

**UNIVERSITY COLLEGE TATI (UCTATI)****FINAL EXAMINATION QUESTION BOOKLET**

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| COURSE CODE | : DTG 2433 |
| COURSE | : COST ACCOUNTING |
| SEMESTER/SESSION | : 2- 2022/2023 |
| DURATION | : 3 HOURS |

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hands and ask the invigilator.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO

THIS BOOKLET CONTAINS 5 PRINTED PAGES INCLUDING COVER PAGE

QUESTION 1

a) Give concise definition of

- i) Prime cost (2 marks)
- ii) Relevant range (2 marks)
- iii) Contribution (2 marks)
- iv) Direct cost (2 marks)
- v) Indirect cost (2 marks)

b) Classify the following items into categories of:

- a. Prime Cost
- B. Production Overhead
- C. Administration Overhead
- D. Marketing Overhead
- E. Distribution Overhead

- i. Depreciation (machinery)
- ii. Advertising
- iii. Hire of computer
- iv. Cost of poster indicating discount offered.
- v. Raw material used (5 marks)

QUESTION 2

A customer has requested a quotation for supplying a special piece of equipment and the estimator has work out the following details:

| | | | |
|---------------------------|------------|----------|--------|
| Component to be purchased | | | RM 648 |
| Materials from store | | | RM 810 |
| Direct labour times: | Machining | 80 hours | |
| | Assembling | 40 hours | |
| | Finishing | 30 hours | |
| Delivery cost to customer | | | RM 180 |

Administration and marketing costs are covered by adding 10% to the cost of manufacturer 12 ½% is added to the total (delivered) cost for profit.

Required: Calculate the price to be quoted.

(25 marks)

QUESTION 3

- a) Illustrate **TWO (2)** importance of cost drivers. (2 marks)
- b) Demonstrate the main purpose purpose of Activity-Based Costing (ABC). (2 marks)
- c) Differentiate between Activity Based Costing (ABC) and Traditional Costing. (4 marks)
- d) Illustrate **FOUR (4)** advantages of Activity Based Costing (ABC). (4 marks)

QUESTION 4

Cost can be classified in variety of ways. For example, in order to implement certain costing principles or techniques, it is essential that each cost is classified according to how the total cost of the item changes in the shop them at different levels of activity.

- a) Illustrate the **THREE (3)** main categories that are used for this purpose. (6 marks)
- b) Demonstrate a general definition of each category and support each one with a simple sketch graphs which need not be exact to scale. (12 marks)

QUESTION 5

A company has three production departments, Boiling, Frying and Plating, and two service departments, Maintenance (M) and Servicing (S). The following table shows how costs have been allocated and the relative usage of each service department by other departments.

| Department | Production | | | Service | |
|-----------------|------------|--------|---------|-------------|-----------|
| | Boiling | Frying | Plating | Maintenance | Servicing |
| | RM | RM | RM | RM | RM |
| Overhead cost | 3000 | 4000 | 2000 | 2500 | 2700 |
| Proportion (M)% | 20 | 30 | 25 | - | 25 |
| Proportion (S)% | 20 | 30 | 25 | - | 25 |

Required:

Reapportion the service department overheads to the production departments using the reciprocal method. (30 marks)

-----End of question-----

