



**NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
JANUARY/FEBRUARY 2013 EXAMINATION**

Course Code: BHM780 **Credit**
Unit: 2

Course Title: Management Accounting

Time Allowed: 2 hours

Instructions: 1. Attempt question number one (1) and any other two (2).
marks each.
2. Question number 1 is compulsory and carries 30 while the other 2 questions carry 20 marks
3. Present all your points in coherent and orderly manner.

QUESTIONS

1. a. Distinguish between financial accounting and management accounting **(10 marks)**
b. Give five (5) reasons why cost of product arrived at in traditional accounting system is not so adequate. **(10 marks)**
c. Define and explain activity based costing **(10 marks)**
2. a. Explain what you understand by pricing decisions and list five factors to be considered in pricing decision **(10 marks)**
b. Write out five (5) factors that will determine pricing policy **(10 marks)**
3. a. State the meaning of capital budgeting decision and list five example of such decision **(10 marks)**
b. State five (5) basic assumption of capital rationing decisions **(10 marks)**
4. a. List five (5) features of marginal costing **(10 marks)**
b. State five Limitations of absorption costing **(10 marks)**

5. a. List four (4) advantages of accounting rate of return and five (6) disadvantages of accounting rate of return **(10 marks)**.
b. Mention four (4) advantages of the payback period and five (6) disadvantages of the payback period **(10 marks)**.