

**LAGOS CITY POLYTECHNIC, IKEJA**  
**SCHOOL OF MANAGEMENT AND BUSINESS STUDIES**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**2016/2017 SEMESTER EXAMINATION**

|  |                                  |
|--|----------------------------------|
| <b>COURSE TITLE:</b> MANAGEMENT ACCOUNTING I | <b>NO OF QUESTIONS :</b> 6       |
| <b>COURSE CODE:</b> ACC 415                  | <b>TIME ALLOWED:</b> 2½HRS       |
| <b>FOR WHOM:</b> HND YR II BAM PT            | <b>INSTRUCTIONS:</b> ATTEMPT ANY |

**FOUR QUESTIONS.**

1. The Management Accountant must inform management and supervisors about vital facts known to him which affect the running of a business using suitably drafted reports and statements which are sometimes supported by charts, Diagrams and statistical aids.

- (a) (i) Explain briefly the following basic forms of reports:
  - (i) Routine Report
  - (ii) Special Report
- (b) State briefly at least four fundamental principles of report preparation and presentation
- (c) Distinguish between controllable costs and uncontrollable costs.
- (d) Distinguish between Direct costs and Indirect Costs.

2. The standard cost per gallon of G, the only product manufactured by C Limited is shown below:

|                              |    |
|------------------------------|----|
|                              | N  |
| Direct material (4 kilos@N3) | 12 |
| Direct labour (5 hours@N4)   | 20 |
| Variable overhead            | 5  |
| Fixed overhead               | 15 |
|                              | 52 |

The standard selling price of product G is N60 per gallon and the budgeted quantity is 10,000

gallons. The actual results achieved during the period were:

|                               |         |
|-------------------------------|---------|
|                               | N       |
| Sales (9500 Gallons)          | 588,500 |
| Cost of sales:                |         |
| Direct material (37000 kilos) | 120,000 |
| Direct Labour (49000 hrs)     | 200,000 |
| Variable overhead             | 47,000  |
| Fixed overhead                | 145,000 |
|                               | 512,000 |
| Profit                        | 76,500  |

Required: Calculate all the relevant variances.

3. (a) ABC Limited wishes to arrange overdraft facilities with its bankers during the period of April to June of a particular year. Prepare a cash budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month:

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|           | Month    | Sales   | Purchases | Wages  |
|-----------|----------|---------|-----------|--------|
| Overheads |          |         |           |        |
|           |          | N       | N         | N      |
| N         | February | 180,000 | 124,000   | 12,000 |
| 3,000     | March    | 192,000 | 144,000   | 14,000 |
|           | April    | 108,000 | 243,000   | 11,000 |
| 5,000     | May      | 174,000 | 246,000   | 10,000 |
| 4,000     | June     | 126,000 | 268,000   | 15,000 |

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