

UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Honours in Accounting (Semester VII) Examination –
July, 2022

ACT 4219 – Strategic Management Accounting

Two (02) Hours

Answer any Four (04) Questions

This Paper Consists of Five (05) Questions Printed in Four (04) Pages

1. i. Given below are four (04) statements about strategic management accounting (SMA).
- a. SMA has merits of being external orientated, forward looking and a wide focus.
 - b. SMA is an interdisciplinary development which forms an interface with marketing management and operations management.
 - c. Successful implementation of SMA techniques requires addressing barriers to transferability and localising the techniques as suited the particular organisational context.
 - d. Due to their interconnectedness, various SMA tools can be used as a ‘package’ ensuring that individual SMA tools fulfil their functionality, while being part of an integrated package as appropriate for a particular organisational setting.

Explain these four (04) statements, drawing examples from suitable SMA techniques.

(04 Marks X 04 = 16 Marks)

- ii. Assume that you have been recently recruited to the newly formed strategic planning division of Patterns & Shades, a leading apparel firm in Sri Lanka. Until now the firm has focused on the traditional (technical) role of accounting. Its management team therefore does not have a clear understanding on how a strategic planning division could play a facilitative role in the current rapidly changing dynamic business environment.

The Managing Director of Patterns & Shades has requested you to make an awareness presentation for the managers of the firm on *“The changing phase of the accounting and finance function and its facilitative role by moving beyond numbers and by engaging in a business partnering role”*. Outline the main points that you intend to cover in your presentation.

(09 Marks)

(Total 25 marks)

2. “Heal & Health” is a leading private sector hospital operating in the highly competitive healthcare industry in Sri Lanka. During a recent management committee meeting, a discussion took place as to whether the hospital should adopt benchmarking and implement the balanced scorecard (BSC).

i. In your opinion, how the different types of benchmarking could be adopted by the hospital. Give suitable examples.

(12 Marks)

ii. What are the merits and the practical challenges of implementing the BSC in “Heal & Health”?

(13 Marks)

(Total 25 marks)

3. “Toys & More” is a manufacture of a range of toys which are in different sizes, shapes, colours and features. The firm is popularly known for the variety that it offers to the market.

i. In your view, would the implementation of Activity-based costing (ABC) be useful for “Toys & More”, and what practical implementation issues could it encounter.

(12 Marks)

ii. With the complexities of business operations and increasing competition, the senior management team has realised the need for better information for decision making. The firm is therefore considering the implementation of an Enterprise Resource Planning (ERP) system as well as making use of big data and data analytics. Comment on whether ERP and big data will be useful for “Toys & More” and explain their implications on the work of a Management Accountant.

(13 Marks)

(Total 25 marks)

4. i. “Limitations of traditional budgeting create evolutionary changes towards better budgeting, rather than making revolutionary changes towards beyond budgeting.” Describe this statement referring to problems of traditional budgeting, benefits of better budgeting, and challenges to implementing beyond budgeting.

(13 Marks)

ii. Changes in the environment cause changes in organisations, which in turn cause changes in management accounting practices.

a. Describe the strategic changes in management accounting that emerge as a result of the changes in manufacturing technologies.

(07 Marks)

b. Using an example, explain how the above could be practiced in a local or global manufacturing firm.

(05 Marks)

(Total 25 marks)

5. i. Customer profitability analysis is an important management accounting tool as each rupee of revenue or each rupee of cost generated by the customer does not contribute equally to a company's profitability. Comment on this statement, describing the importance and the implementation process of customer profitability analysis.

(12 Marks)

ii. "Competitor focused accounting information determines an organisation's competitive position and predicts the future strategic behaviour of competitors".

a. Explain possible sources of information that can be utilised by banking firms in practicing competitor performance monitoring.

(06 Marks)

b. Describe the challenges that a firm would experience in performing competitor focus accounting.

(07 Marks)

(Total 25 marks)
