



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
JUNE-JULY 2017 EXAMINATION QUESTIONS

Course Code: ACC 305

Course Units: 3

Course Title: Cost Accounting

Time Allowed: 2 ½ Hours

Instructions: 1. Attempt question number one (1) and any other (3) questions.

2. Question number 1 carries 25 marks, while the other three (3) questions carry 15 marks each.

3. Present all your points in coherent and orderly manner

QUESTION 1

Lagos Motors buys certain type of gear box for use in one of its BRT buses. The following is a summary of the receipts and issues of the gear box for the month of July.

Opening stock on 1st July	200 gear boxes at N145
July 4	Purchased 100 gear boxes at N185
July 8 Issued 50 gear boxes	
July 10 Purchase 300 gear boxes at N190	
July 11 Issued 200 gear boxes	
July 12 Issued 200 gear boxes	
July 15 Purchased 150 gear boxes at N160	
July 21 Issued 100 gear boxes	
July 25 Purchased 100 gear boxes at N135	
July 30 Issued 50 gear boxes	

Show the appropriate stores ledger account disclosing the cost of each Issue and the value of closing stock at 31st July. Use LIFO method.
(25 marks)

QUESTION 2

During the year, 20,000 units of Z were produced and sold. Costs and revenues were:

		N
Sales		100,000
Production costs:		
Variable		35,000
Fixed	15,000	
Administrative + selling		
Overheads fixed	25,000	

Required

Show the net profit using both absorption and marginal costing approach.
(7.5 marks each =15marks)

QUESTION 3

Discuss three methods of depreciation that are most frequently encountered.
(5marks each = 15marks)

QUESTION4

The systems approach avoids taking a piecemeal approach to problems and directs the activities of the components or sub systems of the total system towards meeting overall objectives. The systems approach recognizes that changes cannot be made to some parts of the system without considering the effect on the system as a whole and that the overall system characteristics are greater than the sum of the separate parts. Explain the three different types of systems.

(5marks each for any three points well mentioned and explained = 15marks)

QUESTION5

Cost accounting systems are largely concerned with the analysis of past costs and operations. Cost unit chosen should be the most relevant for the activities of the particular organization. Discuss the various costing methods

(3.5marks each for any four points well mentioned and explained = 15marks)

QUESTION 6

Costing technique refers to the method used to determine the value of finished goods. Among these techniques that give different valuation. Briefly explain **THREE** techniques used in the valuation of finished goods. (15marks)