



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MAY/JUNE 2012 EXAMINATION

MBA 705/805: MANAGEMENT ACCOUNTING

INSTRUCTIONS: ANSWER THREE QUESTIONS ONLY
EACH QUESTION CARRIES 23.3 MARKS

1. a) Define Budgetary Control.
3.3 MARKS

b) Discuss the advantages and disadvantages derivable from Budgetary Control System in an organization.
20 MARKS

2. What do you understand by the concept Return on Capital Employed (ROCE)?
State the advantages and disadvantages of ROCE.

23.3 MARKS

3. a) The costs of operating a maintenance department of Ugo Ugo Manufacturing Company

Nigeria Ltd for the last four months have been given as follows:

<u>MONTH</u>	<u>TOTAL COST</u>	<u>PRODUCTION VOLUME</u>
	=N=	(STANDARD HOURS)
1.	111,000	7,000
2.	115,000	8,000
3.	113,000	7,700
4.	97,000	6,000

You are required to compute total cost for month five (5) when output is expected to be 7,500 standard hours.

15.3 MARKS

- b) Show by means of graphs, the following cost behaviour:
- Fixed cost
 - Step cost

- III. Variable cost
- IV. Total cost.

8 MARKS

4. a) Describe the systematic approach to Zero Based Budgeting (ZBB).

10 MARKS

b) List the advantages and disadvantages of ZBB...

13.3 MARKS

5. Salamotu Manufacturing Company Limited, makers of Edmark Batteries is making the following information available to you.

NAIRA

SELLING PRICE

1,000

VARIABLE COST PER UNIT

600

TOTAL FIXED COST

640,000

You are required to calculate:

- i. Contribution per unit
3 MARKS
- ii. Break-even point in units
3 MARKS
- iii. Break-even point in Naira Value
3 MARKS
- iv. C/S Ratio
3 MARKS
- v. The quantity of goods sold in order to make a profit of =N=160,000.
3 MARKS
- vi. The value of sales that will achieve a profit of =N=160,000
3 MARKS
- vii. Margin of Safety.
5.3 MARKS