



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**2023\_1 POP EXAMINATION**

**COURSE CODE:** ACC313 **CREDIT UNIT:** 3  
**COURSE TITLE:** MANAGEMENT ACCOUNTING  
**TIME ALLOWED:** 2 <sup>1</sup>/<sub>2</sub> 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.

**QUESTION 1(a)**

Ukwukpojon Company Limited has the following monthly forecast for six months (July, August, September, October, November, and December) in 2020.

Particulars	July 2020	Aug. 2020	Sept. 2020	October 2020	Nov. 2020	Dec. 2020
	N	N	N	N	N	N
Purchases of Material	2,400	2,800	3,200	3,600	4,000	2,200
Direct Labour	600	800	1,000	1,200	1,400	1,600
Prime Cost	3,000	3,600	4,200	4,800	5,400	3,800
Depreciation	600	600	600	600	600	600
Factory expenses	1,400	1,600	1,800	2,000	2,200	2,400
Rent paid	2,000	2,000	2,000	2,000	2,000	2,000
Salaries	6,000	6,000	6,000	6,000	6,400	6,800
Advertisement	6,800	7,000	7,200	7,400	7,600	7,800
Commission on sales	400	1,000	600	700	800	800
Total cost	20,200	21,800	22,400	23,500	25,000	24,200
Sales on credit	16,000	18,000	20,000	40,000	50,000	60,000
Profit/Loss	(4,200)	(3,800)	(2,400)	16,500	25,000	35,800

The following information are also relevant:

- i) Rent is paid in cash
- ii) Salaries are paid in the current month
- iii) Factory expenses are paid after two months
- iv) Purchases are paid for a month after.
- v) There is one month lag in the payment of direct labour

- vi) N5,000 and N9,000 will be paid for a set of computers for the months of August and September 2020 respectively.
- vii) Closing cash balance at the end of Sept. 2020 is N40,000.
- viii) Sales commission is paid for in the current month.
- ix) Debtors will pay their debts after two months.
- x) Tax payment of N3,000 will be made in Sept. and Dec. 2020
- xi) Advertisement is paid in the current month

**Requirements:**

Prepare monthly Cash Budget for the months of October, November, and December 2020. Advise Ukwukpojon Company Limited whether to invest or borrow fund. **(15 Marks).**

**QUESTION 1(b)**

Explain the various objectives of budgetary control? **(10Marks)**

**QUESTION 2**

**PraiseGod Company Limited** produces and sells a single product. The product sells at N30 per unit. The profit and loss statement for 31<sup>st</sup> March, 2021 is as follows:

	N	N
Sales		1,600,000
Direct material	200,000	
Direct wages	220,000	
Variable Production overhead	140,000	
Fixed production overhead	160,000	
Selling and distribution expenses (FC)	120,000	
Administrative expenses (FC)	<u>100,000</u>	<u>940,000</u>
Net profit before tax		660,000
Less tax @ 15%		<u>99,000</u>
Profit after tax		<u>561,000</u>

**Required:**

Calculate the breakeven point in both units and sales.

**(15 marks)**

**QUESTION 3**

Costing methods are those methods which help a firm to compute the cost of production or services offered by it. From the above, describe the costing methods known to you. **(15 marks)**

#### QUESTION 4

Describe the capacity levels known to you and explain the need for revising standards.  
(15 marks)

#### QUESTION 5

- a) Explain with examples the following concepts:
- Variance analysis (2 marks)
  - Sales Margin Variance (3 marks)
  - Material usage variance (3 marks)
- b) Mention the various causes of material price variance (7 marks)

(Total = 15 Marks)