



UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration (Level II - Semester VII) Examination - 2016

ACT 2200 - Strategic Management Accounting

Two (02) Hours

Answer any Four (04) questions

1. i. Strategic management accounting goes beyond conventional management accounting with its longer term perspective, wider focus and external orientation. Elaborate on this statement using suitable strategic management accounting tools as examples.

(10 Marks)

ii. Diagnostic as well as interactive controls are important elements of the levers of control framework of Simons (1995). Briefly explain the

(a) main elements of levers of control framework

(b) advantages and disadvantages of diagnostic controls, in comparison to interactive controls.

(15 Marks)

(Total 25 marks)

2. i. Given the limitations of traditional budgetary control systems, organizations are increasingly drawing attention on “better budgeting” as well as “beyond budgeting” practices. Describe this statement.

(15 Marks)

ii. Despite the theoretical merits of the balanced scorecard (BSC), all BSC implementations do not succeed in organizations. Critically comment on this statement highlighting the strengths of the BSC, and practical problems in implementing and operating it in business organizations.

(10 Marks)

(Total 25 marks)

3. i. Although prices set through target costing would become more acceptable to customers, there are barriers to practicing target costing in organizations. Do you agree? Provide reasons for your answer.

(10 Marks)

ii. Activity based costing (ABC) is claimed to provide more accurate product cost information for managerial decision making compared to traditional costing systems. However, practically, ABC implementation projects encounter various difficulties. Explain this statement, with special emphasis on the underlined phrases.

(15 Marks)

(Total 25 marks)

4. i. Total Quality Management (TQM) is a popular managerial approach for organizations to obtain quality and efficiency improvements. In addition, organizations may be encouraged towards adopting TQM due to various institutional reasons. Comment on the above statements, focusing on the underlined phrases.

(10 Marks)

ii. Assume that you have been recently recruited to the strategic planning division of Orient Bank, a leading commercial bank in Sri Lanka. The bank currently does not practice competitor-focused accounting; which, in your view, would be beneficial to the bank.

Prepare a report to the senior management explaining the importance of competitor-focused accounting to Orient Bank, and possible difficulties that can be encountered in practicing it.

(15 Marks)

(Total 25 marks)

5. Distinguish between the following.

- a) Influencing role versus informing role of accounting
- b) Customer profitability analysis versus product profitability analysis
- c) Prevention costs versus failure costs
- d) External benchmarking versus internal benchmarking
- e) Role of a cost accountant versus role of a strategic management accountant

(5 x 5 = Total 25 marks)