EU

ELIZADE UNIVERSITY **FACULTY: HUMANITIES, SOCIAL & MANAGEMENT SCIENCES**

DEPARTMENT: ACCOUNTING & FINANCE
FIRST SEMESTER EXAMINATIONS - 2020/2021 ACADEMIC SESSION
COURSE CODE: ACF 203
COURSE TITLE: COST ACCOUNTING
DURATION: 2 HOURS.
INSTRUCTION: Attempt Question one and any other Three.

QUESTION ONE

The following list of cost items has been prepared for period ended 30 June 2020 of Boiuri Ng. limited

	₦'000
Raw material cost	50,400
Advertising expenditure	8,000
Packaging for delivery to customers	1,200
Cost and management accountant salaries	7,500
Production worker wages	8,400
Salesmen's salaries	6,300
Service department cost (See notes)	2,700
Production manager's salary	1,800
Delivery vehicle running costs	600
Sales office costs	4,100
Delivery vehicle drivers-'s wages	1,300
Special design cost relating to product x	7,000

Additional notes:

The data from the cost summary has been examined and the following additional information is available:

1. The service costs are estimated to have been used in providing services to the other functions as follows: Production 35%, Administration 25%, Selling 32%, Distribution 8%.

2. Material cost may be analyzed into: ₦

   Direct material   40,320

   Indirect material   10,080

3. Production worker wages may be analyzed into:

   Direct wages cost   6,500

   Indirect wages cost   1,900

4. 1000 units of a single product were produced in the four week ended June, 2020

5. No stock of goods existed at the beginning of the period

6. 800 Units were sold during the period and the balance remained at the end of the period

7. The selling price per product was ₦500.

You are required to prepare:

(i) A cost summary for the four-week period ended 30 June 2020 showing the total cost for each function and the overall business.

(ii) A statement of comprehensive income as at the end of the period.   **(15 Marks)**

QUESTION TWO

a) i. What is cost Apportionment?   **(1 Mark)**

ii. List four categories by which cost can be analyzed? Give at least two examples on each   related cost in each categories   **(4 Marks)**

b). Define the following terms

(i) Direct material cost

(ii) Prime cost

(iii) Overhead cost

(iv) Relevant cost

(v) Fixed cost   **(5 Marks)**

c. The output achieved by employees A and B is 330 units and 470 units respectively during the week ended 28 January, calculate the earnings for each employee where the method of remuneration is straight piecework with a guaranteed minimum wage of N120 per week. **(5 marks)**

)Total 15 Marks)

QUESTION THREE

a.i What is a material storage code? **(1 mark)**

ii What are the importance of a good coding system? **(3 Marks)**

b. Divine Favour Ltd. present the following cost data to know the actual prime cost and ovead cost of its operations for the period ended 31/12/2020. Four direct materials A B C D were used for manufacturing purposes:

	Units	cost/unit
		₦
A	120	200
B	50	70
C	100	20
D	120	70

Direct workers were 40 and the management pay its workers in the following order:

	No. of workers	Amount paid to them
		₦
Senior staff	12	480,000
Junior workers	28	560,000
Other auxiliary workers		250,000

Indirect material costs were ₦337,000. Other related expenses were classified as follow:

	₦
Direct material	121,000
Direct labour	150,000
Indirect material	200,000
Indirect labour	110,000

You are required to take management request into consideration and prepare cost summary to show the total cost of production process of the organization **(11 Marks)**

(Total 15 Marks)

QUESTION FOUR

a. Material control is a functional system that requires provisions of quantity required, quality, time and amount of capital needed, in line with this, you are required to list and explain four of the function required in a typical manufacturing organization **(4 Marks)**

b. State five objectives of a good storekeeping in a manufacturing Organization **(5 Marks)**

c. Hannah Nig. Ltd. present you with the following information about the material usage and delivery records from its suppliers as follow:

Normal monthly usage	2800 bags
Maximum anticipated monthly usage	8000 bags
Minimum anticipated monthly usage	2000 bags
Delivery period from suppliers : Maximum	4 months
Normal	2 months
Minimum	1 month

You are required to calculate the following control level:

     i Minimum Stock level   **(2 Marks)**

     ii Maximum stock level   **(2 Marks)**

     iii. Draw a graphical sketch to represent each control levels **(2 Marks)**

         (Total 15 Marks)

QUESTION FIVE

a. State five sub methods of bonus scheme methods of remunerating an employee in a manufacturing industry **(2.5 Marks)**

b. what are the advantages of output-based method of remuneration **(2.5 Marks)**

c. Mr. Iselogunise works with Asejere limited that pays its workers a basic rate per hour for the time spent on a task plus bonus which is related to the time he saved from the predetermined standard. The man is allowed to work for 9 hours to complete a task with basic rate of ₦3000 per hour. He succeeded in completing the work in 6 hours. Based on the policy of the company, you are required to compute Mr. Iselogunise;s pay for the period using:

a. Hasley-weir 50-50 scheme method   **(5 Marks)**

b. Rowan scheme method.   **(5 Marks)**

         (Total 15 Marks)

QUESTION SIX

a. State the procedure of verification of material in a typical organization.   (5 Marks)

b. What is cos apportionment?   (2 Marks)

c. The following data were presented by ABIKE Nig. Ltd. on the valuation of its material which he receives and issued to production department in the month of May, 2020.

Open inventories at 1 May, stand   1000 unit at N20 per unit

Purchases during May 3rd: at   2000 units at N21 per unit

10 May purchases   3000 units at N22 per unit.

24 May purchases   3000 units at N25 per unit.

Issues during month of May are:

5 May   1500units

12 May   3500 units

26 May   2000 units

You are required to use the above data and prepare the closing inventories of the company for the month using First in first out method   (8 Marks)

(Total 15 Marks).