

Question 2

Soln

$$\text{Petrol } \left(\frac{50 \times 2 \times 2 \times 2 \times 8 \times 50}{20} \right)$$

~~A~~
490000

A

$$\text{Repairs } (120 \times 8)$$

960

$$\text{Depreciation on lorry } \left(\frac{20,000 - 2,000}{100,000} \times 1600 \right) 288$$

$$\text{Depreciation on tyres } \left(\frac{2000}{20,000} \times 1600 \right) 160$$

~~5408~~
5408

Running cost

$$\text{Drivers' wages } (200 \times 8)$$

1600

$$\text{Garage bill } (10 \times 5 \times 8)$$

400

$$\text{Insurance } \left(\frac{2000}{1000} \times 8 \right)$$

40

$$\text{V/L } \left(\frac{5200}{400} \times 8 \right)$$

104

$$\text{Other overhead cost } \left(\frac{2800}{400} \times 8 \right) 156$$

standing cost

2300

7708

$$\text{bi) Vehicle cost per mile} = \frac{7708}{1600} = 5 \text{ mile}$$

$$\text{(i) Total cost/mile} = \frac{7708}{1600} \times 12 = \frac{58 \text{ tonnes/km}}{2} = 26 \text{ tonnes/km}$$

$$\text{ci) Mileage basis} = 200 \times 10 \times 5 = 10,000 \text{ per mile}$$

$$\text{ii) Tonne/mile basis} = 200 \times 10 \times$$

Name: Quastcon 4

Name: Ajisola Precious Iyanuduwapo

Matric No: 18/sms02/006

Department: Accounting

Course code: ACC 204

Quastcon 1

Salamander Plc
Contract Account for the Period ended Feb 28, 2011

	₦	₦
Direct material	75,000	195,000
Direct expenses (55,000 - 1,450)	53,550	441,450
Plant charges (20% of 100,000)	20,000	
Wages paid (150,000 - 50,000)	100,000	
	<u>248,850</u>	
	25,000	
Cost in stock	<u>273,850</u>	
Cost of uncertified work	<u>362,600</u>	<u>636,450</u>
Cost of certified work b/d	441,450	362,600
Profit & loss a/c:		
Profit taken		78,850
Profit not taken		<u>441,450</u>
	<u>441,450</u>	

Computation of Profit taken:

$$\frac{2}{3} \times 78,850 \times \frac{362,600}{441,450} = 78,850$$

Name:- Ajisola Precious Iyanudunwafo

Matric No:- 18/sms02/006

Question 4

1a) Features of contract costing

- 1) **Materials**:- The bulk of the materials purchased and delivered direct to the contract site or obtained from the central stores through the requisition slips.
- 2) **Wages**:- The wages which cannot be charged directly to any contract are treated as indirect wages that require apportionment.
- 3) **Direct charges**:- Most of the costs which are normally treated as indirect can be identified with a particular contract and are charged to it as direct costs.
- 4) **Certificate of completion**:- The contracts do not pay the full value of the work certified as completed but retain a certain percent under the terms of agreement.

b) Terminologies of contract costing

- 1) **Across the board increases**:- A negotiated raise in which all members of a bargaining unit, regardless of classification, receive the same wage increase.
- 2) **Front loading**:- It occurs when the largest increases occur earlier in a contract cycle.
- 3) **Annualizing wage increases**:- Annualizing is a way of converting changes over different time periods into a standard yearly increase.
- 4) **Splits**:- Some wage increases may be spread over the contract year, or split.
- 5) **Simple hourly average**:- The simple hourly average is an average rate of pay and dividing that number by the total number of all of the employees.

Question 4

2) Objectives of service costing

- i) One of the objectives of service costing is to collect actual cost under different heads.
- ii) It is used for computing the related operating cost.
- iii) To fix up the rate to be charged for providing service per to customers.

3) Methods of cost estimation

- i) Account analysis :- This approach requires that an experienced employee or group of employees review the appropriate accounts and determine whether the costs in each account are fixed or variable.
- ii) High-low method :- This uses historical information from several reporting periods to estimate costs.
- iii) Scatter graph method :- This method considers all data points, not just the highest and lowest levels of activity.
- iv) Regression analysis :- This uses a series of mathematical equations to find the best possible fit of the line to the data points and thus tends to provide more accurate results.