**NATIONAL OPEN UNIVERSITY OF NIGERIA**

 **Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF FINANCIAL STUDIES**

**NOVEMBER 2018 EXAMINATION**

**COURSE CODE: ACC313 CREDIT UNIT: 3**

**COURSE TITLE: MANAGEMENT ACCOUNTING**

**TIME ALLOWED: 21/2HOURS**

**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.**

**QUE.1(i)**

Ojoma Company Limited has the following monthly forecast for six months (January, February, March, April, May, and June) in 2017.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | Jan. | Feb. | March | April | May | June |
|  | N | N | N | N | N | N |
| Purchases of Material | 240 | 280 | 320 | 360 | 400 | 220 |
| Direct Labour | 60 | 80 | 100 | 120 | 140 | 160 |
| Prime Cost | 300 | 360 | 420 | 480 | 540 | 600 |
| Depreciation | 60 | 60 | 60 | 60 | 60 | 60 |
| Factory expenses | 140 | 160 | 180 | 200 | 220 | 240 |
| Rent paid  | 200 | 200 | 200 | 200 | 200 | 200 |
| Salaries  | 600 | 600 | 600 | 600 | 640 | 680 |
| Advertisement | 680 | 700 | 720 | 740 | 760 | 780 |
| Commission on sales | 40 | 100 | 60 | 70 | 80 | 80 |
| Total cost | 2,020 | 2,180 | 2,240 | 2,350 | 2,500 | 2,640 |
| Sales on credit | 1,600 | 1,800 | 2,000 | 4,000 | 5,000 | 6,000 |
| Profit/Loss | (420) | (380) | (240) | 1,650 | 2,500 | 3,360 |

The following information are also relevant:

1. Rent is paid in cash
2. Salaries are paid in the current month
3. Factory expenses are paid after two months
4. Purchases are paid for a month after.
5. There is one month lag in the payment of direct labour
6. N500 and N900 will be paid for a set of computers for the months of February and March 2017 respectively.
7. Closing cash balance at the end of March 2017 is N4000.
8. Sales commission is paid for in the current month.
9. Debtors will pay their debts after two months.
10. Tax payment of N300 will be made in March and June 2017
11. Advertisement is paid in the current month

**Requirements:**

Prepare monthly Cash Budget for the months of April, May, and June 2017. Advise Ojoma Company Limited whether to invest or borrow fund. (**25 Marks).**

**QUE. 2**

The costs of maintaining accounts department of Okakwu Company Limited for the past six months are as follows:

|  |  |  |
| --- | --- | --- |
| **Month** | **Labour Hours** | **Cost Incurred (N)** |
| January, 2018 | 400 | 1520 |
| February, 2018 | 460 | 1600 |
| March, 2018 | 420 | 1560 |
| April, 2018 | 440 | 1580 |
| May, 2018 | 500 | 1640 |
| June, 2018 | 480 | 1620 |

**Requirements:**

Calculate the cost for the month of July 2018 if the expected output is 540 labour hours **(15 Marks).**

**QUE.3**Define the following: **(15 Marks)**

1. Cost
2. Total Cost
3. Fixed Cost
4. Semi-variable Cost
5. Variable Cost
6. Cash Budget
7. Flexible budget

**QUE. 4**

1. What is the difference between a budget and budgetary control? (**5marks)**
2. State the objectives of budgetary control.**(10 Marks)**

**QUE. 5**

Differentiate between marginal and absorption costing.**(15 Marks)**

**QUE. 6**

Define Benchmarking and explain six types of Benchmarking.**(15 Marks).**