



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2022\_1 EXAMINATIONS**

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**COURSE CODE: ACC306**

**CREDIT UNIT: 3**

**COURSE TITLE: COST ACCOUNTING**

**TIME ALLOWED: 2<sup>1/2</sup>HOURS**

**INSTRUCTIONS:**

- 1. Attempt question Number one (1) and any other three**
- 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**

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(1A) The materials analyst has forecast the following data in respect of material BB4

Maximum Consumption Materials Per Week:	400 units
Normal Consumption of Material Per Week:	300 units
Minimum Consumption of Material Per Week:	200 units
Reorder Quantity:	2000 units
Reorder Period:	4-6 weeks

You are required calculate:

- a. Reorder Level (**4marks**)
- b. Minimum Stock Level (**4marks**)
- c. Average Stock Level (**5marks**)

(1B) Explain why it is frequently found useful in the control of finished stocks to establish.

- i. Maximum Stock Levels (**4marks**)
- ii. Reorder Stock Levels (**4marks**)
- iii. Minimum Stock Levels (**4marks**)

(2A) At its simplest level, Activity based costing (ABC) can be thought as a method of charging overheads to cost units on the basis of benefits received from the particular indirect activity of ordering, planning, setting and so on. ABC seek to attribute overheads to product cost and shows the relationship between overhead cost and activities that cause them. Show how an ABC system can be developed and used in a company. (**8marks**)

- (2B) Describe the relevant of ABC and show how it is being criticized **(7marks)**
- (3A) Explain the following terms
- i. Batch Costing
  - ii. Contract Costing
  - iii. Process Costing
  - iv. FIFO
  - v. LIFO **(8marks)**
- (3B) For each of the following overheads: list three (3) of its typical examples
- i. Production overhead
  - ii. Administration overhead
  - iii. Selling overhead
  - iv. Distribution overhead **(7marks)**
- (4) Describe the methods to be adopted in the wages and cashier's office to prevent fraud occurring in the preparation and payment of wages. **(15marks)**
- (5) i) Distinguish between cost accounting and financial accounting. **(8marks)**  
ii) Differentiate between Indirect materials and Indirect labour **(7marks)**