



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16, AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MARCH, 2014 EXAMINATIONS

Course Code: MBA 805

Credit

Unit: 2

Course Title: Management Accounting

Time Allowed: 2 Hours.

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.** You are required to list and explain the qualities that a good management accounting report must possess. **10**

MARKS

- b.** Itemise the points of distinctions between management accounting and financial accounting. Discuss any FIVE of them in detail. **20**

MARKS

- 2. a)** Define Budgetary Control. **6**

MARKS

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

14 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 follow:

| <u>MONTH</u> <u>VOLUME</u> | <u>TOTAL COST</u> | <u>PRODUCTION</u> (STANDARD HOURS) |
|-------------------------------|-------------------|---|
| | =N= | |
| 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.

10 MARKS

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

- I. Fixed cost
- II. Step cost
- III. Variable cost
- IV. Total cost.

10 MARKS

4. 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

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

2

MARKS

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