

GR 12 ACCOUNTING: TERM 3 CASE STUDY
COST ACCOUNTING: ANSWER BOOK

Name:	Grade:
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1.1.1 Calculate the closing stock of raw materials (fabric) using the first-in-first-out stock valuation method.

6

1.1.2 Calculate the total Direct Material Cost

6

1.2 **Factory Overhead Cost:**

Total before items below	(balancing figure)	
Rent expense		
Water and electricity		
Insurance		
Factory sundry expenses		

12

1.3 **Break-even Analysis:**

1.3.1 Do a calculation to confirm that the Break-even number of units is correctly calculated on 31 December 2017.

4

1.3.2 Comment on the level of production and the BEP for 2017.

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1.3.3 The owner expressed concern that the break-even point increased by more than 850 units. Is he justified? Explain. Provide TWO points (with figures).

	5

1.4 Production, unit costs and profitability:

1.4.1 Calculate the percentage increase in the level of production.

	4

1.4.2 Identify TWO specific unit costs that showed a significant change. Provide a possible reason for the change and comment on the overall effect on profitability. Quote figures and or relevant calculations.

UNIT COST (with figures)	REASON FOR THE CHANGE	OVERALL EFFECT ON PROFITABILITY (with figures)

8

Total: 50	
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