



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

Course Code: MBA 805
Course Title: **Management Accounting**
Time Allowed: 2 Hours.

Credit Unit: 2.

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

1. a. What are the qualities that a good management accounting *report* must possess?

10 marks

- b. Discuss the differences between management accounting and financial accounting.

20 marks

2. a. Discuss in detail the major objectives of budgetary control.

15 marks

- b. List the characteristics of a budgetary control system.

5 marks

3. a. What is marginal costing?

3 marks

- b. What are the areas of application of marginal costing techniques?

5 marks

- c. Given the following data relating to one year activities of Joy Limited:

Calculate the **net profit**.

Sales	2,000 units @ N100
Production	3,000 units
Fixed factory overheads	N15, 000.00
Direct materials per unit	N15

Direct labour per unit	N30
Variable factory overheads per unit	N20
Fixed selling expenses	N20, 000.00
Fixed administration overheads	N15, 000.00

12 marks

4. a. State the product profitability Decision Rule.

3 marks

- b. A company produces three products which the following statement has been produced:

	<u>X</u>	<u>Y</u>	<u>Z</u>	<u>TOTAL</u>
	<u>N</u>	<u>N</u>	<u>N</u>	<u>N</u>
SALES	32,000	50,000	45,000	127,000
Less Total Cost	<u>36,000</u>	<u>38,000</u>	<u>34,000</u>	<u>108,000</u>
	(4,000)	12,000	11,000	19,000

The total costs comprise (2/3) variable cost elements and (1/3) fixed cost elements. The directors considered that as product X is showing a loss in its operating result, it should be discontinued.

Required:

- i) Based on the above data, should product 'X' be dropped?

13 marks

- ii) What are the other factors that should be considered?

4

5. a. Explain the use of High-Low method in the measurement of Cost Behavior.

5 marks

- b. The costs of operating the maintenance department of a computer manufacturer, for the last five months have been as follows:

Month	Amount (N)	Production Volume (Standard hr)
January	120,000.00	6,000
February	125,000.00	7,000
March	104,000.00	5,000

April	121,000.00	8,000
May	125,000.00	8,500

What cost should be expected in month 6 (June) when output is expected to be 10, 000 standard hours?

15 marks

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