



CRAWFORD UNIVERSITY

FAITH CITY, IGBESA

TITLE OF EXAMINATION : B.Sc EXAMINATION.
COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCES
DEPARTMENT: ACCOUNTING AND FINANCE
SESSION : 2021/22
COURSE: COST ACCOUNTING II
COURSE CODE: ACC 204

SEMESTER: RAIN

CREDIT: 3 UNITS

TIME ALLOWED:

INSTRUCTIONS: (i) SECTION A IS COMPULSORY..

(ii) Time allowed: 2 hours 30 minutes

SECTION A

1. a. Define service costing.

2mks.

b. Nifemi Ltd distributes its goods to a regional dealer using a single lorry. The dealer's premises are 40km away by road. The lorry has a capacity of 10.5 tonnes and makes the journey twice a day fully loaded on the outward journeys and empty on the return journeys. The following information is available for a 4-week budget control period, period 8 during 2014:

Petrol consumption	8kg per litre
Petrol cost	₦1.80 per litre
Oil	₦8 per week
Driver's wages	₦140 per week
Repairs	₦72 per week
Garaging	₦4 per day(based on 7-day week)
Cost of lorry when new(excluding tyres)	₦18,750
Life of the lorry	80,000km
Insurance	₦650 per annum
Cost of a set of tyres	₦1,250
Life of a set of tyres	25,000km
Estimated sale value of lorry at the end of its life	₦2,750
Vehicle licence cost	₦234 per annum
Other overhead costs	₦3,900 per annum

The lorry operates on a five – day week

Required:

- Prepare a statement to show the total costs of operating the vehicle in period 8,2014 analysed into running costs and standing costs. 12mks
- Calculate the vehicle cost per km and the cost per tonne/km in the period. 3mks

(15MARKS)

2. a. Define overhead absorption 2mks
 b. Matthew limited has two production and two service departments (Stores and Maintenance). The following information about activity in the recent costing period is available:

	Production depts.		Stores	Maintenance	Total
	A	B	dept	dept	Overheads
Overhead costs	₦10,030	₦8,970	₦10,000	₦8,000	₦37,000
Cost of material requisitioned	₦30,000	₦50,000	-	₦20,000	
Maintenance hours needed	8,000	1,000	1,000		

Required: apportion the total overhead costs of ₦37,000 between production department A and B using:

- i. Direct apportionment of service centre costs. 7mks
 ii. Simultaneous equation method. 6mks

(15MARKS)

SECTION B: ANSWER ANY TWO (2)

3. a. Describe contract costing. 2mks
 b. list five(5) features of contract costing. 5mks
 c. The following information relates to contract No 549 which was started on January 10,2018 and expected to last for two months. The cost accountant estimated the total cost of the contract to be ₦18,750. By 31st December 2018, the end of the contractor's accounting year, the cost as incurred to date were as follows:

	₦
Labour	45,000
Materials issued at site	30,000
Overheads	7,500
Plant transferred to site(1/3/18)	50,000
Materials on site (31/12/18)	2,500
Written down value of plant(31/12/18)	35,000

The full contract price was agreed at ₦112,500. At 31st December 2018, the value of work certified was ₦87,500 and progress payment received to date was ₦78,750.

Required:

- i. Contract account 4mks
 ii. Contractee account. 2mks
 iii. Calculate the value of work in progress for balance sheet purpose. 2mks

(15MARKS)

4. a. Define process costing 2mks
 b. List the features of process costing. 4mks
 c. The following data relates to one process during the month of August:

	N
Input materials 100kg costing	15,000
Labour cost	32,000
Overhead cost	22,000

A normal loss to equal 10% of input was expected

Actual output was 850kg

Losses are sold as scrap for ₦15 per kg.

Required: write up the ;

- | | |
|-----------------------------|------|
| i. Process account | 5mks |
| ii. Normal loss account | 2mks |
| iii. Abnormal loss account. | 2mks |

(15MARKS)

5. a. Define break-even analysis 2mks
 b. List five assumptions of break-even analysis. 5mks
 c. The following figures relate to Emmanuella manufacturing company manufacturers of a range of products:

Year	Total Sales(₦)	Total costs(₦)
1	39,000	34,800
2	43,000	37,600

Assuming stability in prices with variable costs carefully controlled to reflect predetermined relationships and an unvarying figure for fixed costs. The selling price per unit is ₦1.00.

Calculate:

- | | |
|--|------|
| i. The fixed costs | 3mks |
| ii. The break-even point | 3mks |
| iii. The margin of safety for years '1 and 2 | 2mks |

(15MARKS)

6. a. Define standard costing and list the purposes of standard costing 7mks
 b. Define a standard and list the number of basis used to set the standard. 4mks
 c. What are attainable standards? 4mks

(15MARKS)