



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2020_1 EXAMINATION

COURSE CODE: ACC306 **CREDIT UNIT: 3**
COURSE TITLE: COST ACCOUNTING
TIME ALLOWED: 2^{1/2}HOURS
INSTRUCTIONS: 1. Attempt question Number one (1) and any other three, four questions in all
2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each
3. Present all your points in coherent and orderly manner

Question 1

- a) Briefly discuss 'direct expenditure' in relation to cost accounting and compare it with indirect expenditure
- b) Explain the relevance of coding or code number in material costing
- c) Highlight five advantages of break-even analysis. Use the following question to support your answer: Mande is a manufacturing company, located in Kaduna. The company produces exercise books for junior secondary school, the cost data for the production of one unit is given as:

Selling price	N30
Variable cost	N18
Fixed cost	N120,000

You are required to calculate:

- i) Number of units that will produce break-even point
- ii) Sale value to attain break-even point
- iii) Contribution to sales ratio
- iv) Number of units to be sold to make a target profit of N60,000 and
- v) Sales in naira value to make a profit of the N60,000

Question 2

Identify the various methods of valuing materials and explain any three of them

Question 3

- a) In organization for wages control, discuss 'recording gate times'
- b) In labour remuneration methods:
 - i) When will you recommend for the adoption of payment based on time or day-rate wages, which is based on the time employed and
 - ii) State the advantages of payment by results

Question 4

- i) Explain the difference between absorption costing and overhead absorption
- ii) Highlight the fundamental differences between cost accounting and financial accounting

Question 5

- a) In detail, explain the costing term 'integrated account'
- b) What is the prime purpose of a cost statement and what should be borne in mind in preparing such statement?
- c) Itemize any five advantages of operating central stores as compared with sub-stores

Question 6

- a) Itemize the suggested operation or routing of goods received note
- b) Discuss i) the relevance of coding or code number in materials transactions and ii) Checking inward invoices