



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESS WAY, JABI-ABUJA
FACULTY OF MANAGEMENT SCIENCES, DEPARTMENT OF FINANCIAL
STUDIES
OCTOBER/NOVEMBER EXAMINATION 2016

COURSE CODE: ACC305
COURSE TITLE: COST ACCOUNTING
CREDIT UNIT: 3
TIME ALLOWED: 2 HOURS 30 MINUTES

Instructions:

1. Attempt question number one (1) and any other three (3).
2. Question number 1 is compulsory and carries 25 marks while the other carry 15 marks each.
3. Present all your points in coherent and orderly manner.

QUESTION 1

List and discuss the problems encountered in adopting profit as a yardstick in measuring performance.(25marks)

QUESTION 2

Analysis of cost and activity data shows that the variable cost of part No. 320 can be represented by function:

$$\text{Variable cost of part No. 320} = bx + Cx^2 + dx^3$$

Where: b = material cost per unit = N3
c = labour cost per unit = N0.80
d = variable overheads per unit = N0.06

Calculate

1. Variable cost when production is 10 units
2. Variable cost when production is 15 units(15marks)

QUESTION 3

Discuss the various costing methods (10marks)

QUESTION 4

- (a) What do you understand by the term “Integrated accounting” and what advantages does it present compared to other systems of cost and financial accounting? (3marks)
- (b) What are the prime purpose of a cost statement, and what rules should be borne in mind in its preparation?(12 marks)

QUESTION 5

The materials analyst has forecast the following data in respect of material MS6:

Maximum consumption of material per week: units	400
Normal consumption of material per week: units	300
Minimum consumption of material per week: units	200
Reorder quantity: units	2,000
Reorder period: weeks	4-6

Use the above figures to calculate each of the levels:

- a) Reorder level
- b) Minimum stock level
- c) Maximum stock level
- d) Average stock level(15marks)

QUESTION 6

Discuss three methods of depreciation that are most frequently encountered.
(15marks)