

FINAL EXAMINATION

December 2013

F-P15(EPM)
Syllabus 2008

Management Accounting—Performance Management

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Attempt Question No. 1 (carrying 25 marks), which is compulsory and **any five more questions** (each carrying 15 marks) from the rest.

Please (i) Answer all part of a question at one place only.
(ii) Open a new page for answer to a new question.

1. (a) State whether the following statements given below are 'True' or 'False'. If True, simply rewrite the given statement (= 1 mark). If False, state it as False (= ½ marks) and rewrite the correct statement (= ½ mark):
- (i) Shared belief does not ensure greater commitment of the employee to the organization.
 - (ii) Break Even Chart is dynamic.
 - (iii) Quality Circle is a group of employees who formally meet together.
 - (iv) Variable Cost is also known as Indirect Cost.
 - (v) Balanced Score card is a new approach to Strategic Management and was developed by Joseph Maciariello and Calvin Kirby. 1×5=5
- (b) Match Column I with Column II:
- | <i>Column I</i> | <i>Column II</i> | |
|-------------------------------|--|--------|
| (i) A Chase Strategy | A. is price led | |
| (ii) Value Analysis | B. most significant development in Business Management | |
| (iii) Life Cycle Costing | C. Critical part in HR Plg. process | |
| (iv) Supply Chain's emergence | D. Process of analyzing empirical data | |
| (v) Decision Tree | E. Vogel's Approximation Method | |
| (vi) Succession Planning | F. Technique of last resort | |
| (vii) Transportation Model | G. implies matching demand and capacity period by period | |
| (viii) Target Costing | H. Rolling-Back Technique | |
| (ix) Simulation Model | I. assists mgmt. in decision-making | |
| (x) Data Mining | J. Cost Reduction | ½×10=5 |
- (c) Define the following terms in one/two sentences:
- (i) Cybernetics
 - (ii) Seiso
 - (iii) Sensitivity Analysis
 - (iv) Six Sigma
 - (v) Generic Benchmarking 1×5=5
- (d) Expand the following abbreviations:
- (i) CPOF
 - (ii) EMS
 - (iii) CER
 - (iv) FMECA
 - (v) FAST 1×5=5

Please Turn Over

(e) Fill in the blanks with the most appropriate words out of the options indicated in the bracket against each statement:

- (i) Management Control System (MCS) is a set of _____ (inter/intra) related communication.
- (ii) The idea behind Lean/JIT is a concept called _____ (idle/ideal) production.
- (iii) The Master Production Schedule is divided into units of time called _____ (Drums/Buckets).
- (iv) A Customer FAST diagram is usually applied to _____ (average/total) product.
- (v) Business Process Perspective refers to _____ (internal/external) business processes. 1×5=5

2. (a) Kolkata City Corporation has decided to carry out road repairs on main four entries of the city. The Government has agreed to make a special grant of Rs. 53 Lakhs towards the cost with a condition that the repairs must be done at the lowest cost and quickest time. If conditions so warrant, Supplementary grant will also be considered favourably. The Corporation has floated tenders and 5 Contractors have sent in their bids. In order to expedite work, one road will be awarded to only one contractor.

Contractors/Road	R ₁	R ₂	R ₃	R ₄
C ₁	9	14	19	15
C ₂	7	17	20	19
C ₃	9	18	21	18
C ₄	10	12	18	19
C ₅	10	15	21	16

As a Cost Accountant, You have to:

- (i) Find out the best way of assigning of repair work to the contractors with the costs.
 - (ii) If it is necessary to seek supplementary grants, then what should be the amount sought?
 - (iii) Which of the five Contractors will be unsuccessful in his bid? 3+2+2=7
- (b) A manufacturer of fountain pens selling in the market at Rs. 100 per dozen makes an average net profit of 20% on sales by producing 50,000 dozen per annum against a capacity of 75,000 dozens.

His Cost Sheet for the year was as under:

	Cost per dozen (Rs.)
Direct Materials	36
Direct Wages	30
Works overheads (50% of this is variable)	10
Sales overhead (25% of this is variable)	4

During next year, he anticipates his fixed costs to increase by 6%, Cost of Direct Materials by 5% and labour (with whom an agreement had been concluded) by 10%. Market enquiries revealed that the selling price of the product and quantity will remain unchanged during the next year.

An enquiry has been received for the supply of 10,000 dozens to a customer. What could be the lowest quotation, if the business wants to make a minimum profit of Rs. 8 lakhs during the next year? Give detailed workings. 8

3. (a) What do you mean by 'Simulation'? 3

(b) Patients arriving at a village dispensary are treated by a doctor on a first-come-first-served basis. The inter-arrival time of the patients is known to be uniformly distributed between 0 and 80 minutes, while their service time is known to be uniformly distributed between 15 and 40 minutes.

It is desired to simulate the system and determine the average time a patient has to be in the queue for getting service and the proportion of time the doctor would be idle.

