



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_2 EXAMINATION

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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QUESTION 1

Gabriel Johnson Nigeria limited uses a standard cost system. Standard costs for product Y are as follows:

Material	4kg @ N6 per kg
Labour	2hour @N10 per hour
Variable overhead	2hour @ N6 per hour

In March 2020, 50,000kg of materials were purchased for N149,500 and 41,500kg of materials were used to produce 20,000 units of product Y.

Direct Labour costs incurred were N99,792 (20,160 hours) and variable overhead costs incurred were N69,552.

Required: Calculate

- i. Material Price Variance (MPV)
- ii. Material Quantity (Usage) Variance (MQV)
- iii. Labour Rate Variance (MRV)
- iv. Labour Efficiency Variance (MEV)
- v. Variable Overhead Spending (Volume) Variance (VOSV)
- vi. Variable Overhead Efficiency Variance (VOEV)

(Hint: Compute Material Price Variance (MPV) at the point of purchase).

(25 Marks)

QUESTION 2

Write short note on the following:

- i. Administrative Costs
- ii. Production Costs
- iii. Differential Costs
- iv. Urgent Costs
- v. Shutdown Costs

3marks x 5points = 15 marks

QUESTION 3

Define and discuss Lease Financing and its types. **15 marks**

QUESTION 4

What do you understand by Net Present Value (NPV)? Why is it preferred above other discount factors and why is it not preferred above other discount factors? **15 marks**

QUESTION 5

What are the characteristics of a good performance measure? Give reasons for overhead differences. **15 marks**