1 050 000
materials	250 000
labour	350 000
Manuf overheads	250 000
Selling and admin	200 000
Marginal income	1950 000

$$1950\ 000 / 10\ 000 = \text{R}195/\text{Unit}$$

4.2. Marginal Income Ration

$$\frac{1950\ 000}{3\ 000\ 000} \times 100 = 65\%$$

$$\text{BEP Units} = \frac{\text{fixed cost}}{\text{contribution /unit}}$$

$$\frac{298\ 500+150\ 000}{195} = 2\ 300 \text{ units}$$

$$= 2\ 300 \times 3000\ 000/10\ 000 = \text{R}690\ 000$$

$$4.4. \text{ Mass ratio} = \frac{\text{sales units}-\text{BEP Units}}{\text{sales units}}$$

$$\frac{10\ 000-2\ 300}{10\ 000} \times 100 = 77\%$$

$$4.5. 15\% - 200\ 0200 = 300\ 000$$

$$\frac{298\ 500+150\ 000+300\ 000}{195} = 3838.46$$

$$= 3838 \text{ units}$$

$$4.6. \text{ Sales} = 3\ 000\ 000 \times 1.1 = \quad 3\ 300\ 000$$

$$\text{Less vc} \quad \quad \quad \underline{1050\ 000}$$

$$\quad \quad \quad \quad \quad \quad 2250\ 000$$

$$2\ 250\ 000 / 10000 = 225$$

$$\text{B} \in \text{P} = \frac{298\ 500+150\ 000}{225} = 1993 \text{ units}$$

Question 5

	January	February	March	April
5.1 Sales	150 000/15	165 000/15	181 500/15	199 650/15
	10 000	11 000	12 100	13 310
5.2. Opening stock	-	1100	1210	1331
production	11 100	11 110	12 221	13 443
	11 100	12 210	13 431	14 774
Less sales	(10 000)	(11 000)	(12 100)	13 310
	1100	1210	1331	1464

5.3. Sales units	10 000	11 000	12 100	13 310
Cost 5.5+2.5	8	8	8	9.25((2.5x1.5)+5.5)
	80 000	88 000	96 800	123 117.5

Budgeted Standard of Comprehensive Income for January to April

	January	February	March	April
Sales	150 000	165 000	181 500	199 650
Less cost of goods sold	(80 000)	(88 000)	(96 800)	(123 117.5)
Gross profit	70 00	77 000	84 700	76 532.5
Less cost				
Salaries	(30 000)	(30 000)	(30 000)	(45 000)
Distribution	(20 000)	(20 000)	(20 000)	(20 000)
Net Profit	20 000	22 000	34 700	16 532.5

OCTOBER / NOVEMBER 2012

Question 1

1.1.1	<input checked="" type="checkbox"/>	Product
1.1.2	<input checked="" type="checkbox"/>	Product
1.1.3	<input checked="" type="checkbox"/>	Product
1.1.4	<input checked="" type="checkbox"/>	Period
1.1.5	<input checked="" type="checkbox"/>	Period
1.1.6	<input checked="" type="checkbox"/>	Product
1.1.7	<input checked="" type="checkbox"/>	Product
1.1.8	<input checked="" type="checkbox"/>	Product
1.1.9	<input checked="" type="checkbox"/>	Product
1.1.10	<input checked="" type="checkbox"/>	Product

Question 1.2.

Received	Issued	Bal
04/08		4 000 @ 6.8
10/0f 7700 @ 6.9	3850 @ 6.8 = 2 618	150 @ 6.8
		150 @ 6.8
		7700 @ 6.9
	150 @ 6.8 = 1020	
	4800 @ 6.9 = 33 120	2900 @ 6.9
16. 9 075 @ 7		2 900 @ 6.9
		9 075 @ 7
17.	2 900 @ 6.9. 20 010	
	4360 @ 7 30 520	4715 @7
20.	4150 @ 7 29 050	565 @ 7
24. 3630 @ 7.1		3630 @ 7.1
	<u>116 338</u>	

2.	Normal hours 8hrs x 5 x 52	Hrs	2080
	Less Vacation 40x3		(120)
	Holidays 9x8		(72)
			<u>1890</u>

Available hours
 Idles 4 % 1888
 Productive hours

1888
(75.52)
1812.48
1813

R

49 000
3000
3000
4162.5
3330
62 992.5

$62\ 993 / 1813 = R34.75 / \text{hrs}$

Question 3

3.1. $138\ 600 / 4620 = R30/\text{hr}$

31.2. Actual overheads = 46 200 + 19 800 + 25 000 + 8800 = 100 800
 Applied 30 x 4400 132 000
 31 200 Over applied

3.2. Opening W.P.	48 400	Cost of goods sold	353 800
Production		Over applied	31 200
Material (23 100 + 146 300 – 17 600)	151 800		322 600
Labour	88 000		
Indirect labour	46 200		
Depreciation	19 800		
Maintanace	26 000		
Insurance	8 800		
	<u>389 000</u>		
Less : closing	(44 000)		
Manufat	345 000		
Ad : completed opening	74 800		
	<u>419 800</u>		
Less : closing	66 000		
Cost of goods sold	353 800		

Question 4

4.1. Marginal income/n	1 305 000
Sales	(469 800)
Less V man cost	(313 200)
Selling & admin	<u>522 000</u>

$$522\,000 / 8700 = R60/ u$$

4.2. Merging income ratio

$$\frac{522\,000}{1\,305\,000} \times 100 = 40\%$$

4.3. BE P unit $\frac{F X d}{cont i /unit}$

$$\frac{309\,600 + 206\,400}{60} = 8\,600 \text{ units}$$

$$BE P = B \in P \text{ units} \times splu$$

$$8\,600 \times \left(\frac{1\,305\,000}{8\,700} \right) = 1\,290\,000$$

4.4. Margin of afety ratio

$$\frac{\text{sales units} - BE P \text{ units}}{\text{sales units}} \times 100$$

$$\frac{8700 - 8600}{8700} \times 100 = 1.15 \%$$

For the company to start making losses sales will drop by 1.15%

4.5. $\frac{F X d \text{ cost} + Prof}{contribution /u}$

$$\frac{516\,000 + 24\,000}{60}$$

9 000 units

4.6. $B \in P$ units after 5% decrease in selling prices

$$= 1\,305\,000 \times 95\% = 1\,239\,750 - 469\,800 - 313\,200$$

$$= 456\,750 / 8700$$

$$= R52.5/\text{unit}$$

$$\frac{516\,000}{52.5} = \underline{9829} \text{ units}$$

Question 5

5.1.

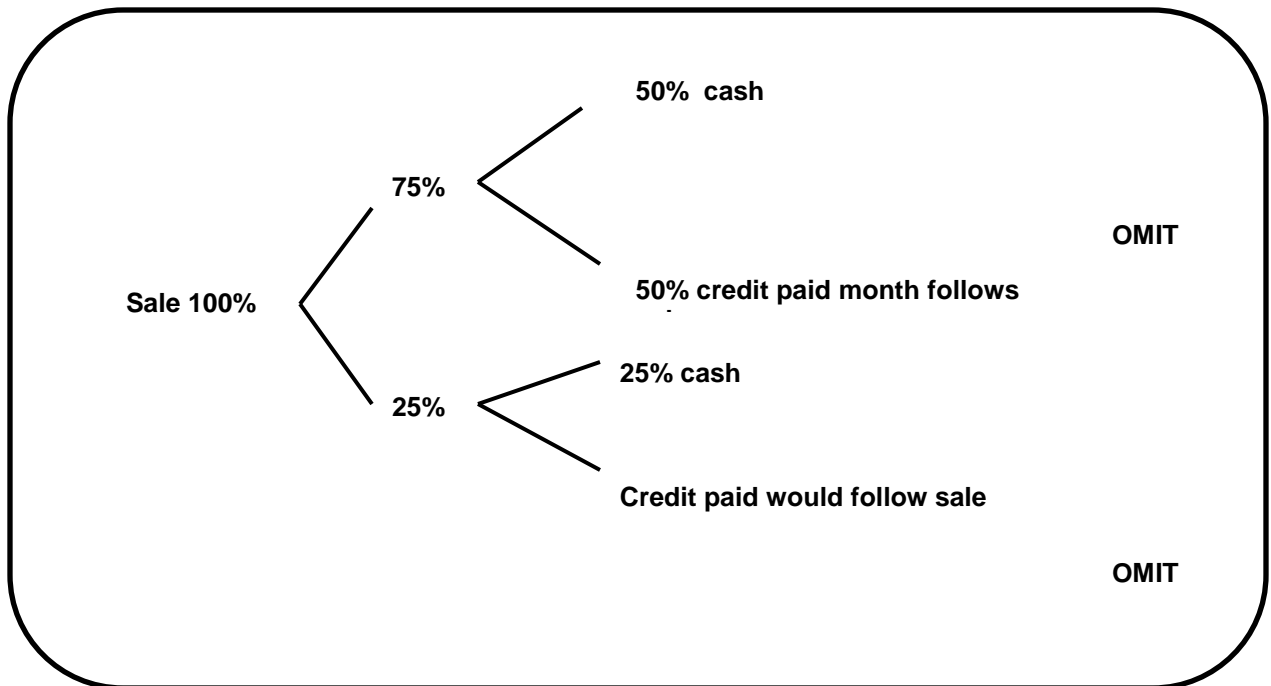
	April	May	June	July	August
Sales	550 000	605 000	665 500	732 050	500 000

	June	July	August
Income			
Large companies/developers 75%	499 125	549 037.5	375 000
Small develop 25%	166 375	183 012.5	125 000
	<u>665 500</u>	<u>732 050</u>	<u>500 000</u>

5.2

Net profit			
Sales	665 500	732 650	500 000
Less cost of sales			
$(\frac{100}{25} \times (665\,500)) / (732\,050) / 500\,000$	(532 400)	(585 640)	(400 000)
Gross profit	<u>133 100</u>	<u>146 410</u>	<u>100 000</u>
Less cost salaries	(75 000)	(75 000)	(75 000)
Overheads	(20 000)	(20 000)	(20 000)
Net profit	38 100	51 410	5000

5.3. Cash Movement



Cash as sales	June	July	August
Large sales (665 500 x 75% x 50%)			
Small (665 000 20% x 25%)			
Credit			
May – 605 000 x 75% x 50%	226 875		
- 605 000 x 25% x 75	113437.5		
June large		249 562.5	
Small 605 000 x 25 x 75%		124 781.25	

July – large			274 518.78
small			137 259.38
less	631468.75	694 615.63	630 528.13

5.3	June	July	August
Opening bal	-	570 500	1207 550
Income	665 500	732 050	500 000
Less	665 500	1302 550	1707 550
Salaries	(75 000)	(75 000)	(75 000)
Overheads	(20 000)	(20 000)	(20 000)
Closing bal	570 500	1207550	1612 550

MAY/JUNE 2013

Question 1

- 1.1.1. 1
- 1.1.2. D
- 1.1.3. 1
- 1.1.4. D
- 1.1.5. 1
- 1.1.6. D
- 1.1.7. D
- 1.1.8. 1
- 1.1.9. 1
- 1.1.10. D

$$Q1.2 \quad \sqrt{\frac{2 \times D \times C}{H}} = \sqrt{\frac{2 \times 25 \times 100}{20}} = 15.8 = 16$$

$$1.2.2. \text{ Average inventory } = \frac{250 \text{ units}}{250 \text{ days}} = 1 \text{ unit / day}$$

$$1.2.3. \text{ orders per yrs } = \frac{250}{16} = 15.6 = 16 \text{ Demand / } \text{€ } 00$$

$$1.2.4. \text{ Average daily Inventory } = \frac{250 \text{ days}}{250} = 1 \text{ unit / day}$$

1.2.5. Reorder

Question 2

Productive hours	
Normal direct	25 520
Overtime	2120
	<hr/>
	27 640
Less: time 10% 25 520	
	<hr/>
	2 552

Hours worked		<u>25 088</u>
2. Total gross wages		
Normal direct 25 520 x 30		765 600
Indirect 4430 x 22		97 460
Overtime direct 2120 x 30 x 1.5		95 400
Indirect 380 x 22 x 1.5		12 540
		<u>971 000</u>
Taxable income direct workers		
Normal wage		765 600
Overtime		95 400
Gross wages		<u>861 000</u>
Less pension 8% x 765 600		61 248
Taxable income		<u>799 752</u>
2.4. Net wages		
Normal		97 460
Over time		12 540
Gross wage		<u>110 000</u>
Less pension 8% 97 460		7 796.8
Taxable income		102 203.2
Less deduction		(23 394.94)
Medical aid 4% 97 460		3 898.4
UIF 1% 110 000		1 100.0
PAYE 18% 102 203.2		18 396.04
Net wages		<u>78 808.25</u>
2.5. Total overtime		
Direct	95 400	
Indirect	12 540	
	<u>107 940</u>	

Question 3

3.1	Units	Overheads costs
July	3720	40 965
June	2130	29 040
	<u>1590</u>	<u>11 925</u>

$$11925 / 1590 = R7.5/\text{Unit}$$

$$\begin{aligned}
 TC &= F \times d + vc \\
 29\,040 &= f \times d + 7.5 \times 2130 \\
 29\,040 - 15\,975 &= f \times d \\
 13\,065 &= f \times d
 \end{aligned}$$

$$\begin{aligned}
 3.2. \quad TC &= (2500 \times 7.5) + 13\,065 \\
 TC &= 31\,815
 \end{aligned}$$

	Mixing	Cooking	Maintenance	Admin
Allocation	20%	60%	12%	8%
Budgeted overheads	38 115	38 115	38 115	38 115
	<hr/>	<hr/>	<hr/>	<hr/>
1 st allocation	7623	22 869	4578	3049
Mixing 40% cooking 50% Admin 10%	1831	2289	(4578)	458
			<hr/>	<hr/>
2 nd				3507
3.2 Mixing = 3/5 cooking 2/5	2104	1403		(3507)
	<hr/>	<hr/>		<hr/>
	11 558	26 561		-
	<hr/> <hr/>	<hr/> <hr/>		

Question 5.1

5.1.1. Marginal Income Splu – Vclo

$$10 - 1 - R9$$

$$5.1.2. B \in P = \frac{\text{Total fxd cost}}{\text{control /u}}$$

$$\frac{1\,000 + 300}{9} = 150 \text{ units}$$

$$\begin{aligned}
 \text{In value} &= B \in \text{ units} \times \text{Splu} \\
 150 \times 10 &= 1500
 \end{aligned}$$

$$\begin{aligned}
 5.1.3. \text{ Profit} &= (\text{Total sales units} - B \in P \text{ units}) \times \text{Splu} \\
 &= (550 - 150) \times 10 \\
 &= 4\,000
 \end{aligned}$$

$$5.1.4. \frac{1000+350+5\ 040}{9} = 710$$

- 5.2.1. (1) Budget Acts as safety signal for management
 (2) Coordinates the various divisions of an organization.
 (3) Helps management in obtaining the most profitable combination of different factors of production.

Q5.2.2.2

Sale budget

Units to be sold	8 000
Selling price	<u>300</u>
	<u>2400 000</u>

Production

	<u>April</u>
Sales	8 000
Closing stock 30% 12 000	<u>3600</u>
	11 600
Opening stock	<u>5 000</u>
production	<u>6600</u>

Material purchase budget

Production	6 600 units
Requirement for each product	<u>4kg</u>
	26 400kgs
At R25/ kg	<u>25</u>
	<u>R660 000</u>

Direct labour budget

Production	6600units
Time required	<u>3hrs</u>
	19 800 hrs
At R30 / hr	<u>30</u>
	<u>594 000</u>

Question 4

4.1.	Applied overhead 21.6 x 2300hr	71 280
	Actual overheads (10 800 + 23 040 + 14 400 + 19 800)	<u>68 040</u>
		3280 underapplied
4.2.	Opening W.P. Production	

	Direct labour	142 560	
	Material	91 800	
	Suppliers	8100	
	Indirect labour	23 040	
	Depri	14 400	
	Other over heads	19 800	299 700
	Cost of manufacturing cost		<u>328 644</u>
	Finished orders		<u>235 224</u>
	Closing wip		93 420
4.3.	Sales cost of goods sold		305 760
	GP		<u>235 200</u>
	Less : Admin salaries		70 560
			(30 720)
	Depri		<u>(7 200)</u>
	Net profit		32 640

May / June 2014

Question 1.1.

- 1.1.1. V
- 1.1.2. V
- 1.1.3. F
- 1.1.4. V
- 1.1.5. F
- 1.1.6. F
- 1.1.7. V
- 1.1.8. F
- 1.1.9. F
- 1.1.10. F

Q 1.2.

- 12.1 MAC
- 12.2 MAC
- 12.3. FAC
- 12.4. FAC
- 12.5 MAC
- 12.6. FAC
- 12.7 MAC
- 12.8 FAC
- 12.9 MAC
- 12.10 FAC

Question 2

2.1.

	Received	Issued	Balance
6.	2756kg @ 10.30		500kg @ 10.2 500kg @ 10.2 2750 kg @ 10.3
7.		500kg @ 10.2	5100

		400kg @ 10.3	4120	2350kg @10.3
13.	1100kg@10.35			2350kg@10.3 1100kg@10.35
15.		2350kg@10.3	24 205	
		450kg @10.35	4657.5	650kg @10.35
16.		(50kg@10.35)	(517.5)	700kg @ 10.35
20.	600kg @ 10.4			700kg @ 10.35 600kg @ 10.4
27.		700kg @ 10.35	7 245	
		50kg @ 10.4	<u>520</u>	550kg @10.4
			<u>38 809</u>	Bal
				5720
			<u>38 809</u>	

Question 2.2

2.2.1. Cost of raw materials

Opening raw material	80 000
Purchases	240 000
	<u>320 000</u>
Less closing inventory	140 000
Material used	<u>180 000</u>

2.2.2. Cost of goods manufactures

Opening WIP	140 000
ADD: Production	1 040 000
Materials	180 000
Labour	400 000
Overhead	460 000
	<u>1 180 000</u>
Less closing WIP	100 000
Manufacturing cost	<u>1 080 000</u>

Question 3

3.1. Normal wage 9x5x30	1350
Overtime 3x30x1.5	135
Gross	<u>1485</u>
-Pension 8% 1350	<u>(108)</u>

Taxable income	1377
Less other deductions	330.21
PAYE 18% 1377	247.86
UIF 1% 1485	14.85
Medical 5% 1350	67.5
Net wage	1046.79

3.2.

	Cutting	Assump	HR	Maintain
	3240 000	2160 000	1410 000	759 000
Allocation			(1410 00)	
20% 141 000,45% 141 000	634 500	493 500	-	282 000
secondary				1041 000
55% 1041 000 & 45% 1041 000	572 550	364 350		(1041 000)
	4447 050	3017 850		-

Question 4

$$4.11. \frac{860\,000}{10\,000} = R86 / \text{Unit}$$

$$4.12. \frac{\text{Magnal income}}{\text{sales}} \times 100$$

$$\frac{860\,000}{200\,000} \times 100 = 43\%$$

$$4.1.3. B \in P \text{ units} = \frac{\text{fixd}}{\text{contri /u}}$$

$$\frac{599\,850}{86} = 6975 \text{ units}$$

$$4.1.4. \text{value} = B \in P \text{ unit} \times \text{Splu}$$

$$= 6975 \times \left(\frac{2\,000\,000}{10\,000} \right) = R1\,395\,000$$

$$4.1.5. \text{Mos} = \frac{\text{sales units} - B \in P \text{ units}}{\text{sales units}} \times 100$$

$$\frac{10\,000 - 6975}{10\,000} \times 100 = 30.25\%$$

= 30%

Sales -1.5 x 2000 000	2100 000
vc	
D Material 360 000 x 11	396 000
D L 280 00 x 1.1	308 000
Oheads	300 000
Selling and admin	200 000
Marginal incon	896 000

$$896\,000 / 10\,000 = R89.6/\text{unit}$$

$$\frac{\text{fixed cost}}{\text{countri/u}} + \text{prof}$$

$$\frac{599\,850}{89.6} + 340\,950 = 10\,500 \text{ units}$$

Question 5

5.1. Sales budget	July		August
Units	20 000		15 000
Selling price / u	200		200
Sales	4 000 000		3 000 000
5.2. Production Budget			
Sales	20 000		15 000
Closing stock (20% 15 000)	3 000	20% 20 000	4 000
	73 000		19 000
	4 000		3 000
	19 000		16 000
5.3. Material Purchase			
Units require	19 000		16 000
Material /	4kg		4kg
	76 000kg		64 000kg
@ 25/kg	25		25
	R1900 000		R1600 000

5.4. Direct Labour

Units Required
Hours required

19 000
3 hrs

57 000hrs
20/hr

R1140 000

16 000
3

48 000hrs
20

R960 000

Rate

Overheads

Labour hrs
Rate

57 000
R10/hr

R570 000

48 000
R10/hr

R480 000
