



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESS WAY, JABI – ABUJA  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**2024 1 EXAMINATION**

**COURSE CODE: ACC313**

**CREDIT UNIT: 3**

**COURSE TITLE: MANAGEMENT ACCOUNTING**

**TIME ALLOWED: 2<sup>1/2</sup> HRS**

**INSTRUCTIONS:**

- 1. Attempt Question One (1) and any other three (3) questions**
  - 2. Question 1 carries 25 marks, while the other questions carry 15 marks each.**
  - 3. Present all points in coherent and orderly manner**
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1(a) One of the departments of XYZ Company Limited produces two products "Gas oil" and "kerosene". The standard times for the production of the products are 30 minutes for Gas oil and 24 minutes for kerosene. The budget for July is 24,000 units of Gas oil and 10,000 units of kerosene. During the month, 12,000 labour hours were worked and 20,000 units of Gas oil and 8,000 units of kerosene were produced. You are required to compute:

1. The activity ratio;
2. The efficiency ratio;
3. The capacity ratio and interpret your results (15Marks)

(b). MARIO limited budgeted to sell 10,000 units of a new product during 2005. The budget sales price was ₦20 per unit, and the variable cost ₦6 per unit. Although actual sales in 2005 were 10,000 units and variable costs of sales were ₦60,000. Sales revenue was only ₦10 per unit.

With the benefit of hindsight, it is realized that the budgeted sales price of ₦20 was hopelessly optimistic, and a price of ₦9 per unit would have been much more realistic.

**Required:** Analyse the variances into operating and planning variances. (10Marks)  
(Total= 25 marks)

2 (a) Highlight the differences between cost accounting and financial accounting (8 Marks).

(b) List 3 Basic Principles of Cost Behaviour (7 Marks)

(Total= 15 marks)

3a. List 6 necessity for cost accounting system. (5 Marks)

(b) List 5 types of budget and write short note on them. (10 Marks)

(Total= 15 marks)