



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2020_1 EXAMINATIONS

COURSE CODE: ACC313

CREDIT UNIT: 3

COURSE TITLE: MANAGEMENT ACCOUNTING

TIME ALLOWED: 2^{1/2}HOURS

Instructions:

- 1. Attempt question number one (1) and any other three (3).**
 - 2. Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each. Present all your points in coherent and orderly manner.**
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Q1.

a) The figures below show the levels of output and overhead costs of production department of Okakwu Company Nigeria Limited for two periods:

	2018	2019
Labour hours	28,000	36,000
Overhead costs	555,000	643,760

If there was 5% inflation in costs between 2018 and 2019, what was the fixed cost and variable overhead cost per labour hour in 2018?

b) Explain what you understand by Budget Padding. What is Management Accountant's view of budget padding? **25marks**

Q2.

OJOMA Company Limited produces a single product with a total capacity of 10,000 units per annum. Costs and Sales data are as follows:

Selling price N3 per unit.

Variable cost (Marginal cost) N2 per unit

Fixed costs N7,000.

Requirements:

Calculate without graph the breakeven point showing the output, fixed cost, variable cost, total cost, sales in naira, and likely profit at the expected production level of 5,000 units. **15 marks**

Q3. The management of OJODOMO Company Limited is considering the possibility of selecting one of the following mutually exclusive projects, which have the following cash flow characteristics:

Year	A	B
0	(200,000)	(240,000)
1	80,000	100,000
2	60,000	76,000
3	80,000	96,000
4	80,000	100,000
5	40,000	60,000

From the view point of the provider of capital, the expected rate of return is 16%.

Requirements:

What is the optimal course of action to take? **15 marks**

Q4.

Describe the distinction between Cost Accounting and Management Accounting. **15 marks**

Q5.

Elucidate the objectives of budgetary control. **15 marks**

Q6.

Explain the differences between Marginal Costing and Absorption costing. **15 marks**