

FEDERAL UNIVERSITY OF TECHNOLOGY, MINNA  
SCHOOL OF ENVIRONMENTAL TECHNOLOGY  
DEPARTMENT OF QUANTITY SURVEYING



SECOND SEMESTER EXAMINATION 2018/2019 SESSION

COURSE CODE: QTS329 COURSE TITLE: COST ACCOUNTING

TIME ALLOWED: 2 Hours

CREDIT LOAD: 2 Units

INSTRUCTION: Attempt any Three questions

**QUESTION 1**

From the following information prepare the cash budget for four months ending 31st Dec.2018.

MONTH	SALES(₦)	MATERIALS(₦)	WAGES(₦)	PRODUCTION EXPENSES(₦)	ADMIN EXPENSES(₦)
JUNE	3,000	1,800	650	225	160
JULY	3,250	2,000	750	225	160
AUGUST	3,500	2,400	750	250	175
SEPT	3,750	2,250	750	300	175
OCT	4,000	2,300	800	300	200
NOV	4,250	2,500	900	350	200
DEC	4,500	2,600	1,000	350	225

The cash payment and receivable schedule are as follows;

- (a) Sales — 3 months to debtors. 10% of sales are on cash basis. 50% of credit sales are paid on the due dates while the other 50% are paid in the month following
- (b) Creditors for material — 2 months.
- (c) Wages are paid at 75% within the month and the balance in the following month while production expenses are settled equally within the month and the next month
- (d) Cash balance on 31<sup>st</sup> August is ₦1,500.
- (e) Plant and Machinery to be installed in Aug. at a cost of ₦24,000. It will be paid for by monthly instalments of ₦5,000 each from 1st October
- (f) Dividends from investments amounting to ₦250 are expected on 30th September
- (g) Income tax to be paid in October ₦500

**20 MARKS**

**QUESTION 2**

The following particulars relates to a contract undertaken by a firm of contractors

	₦
Material Sent to Site	85,349
Labour Engaged on Site	74,375
Plant Installed on Site	15,000
Direct Expenditure	3,167
Sub-Contractors Charges	4,126
Materials Returned to Store	549

Work Certified	1,950,000
Materials on Site 31/12/2000	4,500
Wages Accrued 31/12/2000	2,400
Direct Expenses Accrued 31/12/2000	240
Value of Plant 31/12/2000	11,000

The contract price has been agreed at N 2,500,000. Cash received from the contractee was N1,800,000.

(a). You are required to prepare the Contract Account, Contractee Account and the Profit and Loss Account **14 MARKS**

(b) Explain the following terms; Expected to Completion, Expected at Completion and Actual Cost **6 MARKS**

### QUESTION 3

XYZ limited manufactures and sells Zee drinks. The budgeted production direct prices per container are as follows;

- 100 litres of concentrated juice at N 2 per litres
- 200 litres of carbonated water at N 2.50 per litres
- 10 labour hours at N 9.00 per hour

The budgeted monthly production and sales is 500 containers and the selling price is N 1,000 per container. The actual activities are as follows;

Sales	506,500
Material Used;	
Concentrated Juice (51,600 litres)	102,500
Concentrated Water (101,500 litres)	258,800
Labour Cost (5000 hours)	45,750

Required;

- a) Compute the price and usage variance for each material
- b) Calculate the wage rate and efficiency variance
- c) Comment briefly on each variance computed

**20 MARKS**

### QUESTION 4

XYZ limited has a stock of 50 units at 140.00 each and another 30 units at 145.00 on 1<sup>st</sup> of the month. The table below represents the transactions that happen within the month

RECIEPT		ISSUED	
DATE	QUANTITY PURCHASED(units)	DATE	QUANTITY ISSUSED(units)
3 <sup>rd</sup>	200	5 <sup>th</sup>	110
8 <sup>th</sup>	400	10 <sup>th</sup>	320
15 <sup>th</sup>	400	20 <sup>th</sup>	240
30 <sup>th</sup>	300	25 <sup>th</sup>	330

The purchase price is 10% higher than the preceding purchase price

You are required to prepare the company stock valuation using FIFO and LIFO methods of valuation

**20 MARKS**

**BEST OF LUCK**