



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
MARCH/APRIL 2016 EXAMINATION

SCHOOL OF MANAGEMENT SCIENCES

Course Code: ACC 305

Course Unit: 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

Imo Transport Corporation buys certain type of gear box for use in one of its Mocopollo bus models. The followings are a summary of the receipts and issues of the gear box for the month of January.

Opening stock on 1st January 200 gear boxes at ₦145

April 4 Purchased 100 gear boxes at ₦185

April 8 Issued 50 gear boxes

April 10 Purchase 300 gear boxes at ₦190

April 11 Issued 200 gear boxes

April 12 Issued 200 gear boxes

April 15 Purchased 150 gear boxes at ₦160

April 21 Issued 100 gear boxes

April 25 Purchased 100 gear boxes at ₦135

April 30 Issued 50 gear boxes

Show the appropriate stores ledger account disclosing the cost of each issue and the cost of closing stock at 31st January, using FIFO 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

Explain the different types of systems itemised below:

- (a.) Deterministic System
 - (b.) Stochastic System
 - (c.) Adaptive System
- (5marks each = 15marks)

QUESTION4

What are the merits and criticisms of Activity Based Costing (ABC)?

(15marks)

QUESTION5

Profit is a widely used absolute measure of performance and isconversant with management and acceptable to them. Where and when used, it provides means by which division can be compared with division or one division's performance can be compared period by period.

When profit is chosen as a measure of divisional performance, it may he defined in a variety of ways. Discuss the various types of profits used for measurement of performance.

(15marks)

QUESTION 6

In cost accounting methods, eight methods of ascertaining actual cost have been identified. These methods have emerged because peculiarities of certain kinds of production have resulted in the adoption of variations in procedure. Briefly explain **five** of those methods.

(15marks)