



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

BHM 680/780 Management Accounting
Time Allowed: 2 hours

Instruction: Attempt any three questions of your choice. Each question carries equal marks. Present your answer legibly and logically.

- 1 a. Give five (5) reasons why cost of product arrived at in traditional accounting system is not so adequate. (10 marks)
b. State three (3) characteristics of ABC (6 marks)
c. Define and explain activity based costing (7.3 marks)
2. a. List four advantages of absorption costing (4 marks)
b. State four Limitations of absorption costing (8 marks)
c. What do you understand by marginal costing? (3.3 marks)
d. Mention four advantages of marginal costing (4 marks)
e. Mention four criticisms against marginal costing (4 marks)
3. a. Explain what you understand by pricing decisions and list five factors to be considered in pricing decision (10 marks)
b. Write out eight (8) factors that will determine pricing policy (8 marks)
c. State five (5) basic assumption of capital (5.3 marks)
4. a. State the meaning of capital budgeting decision and list five example of such decision (7 marks)
b. List four (4) characteristics of capital investment (4 marks)
c. Explain accounting rate of return stating the decision rule (3.3 marks)
d. Mention four (4) advantages of the payback period and five (5) disadvantages of the payback period (9 marks)
5. a. List four (4) advantages of accounting rate of return and five (5) disadvantages of accounting rate of return (9 marks)

b. Distinguish between financial accounting and management accounting (8.3 marks)

c. List six (6) features of marginal costing (6 marks)