

FINAL EXAMINATION

June 2013

**F-P15(EPM)
Syllabus 2008**

Management Accounting-Enterprise Performance Management

Time Allowed: 3 Hours

Full Marks: 100

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

Answer Question No. 1 (carrying 25 marks), which is compulsory and any five more 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 ($\frac{1}{2}$ mark) and rewrite the correct statement ($\frac{1}{2}$ mark) : 1×5
- (i) Value Chain Concept and Value Added Concepts are fundamentally same.
 - (ii) Value Analysis Process is a less important tool than Function Analysis System Technique.
 - (iii) Effector is another name for Management Information System.
 - (iv) JIT manufacturing based on 'Push Through Philosophy', helps to provide the right parts at the right time and in right quantity.
 - (v) A company's approach to make or buy decision depends on whether the company is operating at or below normal volumes.
- (b) In each of the cases given below, only one is the most appropriate option. Indicate the correct answer (=1 mark) and show your workings/reasons briefly in support of your answer (=1 mark) : 2×5
- (i) ASHLEEN Ltd., developing a new product, makes a model for testing and goes for regular production. From past experience of similar models, it is known that a 90% learning curve applies. If the time taken to make the model is 300 hours, what will be the total time taken to produce 3rd to 4th unit of the product?
 - A. 540 hours
 - B. 486 hours
 - C. 432 hours
 - D. None of the above.
 - (ii) A company has a capacity to make 4,00,000 units of a product. It has noted from market conditions that at a price of Rs.50 per unit, it can sell 1,00,000 units but the demand would double for each Rs.5 fall in the selling price. A minimum margin of 25% is required. The target cost for the company should be :
 - A. Rs.50
 - B. Rs.40
 - C. Rs.30
 - D. Rs.20
 - (iii) ABC Ltd., has current PBIT of Rs.19.20 Lakhs on total assets of Rs.96 Lakhs. The company proposes to increase assets by Rs. 24 Lakhs, which is estimated to increase operating profit before depreciation by Rs.8.40 Lakhs-a net increase in Depreciation by Rs.4.80 Lakhs. This will result in ROI.
 - A. To decrease by 1%
 - B. To increase by 1%
 - C. To remain same
 - D. None of the above.

Please Turn Over

- (iv) Division A of a company manufactures a single product and the following data are provided:

Sales = 25,000 units Fixed Cost = Rs.4,00,000
Depreciation = Rs.2,00,000 Residual Income = Rs.30,000
Net Assets = Rs.10,00,000

Head Office assesses divisional performance by the method of Residual Income and uses cost of capital of 12%.

The average contribution per unit for Division A is:

- A. Rs.25
 - B. Rs.30
 - C. Rs.35
 - D. None of these.
- (v) XYZ Ltd., is preparing its Sales Budget for the coming 3 months. The Sales Department has given an estimate that Sales will be 1,20,000 units, if the monsoon is good and 80,000 units if the monsoon is poor. The probability that the monsoon will be poor is 0.4. The expected Sales Volume for next quarter would be:
- A. 72,000 units
 - B. 32,000 units
 - C. 1,04,000 units
 - D. None of these.

- (c) Fill in the blanks with the most appropriate word(s) out of the options indicated in the bracket against each statement: 1×5

- (i) The adoption of JIT normally requires to improve _____ (Production time/Quality Standard).
- (ii) FAST or Function Analysis System Technique is an evolution of the _____ (Quality Function Deployment/Value Analysis) process.
- (iii) One of the ten principles of Lean Supply Chain is to 'make your customers and suppliers your real _____' (Friends/Partners).
- (iv) _____ (Internets/Intranets) can help users to locate and view information faster.
- (v) A _____ (Management Culture/Management Style/Organizational Structure) consist of shared values, beliefs and norms of organization.

- (d) Explain the following terms, in not more than one-two sentences: 1×5

- (i) Aggregate Planning
- (ii) Chase Strategy
- (iii) The Theory of Constraints
- (iv) Vat analysis
- (v) Materials Requirement Planning.

2. (a) What is Intranet? What are its advantages? 1+4

- (b) B,D,P and Q are the four types of products that appear in the pricelist of DEPORTIVO Ltd., with a note that a particular item or items may not be available on demand. The demand for the products is more than what the company can supply and non-supply of any of them will have no effect on the demand for the rest.

For the year 2013-14, the company has made the following tentative budget that will use up all the available supplies of materials and labour in that year.

