

SOUTHWESTERN UNIVERSITY NIGERIA

KM 20, SAGAMU-BENIN EXPRESSWAY, OKUN OWA, IJEBU-ODE, OGUN STATE.

FACULTY OF SOCIAL & MANAGEMENT SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATION & ACCOUNTANCY

HND TO BSC CONVERSION PROGRAMME

2018/2019 FIRST SEMESTER EXAMINATIONS

COURSE CODE: ACC 301/BUA 301 COURSE TITLE: Cost and Management

Accounting

Instruction: Answer question 1, and any other 3 questions. **TIME:** 2 $\frac{1}{2}$ hrs

1. SWA Ltd wants to determine the cost of good sold for the coming financial year. From the records of the economists and statisticians of the company you are able to determine the following:
- (a) 200,000 units of products are expected to be sold.
 - (b) The opening inventory of finished goods consists of 20,000 units at N8
 - (c) The opening inventory of raw materials consists of 16,000 units at N.50 each
 - (d) The price of raw materials for next year is expected to be N0.60 per unit
 - (e) It is estimated that four hours of direct labour at N1 per hour will be required to produce each finished unit.
 - (f) Annual depreciation on factory buildings and equipment is determined to be N142,000
 - (g) Four units of raw materials are used in the production of one finished unit
 - (h) Indirect labour and supervision are expected to be 20% of direct labour costs
 - (i) Other factory overhead amounts to a flat N40,000 when there is no production and increases by N2,000 for every 10,000 finished units produced
 - (j) Production is of such a nature that there are no opening or closing inventories of goods in process.
 - (k) Estimated finished units on hand at the end of the period is 40,000

Required

- (a) Compute the number of finished good to be produced next financial year
 - (b) Compute the estimated cost of raw material to be used for the desired production given that the uses FIFO basis for stock valuation.
 - (c) Compute the estimated cost goods to be manufactured next financial year
 - (d) Compute the estimated cost of goods to be sold next year
2. A company has a total fixed cost of N400,00. It sells its product at N100 each and the variable cost per unit of producing and selling the product is N60.
- (a) Determine the profit or loss when the following units are sold 9,000 and 12,000
 - (b) Calculate the total number of units that must be sold in order to
 - (i) Earn a loss of N100,000
 - (ii) Break-even
 - (iii) Earn a profit of N100,000
 - (iv) Earn a profit after tax of N100,000 assuming a tax rate of 20%

3. Top-edge Investments Ltd has provided below its operating and maintenance costs for the last four months:
- | Months/year | Production (units) | Cost (N) |
|-------------|--------------------|----------|
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Months/year	Production (units)	Cost (N)
January 2019	12,000	194,000
February	14,000	220,000
March	15,000	222,000
April	16,500	230,000

- You are required to use the range Method to calculate:
- (a) Variable cost per unit and the fixed cost for the period
 - (b) Express the companys operating and maintenance cost in linear function equation from $Y = a + bx$
 - (c) What is the expected cost for the next three months when the planned activity level were

May	17,500
June	25,000
July	40,000

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