



Level	: 300
Course Title	: COST ACCOUNTING
Course Code	: ACC 301
Instruction	: ANSWER ALL QUESTIONS IN SECTION A & THREE IN SECTION B
Time Allowed	: 2 <sup>1/2</sup> HOURS
Date	: 10 <sup>TH</sup> MARCH, 2022

SECTION A

Answer all questions in this section (1.5 marks each)

1. .... account is Prepared at the discretion of the management.
2. An activity for which a separate measurement of costs is desired is known as .....
3. A resource sacrificed or foregone to achieve a specific objective is known as .....
4. A quantitative unit of product or service in relation to which costs are ascertained is called .....
5. A factor that affects costs over a given time period is known as .....
6. A method used for assigning direct costs to the chosen cost object is called .....
7. A cost that can be traced to a particular cost object is known as .....
8. Direct materials + direct labour + direct expenses = .....
9. Addition of all direct manufacturing costs gives us the .....
10. When costs are classified as assets, they can be simply called ..... cost.
11. When costs are classified as expenses, they can be simply called ..... cost.
12. .... is the allotment of overheads to cost units.
13. Materials can be in-form of ....., work-in-progress and finished goods.
14. The material valuation method that uses the price of the last batch of materials received for all issues until all units from that batch are issued is known as .....
15. The optimum quantity that should be ordered each time an order is being placed is known as .....
16. A method of stock taking where stock items are counted at frequent intervals is known as .....
17. Classification of cost according cost-behaviour pattern include: ..... and .....
18. A costing system in which the cost of a product or service is obtained by assigning costs to masses of like or similar units is called .....
19. A costing technique used for jobs that extends for a long period of time are referred to as .....
20. The process of assigning indirect costs to a particular cost object is called .....

## SECTION B

Answer question 1 and any other two from this section

## Question 1 (20 Marks)

Giftset manufacturing company Ltd is reorganizing its costing system. A materials consultant has recommended that the company adopts one pricing method to cost the issues of materials to production or specific jobs. He recommended that the choice should be either the FIFO or LIFO method. Based on the consultant's recommendation, Giftset has requested that you assist its newly employed cost accountant to prepare cost statements for its job 2499. The following data for material A used for the job in May 2020 have been provided.

Date	Particulars	Kilos	Cost
May 2	Balance	40,000	12,000,000
May 5	Receipt	10,000	400 per kilo
May 12	Receipt	24,000	500 per kilo
May 16	Issues	48,000	
May 19	Receipt	34,000	450 per kilo
May 26	Issues	40,000	

Required:

1. using either FIFO or LIFO methods of pricing, cost the materials issued to job 2499 as well as the materials on hand on 26th may, 2020.
2. From the method used above, work out the price to be charged for job 2499 based on the following additional information:  
Direct labour for the job is 10,000,000  
Overhead is absorbed at 110% of materials.  
It is company policy to make a profit margin of 10% on all jobs.

## Question 2 (10 Marks)

1. Enumerate the differences, if any, between financial and management accounting (8 Marks).
2. List four roles of a management accountant as defined by CIMA (2 Marks).

## Question 3 (10 Marks)

A company has provided the following data on materials B based on its order schedule and production capacity for the year.

- a. 400 Kg of materials B will be used every week for 50 weeks
- b. It will cost 30,000 to make an order
- c. While each cost of the material will cost 1200, it will cost the company an additional 33.33% of that cost every year to carry a kilo of the material
- d. While the consumption of material will not exceed 600 kilos in a week, it will not fall below 400 kilos. Usually, it takes between 1 to 3 weeks for suppliers to deliver order that are made.

Required:

The company has requested you to compute:

1. the economic quantity that ought to be ordered
2. the level at which the company should put in a new order

3. the maximum level that material B should carry
4. the minimum level that material B should carry

**Question 4 (10 Marks)**

Akpan Nig. Limited has developed a new product which is about to be launched on to the market. The variable cost of selling the product is N12 per unit. The marketing department has estimated that at a sales price of N20, annual demand would be 10000 units. However, if the sales price is set above N20, sales demand would fall by 500 units for each 50k increase above N20. Similarly, if the price is set below N20, demand would increase by 500 units for each 50k stepped reduction in price below N20. You are required to determine the price which would maximise Akpan Nig. Limited's profit in the next year.