

SCI052&1  
WASSCE 2021  
PRINCIPLES OF  
COST  
ACCOUNTING 2 & 1  
Essay and Objective  
3 hours

2&1

- ❖ PAST QUESTIONS
- ❖ QUIZZES
- ❖ REVISION NOTES
- ❖ SYLLABUS / CHIEF EXAMINERS' REPORT
- ❖ LESSON NOTES
- ❖ FREE COURSES
- ❖ CAREER / SCHOLARSHIP OPPORTUNITIES
- ❖ STUDENT NEWS

THE WEST AFRICAN EXAMINATIONS COUNCIL

West African Senior School Certificate Examination  
for School Candidates

SC 2021

PRINCIPLES OF COST ACCOUNTING 2 & 1

3 hours

*Do **not** open this booklet until you are told to do so. While you are waiting, read and observe the following instructions carefully.*

*Write your **name** and **index number** in **ink** in the spaces provided above.*

*This booklet consists of **two** papers. Answer Paper 2 which comes first, in your answer booklet and Paper 1 in your Objective Test answer sheet. Paper 2 will last **2** hours after*

*This paper consists of two sections, A and B. Answer two questions from Section A and three questions from Section B. You are reminded of the importance of clarity of expression and orderly presentation of relevant material. Calculators may be used but all workings must be shown.*

SECTION A

ESSAY

*Answer two questions only from this section.*

1. (a) What is *cost*? [3 marks]
- (b) Distinguish between the following costing terminologies:  
(i) controllable cost and uncontrollable cost;  
(ii) product cost and period cost;  
(iii) cost unit and unit cost. [12 marks]
2. (a) Explain the following methods of remuneration:  
(i) piece rate;  
(ii) time rate;  
(iii) premium bonus. [6 marks]
- (b) State **three** factors to consider before instituting an incentive scheme in a firm. [6 marks]
- (c) Mention **three** advantages of piece work method of labour remuneration. [3 marks]
3. (a) Mention **one** cost unit **each** of the following firms:  
(i) breweries;  
(ii) pharmaceuticals;  
(iii) soliciting firms. [3 marks]
- (b) Explain the following terms as used in process costing:  
(i) normal loss;  
(ii) waste;  
(iii) scrap;  
(iv) by-product;  
(v) abnormal loss;  
(vi) abnormal gain. [12 marks]
4. (a) What is a *budget*? [3 marks]
- (b) Outline **six** benefits of a budget to an organization. [12 marks]

PRACTICE

Answer **three** questions **only** from this section.

5. A Manufacturing firm uses interlocking system of accounts.  
The following are the transactions for the month of August 2020.

August 1:	Materials purchased into stores	D 420,000
4:	Materials issued to production	D 380,000
10:	Administration overheads incurred	D 10,000
12:	Production overheads incurred	D 50,000
24:	Wages paid:	
	Direct	D 340,000
	Indirect (production)	D 210,000
25:	Sales	D 860,000
27:	Materials returned from production to stores	D 16,000
31:	Cost of finished goods transferred	D 690,000

You are required to prepare a journal to record the above transactions for the month ending 31st August 2020.

[15 marks]

6. *Yosemite Tailors* sews dresses on job order basis. An order for 1,000 uniforms was received by the firm.

The following cost records relate to the job:

Purchase of cloth for sewing: 100 bales @ GH¢ 250 per bale.

Wages : 20 tailors at GH¢ 610 **each** per week.

2 cleaners at GH¢ 50 **each** per week.

1 supervisor at GH¢ 720 per month.

\* Hire of special sewing machine GH¢ 640.

\* Rent per month GH¢ 1,600.

\* Electricity per month GH¢ 240.

\* Variable overheads were absorbed on the basis of 50 % of direct wages.

\* The company makes a profit of 40 % on cost.

\* The job was completed in one week.

You are required to prepare a job cost sheet for *Yosemite Tailors*.

[15 marks]

**Turn over**

7. *Mama Betty* is contemplating on the most suitable overhead absorption rates to use for **each** of her three departments.

Information available on the company are as follows:

	<u>Departments</u>		
	<u>Manufacturing</u>	<u>Stores</u>	<u>Sales</u>
Budgeted Overheads	GH¢ 45,000	GH¢ 27,000	GH¢ 18,000
Machine hours	2,400	300	200
Direct wages	GH¢ 1,800	GH¢ 2,000	GH¢ 6,000
Labour hours	200	1,800	400

*Mama Betty* intends to adopt only **one** overhead absorption rate for **each** department based on the most dominant activity.

You are required to:

- state the **most** suitable basis for absorbing overheads for **each** department;
- compute the overhead absorption rate for **each** department using the basis stated in (a) above.

[15 marks]

8. *Conteh Limited* adopts the marginal costing approach in product costing to help in decision making.

Data for June and July 2019 is as follows:

	June	July
Material cost	Le 680,000	Le 700,000
Wages	Le 290,000	Le 300,000
Variable overheads	Le 160,000	Le 200,000
Fixed overheads	Le 240,000	Le 240,000
Selling price	Le 400	Le 410
Units of goods produced	4,000	4,000
Units of goods sold	3,500	4,500

You are required to prepare profit statements for *Conteh Limited* for June and July 2019 using marginal costing approach.

[15 marks]

9. *Abokye* is a sole trader who buys and sells Jeans. During the month of August, the following transactions relating to the business were presented:

- August 1: opening balance 100 jeans at GH¢ 60.00 each;
- 7: sold 80 jeans;
  - 9: bought 80 jeans at GH¢ 70.00 each;
  - 14: sold 40 jeans;
  - 16: bought 140 jeans at GH¢ 84.00 each;
  - 21: sold 160 jeans;
  - 23: bought 120 jeans at GH¢ 56.00 each;
  - 28: sold 140 jeans.

You are required to prepare the store ledger accounts using LIFO and Weighted Average Methods of pricing issues of materials.

[15 marks]

**END OF ESSAY TEST**

**DO NOT TURN OVER THIS PAGE  
UNTIL YOU ARE TOLD TO DO SO.**

**YOU WILL BE PENALIZED SEVERELY IF YOU  
ARE FOUND LOOKING AT THE NEXT PAGE  
BEFORE YOU ARE TOLD TO DO SO.**

**WHILE YOU ARE WAITING, READ THE  
FOLLOWING INSTRUCTIONS CAREFULLY.**

PAPER 1  
OBJECTIVE TEST


1 hour

1. Use **2B** pencil throughout.
2. On the pre-printed answer sheet, check that the following details are **correctly** printed:
  - (a) In the space marked *Name*, check your **surname** followed by your **other names**.
  - (b) In the spaces marked *Examination*, *Year*, *Subject* and *Paper*, check 'WASSCE', 'SC 2021', 'PRINCIPLES OF COST ACCOUNTING', and '1' in that order.
  - (c) In the box marked *Index Number*, your **index number** has been printed vertically in the spaces on the left-hand side, and each numbered space has been shaded in line with each digit. **Reshade** each of the shaded spaces.
  - (d) In the box marked *Subject Code*, the digits 105112 are printed vertically in the spaces on the left-hand side. **Reshade** the corresponding numbered spaces as you did for your index number.
3. An example is given below. This is for a male candidate whose *name* is Adams Smith ACKAH. His *index number* is 7102143958 and he is offering *Principles of Cost Accounting* 1.

**THE WEST AFRICAN EXAMINATIONS COUNCIL  
ANSWER SHEET**


PRINT IN BLOCK LETTERS		GHA	
Name:	ACKAH ADAMS SMITH	Year:	SC 2021
Examination:	WASSCE	Paper:	1
Subject:	PRINCIPLES OF COST ACCOUNTING		

**INSTRUCTIONS TO CANDIDATES**

1. Use grade 2B pencil throughout.
2. Answer each question by choosing one letter and shading it like this. 
3. Erase completely any answer you wish to change.
4. Leave extra spaces blank if the answer spaces provided are more than you need.
5. Do not make any markings across the heavy black marks at the right hand edge of your answer sheet.

INDEX NUMBER	
7	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
0	0 1 2 3 4 5 6 7 8 9
2	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
4	0 1 2 3 4 5 6 7 8 9
3	0 1 2 3 4 5 6 7 8 9
0	0 1 2 3 4 5 6 7 8 9
5	0 1 2 3 4 5 6 7 8 9
8	0 1 2 3 4 5 6 7 8 9

SUBJECT CODE	
1	0 1 2 3 4 5 6 7 8 9
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2	0 1 2 3 4 5 6 7 8 9

For Supervisors only  
If candidate is absent  
shade this space. 

Answer all the questions.

Each question is followed by four options lettered A to D. Find the **correct** option for each question and shade in **pencil** on your answer sheet, the answer space which bears the same letter as the option you have chosen. Give only **one** answer to **each** question. An example is given below.

Materials transferred from one department to another may be accompanied by a

- A. waybill or receipt.
- B. materials transfer note.
- C. materials requisition note.
- D. purchase order.

The correct answer is materials transfer note, which is lettered B, and therefore answer space B should be shaded.

☐ A ☒ B ☐ C ☐ D

Think carefully before you shade the answer spaces; erase completely any answers you wish to change.

Do all rough work on this question paper.

Now answer the following questions:

1. The management of cost to obtain maximum benefit is
  - A. cost ascertainment.
  - B. cost control.
  - C. cost estimation.
  - D. cost reduction.
2. Cost Accounting information is prepared according to
  - A. customer specification.
  - B. industry requirement.
  - C. management specification
  - D. statutory requirement.
3. Cost Accounting information which is **not** presented on time would lack
  - A. accuracy.
  - B. clarity.
  - C. simplicity.
  - D. usefulness.
4. A good cost accounting system should be
  - A. accurate.
  - B. computerized.
  - C. economical.
  - D. objective.

5. Costs that can be influenced by a separate member of an organization is
- A. controllable cost.
  - B. direct cost.
  - C. fixed cost.
  - D. variable cost.
6. The alternative forgone to achieve an objective is
- A. historical cost.
  - B. imputed cost.
  - C. opportunity cost.
  - D. sunk cost.
7. The cost of human effort used in production is
- A. factory overheads.
  - B. indirect labour.
  - C. labour cost.
  - D. manufacturing cost.
8. A predetermined cost of a unit of product is
- A. budgeted cost.
  - B. historical cost.
  - C. prime cost.
  - D. standard cost.
9. A request by the production department for materials would be sent to
- A. management.
  - B. purchases department.
  - C. stores department.
  - D. supplier.
10. The period it takes for ordered goods to be delivered is
- A. lead time.
  - B. maximum stock level.
  - C. minimum stock level.
  - D. re-order level.
11. The management of stocks to ensure adequate materials are available for production is
- A. stock taking.
  - B. stock control.
  - C. stock valuation.
  - D. overstocking.
12. The purpose of pricing materials is to
- A. cost issues to production.
  - B. increase the profit margin.
  - C. reduce cost of purchases.
  - D. reduce the cost of stock.

**Turn over**

Use the following information to answer questions 13 to 15.

Consumption per week	120 kg - 160 kg
Lead time	2 weeks - 6 weeks

13. Normal lead time is
  - A. 2 weeks.
  - B. 4 weeks.
  - C. 6 weeks.
  - D. 8 weeks.
14. Re-order level is
  - A. 320 kg.
  - B. 560 kg.
  - C. 720 kg.
  - D. 960 kg.
15. Minimum stock level is
  - A. 100 kg.
  - B. 400 kg.
  - C. 640 kg.
  - D. 720 kg.
16. The period that workers are unproductive due to machine break down is
  - A. idle time.
  - B. indirect wages.
  - C. overtime.
  - D. premium bonus.
17. Overtime premium is paid when the method of remuneration in use is
  - A. differential piece rate.
  - B. guaranteed day rate.
  - C. piece rate.
  - D. time rate.
18. A disadvantage of time rate method of labour remuneration is that
  - A. hard work is not adequately rewarded.
  - B. it increases labour cost.
  - C. quality goods are produced.
  - D. there is more absenteeism among workers.
19. Time spent by a worker on different jobs is recorded on:
  - A. attendance register.
  - B. bin card.
  - C. clock card.
  - D. cost sheet.



Use the following information to answer questions 20 and 21.

Number of workers on 1st January	70
Number of workers retired	45
Number of workers dismissed	35
Number of new workers recruited	40

20. Number of workers at the end of the year is
- 30.
  - 40.
  - 80.
  - 110.
21. The rate of labour turnover based on the number of workers replaced is
- 30 %.
  - 40 %.
  - 80 %.
  - 120 %.
22. Overheads that are incurred wholly for the benefit of a particular cost centre are
- absorbed.
  - allocated.
  - apportioned.
  - redistributed.
23. The process of sharing common overheads among cost centres is
- absorption.
  - accumulation.
  - allocation.
  - apportionment.
24. The direct distribution method is used to apportion service centre cost where the service centre
- provides services to each other.
  - provides services to only production centre.
  - costs are minor.
  - costs are large.
25. Over absorption of overheads occur when actual overheads are
- equal to absorbed overheads.
  - less than absorbed overheads.
  - more than absorbed overheads.
  - more than total overheads.

**Turn over**

Use the following information to answer questions 26 and 27.

Budgeted overheads	D 94,600
Budgeted labour hours	23,650
Actual labour hours	24,800
Actual overheads incurred	D 111,600

26. Predetermined overhead absorption rate is
- D 3.82 per hour.
  - D 4.00 per hour.
  - D 4.50 per hour.
  - D 4.72 per hour.
27. Actual overhead absorption rate is
- D 1.05 per hour.
  - D 3.81 per hour.
  - D 4.00 per hour.
  - D 4.50 per hour.
28. The cost of work certified is debited to
- cash book.
  - contract account.
  - contractee's account.
  - contract profit and loss account.
29. Job costing method is used when work is done according to
- contractor's plan.
  - customer's specification.
  - general standards.
  - market demand.

Use the following information to answer questions 30 to 32.

Total cost incurred in a restaurant per day	D 36,000
Number of plates of food served per day	2,000
Selling price per plate	D 24

30. Cost of plate of food is
- D 18.
  - D 20.
  - D 24.
  - D 36.
31. Profit per plate of food is
- D 2.
  - D 6.
  - D 18.
  - D 24.

32. Total revenue for the day is
- D 2,000.
  - D 12,000.
  - D 36,000.
  - D 48,000.
33. In absorption costing, the closing stock contains
- both product and period cost.
  - only period cost.
  - only product cost.
  - product cost less period cost.
34. Break-even analysis assumes that
- all goods produced are sold.
  - fixed cost is equal to unit contribution.
  - profit is maximised at the break-even point.
  - variable cost equals total revenue.

*Use the following information to answer questions 35 to 37.*

Unit produced	800
Unit sold	500
Production cost:	
variable	GH¢ 4,800
fixed	GH¢ 2,400
Selling price	GH¢ 10

35. Contribution per unit is
- GH¢ 4.
  - GH¢ 6.
  - GH¢ 8.
  - GH¢ 10.
36. Profit or Loss using marginal costing approach is
- loss of GH¢ 400.
  - loss of GH¢ 2,000.
  - profit of GH¢ 400.
  - profit of GH¢ 2,000.
37. Profit or Loss using absorption costing approach is
- loss of GH¢ 500.
  - loss of GH¢ 1,000.
  - profit of GH¢ 500.
  - profit of GH¢ 1,000.

**Turn over**

38. Budgetary control is important because it
- A. defines the responsibilities of managers.
  - B. is prepared by board of directors.
  - C. limits the scope of operation in the business.
  - D. provides excess cash to the business.
39. The process of comparing budget to actual result and taking corrective action is
- A. budgetary control.
  - B. functional budgeting.
  - C. standard costing.
  - D. variance analysis.
40. One factor to consider in the preparation of production budget is
- A. administration cost.
  - B. budget committee.
  - C. budget manual.
  - D. sales forecast.

*Use the following information to answer questions 41 and 42.*

Cash balance at beginning	Le 1,000
Receipts	Le 3,400
Payments	Le 1,200
Depreciation expense	Le 100

41. Net cash flow for the period is
- A. Le 2,100.
  - B. Le 2,200.
  - C. Le 3,100.
  - D. Le 3,200.
42. Cash balance at close is
- A. Le 2,100.
  - B. Le 2,200.
  - C. Le 3,100.
  - D. Le 3,200.
43. A cost variance is favourable where standard cost is
- A. less than actual cost.
  - B. more than actual cost.
  - C. equal to actual cost.
  - D. equal to budgeted cost.

44. Standard costing becomes ineffective when
- A. operating conditions change drastically.
  - B. poor materials are used.
  - C. it is expensive to operate.
  - D. the business is not large enough.
45. An adverse material usage variance may be caused by
- A. high cost of materials.
  - B. high quality materials.
  - C. use of unskilled labour.
  - D. use of skilled labour.
46. A standard that is set to operate under perfect conditions with no room for losses is
- A. a basic standard.
  - B. a current standard.
  - C. an attainable standard.
  - D. an ideal standard.
47. Adverse cost variance occurs when
- A. actual cost is more than standard cost.
  - B. actual cost is less than standard cost.
  - C. actual cost equals standard cost.
  - D. actual cost equals budgeted cost.
48. One item that reduces the costing profit as compared to financial accounting profit is
- A. bank charges.
  - B. discount allowed.
  - C. imputed rent payable.
  - D. loss on disposal of assets.
49. Indirect labour cost absorbed into production is debited to
- A. Cost Ledger Control Account.
  - B. Factory Overhead Control Account.
  - C. Wages Control Account.
  - D. Work-in-Progress Control Account.
50. The cost of goods sold is debited to cost of sales account and credited to
- A. Costing Profit and Loss Account.
  - B. Finished Goods Account.
  - C. General Ledger Control Account.
  - D. Work-in-Progress Control Account.

***END OF PAPER***