ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: HUMANITY & MANAGEMENT SCIENCES
DEPARTMENT: ACCOUNTING AND FINANCE
SECOND SEMESTER EXAMINATIONS
2013/2014 ACADEMIC SESSION

COURSE CODE: ACC. 204

COURSE TITLE: COST ACCOUNTING

DURATION: 2HRS 30MINS.

2/7/14

HOD's SIGNATURE

INSTRUCTION: ATTEMPT ANY FOUR QUESTIONS, EACH QUESTION CARRIES EQUAL MARK.

Question 1: The following information organized on departmental basis has been gathered from the account of Hossanah Bottling Nigeria Limited

DEPARTMENTS	Fanta	Coke	Lemon
	N	N	N
Variable Costs	180,000	200,000	300,000
FIXED COSTS: Apportioned on sales basis	40,000	60,000	100,000
Total Costs	220,000	260,000	400,000
Sales	200,000	300,000	500,000
Profit/Loss	(20,000)	40,000	100,000

With the aim of doing away with department incurring loss, the Management asks for your opinion on

(1) Closure of Fanta Department on the above basis of information

(2) The comparative profitability difference if specific Fixed Costs are ascertained to be N10, 000 for Fanta Department, N110, 000 for Coke Department, and N60, 000 for Lemon Department The remaining N20, 000 being general Fixed Cost

Variable Overhead 4 hours @ N50, 000/ hour	200,000
	1,600,000

Fixed Costs are N60, 000,000 per annum

You are required to calculate:

a. the BEP/Unit
b. the BEP in Naira
c. Contribution/Sales ratio
d. the number of units to be sold to make a profit of N100,000,000

Question.6

Lolly Pop Ltd., provides the following details for the year end 31st Dec. 2012 for preparing Income statement of the year.

Sales 1000 units @ N10 per unit	
Fixed manufacturing cost	N2, 200
Variable cost 1100 units @ N6 .00 /units	
Closing Stock 100 units	
Fixed Selling and Administration expenses N500	
Variable Selling and Administration expenses N400	

Required:

Prepare income statement of the company, using

(a) Absorption Costing
(b) Marginal Costing

Required: Prepare appropriate statement so as to help the management in arriving at a decision on the above points. Also give your comments, explaining the position presented in the statement

Question.2

Below, find figures related to Precious manufacturing company Limited

Year	Total Sales	Total Costs
	N	N
1	46,000	38,000
2	52,000	42,000

Assumption: 1. Assuming stability in prices with variable cost carefully controlled to reflect pre-determined relationship and unvarying figures for fixed costs

2. The selling price per unit is N1.00

Required: Calculate

a. Fixed Cost

b. Profit/ Volume ratio

c. Break Even Point in Units and Nair

d. Margin of Safety for Year 1 and 2

Question 3

Write short notes on

(1) Acceptance/ Rejection Of Special Order

(2) Make or Buy decision

(3) Cost-Volume-Profit Analysis

Question. 4

Kolly is a product manufactured by Johnson Limited. For every ton of materials consumed , it is estimated that 500 units of kolly would be produced.

The standard price of the materials is N18000 per ton.

In March, 210 tons of materials were issued to production, the actual price of which was N17200 per ton

Production during the month of March was 108,000 of Kolly

You are required to compute the following variances:

a. Material Cost Variance

b. Material price variance

c. Materials Usage Variance

Question. 5

Elizade Automobiles Limited, manufacture a single product called Zade Prelude car, with a selling price of N2,000,000 per unit. Given below is marginal cost per unit.

	N
Direct materials 40kg @ N20, 000/kg	800,000
Direct Labour 4 Hours @ N15,000/hour	600,000