



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

**Course Code:** BHM780  
**Credit Unit:** 2  
**Course Title:** Management Accounting  
**Time Allowed:** 2 hours  
**Instruction:**

**Attempt question one and any two questions of your choice.  
Question one carries 30 marks while the others carry 20  
marks each. Present your answer legibly and logically.**

**QUESTIONS**

1. a. Write out five (5) factors that will determine pricing policy **(10 marks)**  
b. State the meaning of capital budgeting decision and list five example of such decision. **(10 marks)**  
c. State five (5) basic assumption of capital rationing decisions **(10 marks)**
2. a. List five (5) features of marginal costing **(10 marks)**  
b. State five Limitations of absorption costing **(10 marks)**
3. 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).**
4. 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)**
5. a. Define and explain activity based costing **(10 marks)**  
b. Explain what you understand by pricing decisions and list five factors to be considered in pricing decision **(10 marks)**