



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2024 1 EXAMINATION

Course Code: ACC 306.

Credit Unit: 3

Course Title: COST ACCOUNTING

Time Allowed: TWO AND HALF HOURS

Instructions:

- 1. Attempt Question 1 and any other three (3) Questions.**
 - 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
 - 3. Present all your points in a coherent and orderly manner.**
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1a. Classify the following costs as either direct costs or indirect costs. Provide a brief explanation for each classification.

a) Cost of raw materials used in production (b) Salary of a factory supervisor (c) Advertising expenses (d) Depreciation of office equipment (e) Direct labor costs **(15 marks)**

1b. Explain the concept of responsibility centres in the context of overhead control and discuss two types of responsibility centres and their significance in managing and controlling overhead costs. **(10 marks)**

2a. Discuss the key characteristics of variable and fixed costs and provide an example of how each type of cost behaves in response to changes in activity levels. **(10 marks)**

2b Distinguish between Cost Accounting and Financial Accounting **(5 marks)**

3a. Define standard costing and explain its purpose in cost management. Discuss two advantages of using standard costing in organizations. **(10 marks)**

3b. Differentiate between standard costs and actual costs. Provide examples of each and explain their significance in standard costing. **(5 marks)**

4a. Define piece-rate and discuss its impact on labor costs. Provide two advantages and two disadvantages of using piece-rate as a method of remuneration. **(7.5 marks)**

4b. Discuss the concept of performance-based pay and its impact on costs. Explain two advantages and two disadvantages of using performance-based pay as a method of remuneration.

(7.5 marks)