

**AKENTEN APPIAH-MENKA UNIVERSITY OF SKILLS TRAINING AND
ENTREPRENEURIAL DEVELOPMENT
DEPARTMENT OF ACCOUNTING STUDIES
END OF SECOND SEMESTER EXAMINATION - AUGUST, 2021**

PROGRAMME	BSC. ACCOUNTING EDUCATION (LEVEL 100)
COURSE TITLE	COST ACCOUNTING II
COURSE CODE	ACC 122
LECTURER	MRS PORSCHA OPOKU – AFRIYIE
DURATION	3 HOURS
INSTRUCTION	QUESTIONS MUST BE ANSWERED IN THE ANSWER BOOKLET. QUESTION SHEETS MUST BE PLACED INSIDE ANSWER BOOKLET AND SUBMITTED. FAILURE TO DO SO WILL RENDER YOUR ANSWER BOOKLET INVALID.

INDEX NUMBER.....

ANSWER SIX QUESTIONS (60 Marks)

Question One (10 Marks)

Sharpe Ltd, carrying out large contracts kept in contract ledger, separate accounts for each contract on 30th June, 2021, the following were shown as being the expenditure in connection with Contract No.220

PARTICULARS	₦
Materials purchased	150,000
Materials issued from stores	19,000
Materials returned	3,000
Materials on site	6,000
Direct expenses	14,000
Proportionate establishment expenses	15,000
Wages	50,000
Plant on site	2,500
Work un-certified	8,500

The contract which had commenced on 1st December, 2020 was for ₦ 500,000 and the amount certified by the Architect, after deduction of 20% retention money, was ₦ 240,000 the work being certified on 30th June, 2021.

A contract plant ledger was also kept in which depreciation was dealt with monthly the amount debited in respect of that account is ₦ 2,000.

Prepare:

- (i) Contract Account (8 Marks)
- (ii) Contractee Account (2 Marks)

Question Two (10 Marks)

Talkies Co. has the following particulars for the month of July, 2021.

Date	Beginning Inventory	Purchases (Units)	Sales (Units)	Unit Cost (€)
1/7/2021	0			
1/7/2021		10		€20.0
5/7/2021		15		€ 20.2
10/7/2021			12	
15/7/2021		5		€ 20.5
20/7/2021			6	
25/7/2021		10		€ 20.75
30/7/2021			5	

Compute the Cost of Goods Sold during the month and inventory in hand under

- (a) FIFO in a periodic system(4 Marks)
- (b) LIFO in a perpetual system(6 Marks)

Question Three (10 Marks)

Punk factory has two production processes. Normal loss in each process is 10% and scrapped units sell for € 2.00 each from glazing process and €4.00 each from firing process. Relevant information for costing purposes relating to this period are:

Glazing Process			Firing Process		
	Units	Cost (€)		Units	Cost(€)
Direct materials	4000	5,000	Direct materials	1,000	5,000
Direct labour		2,000	Direct labour		1,200
Production overhead		1000	Production overhead		1,080
Output to Firing Process	3,800		Output to Finished Goods	4,200	

Prepare the accounts for:

- (a) Glazing Process (3 Marks)
- (b) Firing Process (3Marks)
- (c) Abnormal loss (2Marks)
- (d) Abnormal Gain (2Marks)

Question Four (10 Marks)

On 1 August 2021, there was no uncompleted job in Trace factory. The job card for four new jobs were started in the factory in August and costs of production were:

	Job BAM	Job COOK	Job DECK	Job FLAG
Direct materials	2,390	1,780	3,850	4,320
Material transfers	From Cook 150	From Flag 520	From Bam 450	From Cook 150
Materials returned to store	200	970	50	370
Direct labour hours @5/ hour	300 hours	70 hours	400 hours	500 hours
Production OH @2/direct labour hour				
Marketing overheads	€400	€300	€500	€200
Invoiced amounts	€5,000	€2000	€7,000	€ 7,500

- (a) Prepare the job accounts for each individual job during August 2021(4 marks)
 (b) Prepare the summarised job cost cards for each job, and calculate the profit on each completed job. (6 marks)

Question Five

Suppose that Paniq Limited manufactures 4 products, Steam, Duck, Glam, and Laque. Output and cost data for the period just ended are as follows:

Product	Output units	No. of orders	No. of production runs in the period	Material cost per unit	Direct labour hours per unit	Machine hours in the period
Steam	20	10	5	2	5	10
Duck	30	15	10	3	10	15
Glam	40	5	5	3	15	10
Laque	10	20	5	4	5	15
Direct labour cost per hour				€ 5		
Overhead costs				€		
Short run variable costs				10,000		
Set-up costs				5,000		
Production Scheduling Costs				2,500		
Materials Handling Costs				10,000		
Ordering Costs				1,000		

Prepare unit costs for each product using Activity-Based Costing (10 Marks)

Question Six (10 Marks)

Stan Co. manufactures a single product, the Stamp, details of which are as follows:

Per unit	£
Selling price	100
Direct materials	25
Direct labour	10
Variable overheads	15

Annual fixed production overheads are budgeted to be £ 70,000 and Fun Co. expects to produce 35,000 units of the Stamp each year. Overheads are absorbed on a per unit basis. Actual overheads are £ 70,000 for the year.

Budgeted fixed advertising costs are £ 30,000 per annum.

Actual sales and production units for the the year 2020 are given below:

	January – December (Units)
Opening inventory	5,000 Stamps
Production	40, 000 Stamps
Closing inventory	15,000 Stamps

(a) Prepare a statement of comprehensive income for the year, using

- (i) Marginal costing (4 Marks)
- (ii) Absorption costing (5 Marks)

(b) Calculate the net profit per unit under marginal and absorption costing(1Mark)

Question Seven (10 Marks)

Buffy Transport has started transport business with a fleet of 5 bolts. The various expenses incurred by the business are given below:

Salary of office Staff	£ 1,500 per month
Salary of Garage's Supervisor	£ 2,000 per month
Rent of Garage	£ 1,000 per month
Drivers Salary for 5 bolts	£ 2,500 per month
Road Tax and Repairs for 5 bolts	£ 500 per month
Insurance premium for 5 bolts	£ 3,000 per month

The cost of each bolt is £ 60,000 and the life of a bolt is 90,000 km. and at the end of which it is estimated to be sold at £ 15,000. A bolt runs on an average 1,050 Km. per month of which 0 % it runs empty, petrol consumption £ 2.00 per 4 km. Oil and other sundry expenses amount to £ 5 per 50 Km. The hire charge is £ 4.00 per km.

(a) Find out the total profit that Buffy may expect to make:

- (i) in the first month of operation(6 Marks)
- (ii) in the first year of operation(2 Marks)

(b) The effective cost of running a bolt per kilometre (2Marks)