

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2020–2021)**

**B.COM. DEGREE EXAMINATION NOVEMBER 2023**  
**HONOURS**  
**FIFTH SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : MANAGEMENT ACCOUNTING & CONTROL**  
**SUBJECT CODE : 20BH/MC/MA54**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

**SECTION – A**

**ANSWER ALL QUESTIONS:** **(10 x 2 = 20)**

1. What is management accounting? How does it differ from cost accounting?
2. Are following statements correct? State reasons.
  - a. A daily report on the sales made by the representatives shared to the production manager at the end of the day is an example of good information.
  - b. The daily materials price variance for each of the 100 raw materials used in the manufacturing process should be shared with the Chief Financial Officer as a strategic information.
3. Why should project manager be aware of Parkinson's Law which states that work expands to fill the time allotted for its completion?
4. Write a short note on high variable expense ratio.
5. What is the triple constraint issue that arises during decision making?
6. Define environmental management accounting.
7. Give two examples of social and ethical issues faced by an organisation.
8. State any two objectives of management accounting.
9. What is net increment in differential analysis?
10. List the different methods of value-added accounting.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:** **(5 x 8 = 40)**

11. (a) Explain the qualities of good information. (4 marks)  
(b) What do you know about the traditional role of management accountants? (4 marks)
12. Describe the typical scope of work in management audit.
13. Discuss the uses and limitations of break-even analysis.
14. (a) Elucidate the threats that affect adherence to ACCA's Fundamental Principles. (5 marks)  
(b) List the techniques used to resolve ethical dilemmas. (3 marks)
15. Explain the process of decision making in an organisation.
16. Explain the steps involved in differential analysis.
17. What is inflation accounting? Discuss its advantages.

## SECTION – C

## ANSWER ANY ONE QUESTION:

(1 x 20 = 20)

18. Describe the AAA Model of Ethical Decision Making, and the steps involved, with an example.
19. Explain the following:
- Cost classification proposed by Hansen and Mendoza (1999) with an example (4 marks)
  - Input / Output Flow Analysis (3 marks)
  - Flow Cost Accounting (3 marks)
  - ACCA's Fundamental Principles of Ethics (5 marks)
  - factors that influence an ethical decision (5 marks)
20. Discuss quality costing in detail with its advantages.
21. **Case Study (Compulsory)** (1 x 20 = 20)

Chocoboy makes high quality, hand-made chocolates which it sells to local retailers. Chocoboy uses batch costing to track production costs.

**Variance Reporting**

The production manager at Chocoboy has no input into the budgeting process. At the end of October, the managing director decided to hold a meeting to review the production related variances report for the month. This report (**Appendix 1**) is generated by the management accountant's Excel template. She is going on a leave and hence has asked you review the variance workings and provide an assessment on the production manager's working for the month of October.

**New MIS**

Currently the different departments and branches of Chocoboy are utilising different trackers and reports. The management accountant informs the management that she is finding it difficult and time consuming for her to obtain access to performance data from the different departments and generate necessary reports – for instance, the inventory level reports at each branch are received only after three months into the financial year.

The management accountant also feels that Chocoboy's computerised information systems are outdated and that employees do not use the computer system as much as they should. She feels that the management should consider the purchase of an enterprise resource planning system (ERPS). She wants you to prepare a note that provides an evaluation of ERPS in general so that she can bring it up in the monthly review meeting.

**ERP project**

The Chief Technical Officer of Chocoboy had a discussion with the management accountant on the approach to be taken to handle the ERP implementation if it is approved by the management. He says he has heard about PERT and CPM as techniques for project management but is not very clear with the details. He visualises that in Chocoboy the ERP implementation can be managed well within budget but is unsure of adherence to the timelines. Since the project might be complex due to the various departments involved, he is unsure of the technique to be used to manage the project. The management accountant has asked you to prepare a note that covers the following:

- The differences between the two techniques.
- Which technique could be better to use within Chocoboy based on the information available.

**Appendix 1**

Variance	Value (Rs.)
Labour rate variance	5,000 F
Labour efficiency variance	20,000 A
Labour rate planning variance	5,000 F
Labour rate operational variance	0
Labour efficiency planning variance	25,000 A
Labour efficiency operational variance	5,000 F

During this period, the management had negotiated a 10% pay cut with workers in exchange for continuing work and prevent a downsizing during a difficult time. At the same time, the marketing team suggested for creating a more unique recipe for the chocolate, based on the customer feedback. This change was implemented immediately but the production slowed down by 20% due to the learning process related to the new recipe.

**Required:**

Address the requirements related to:

- a. Analysis of production manager's performance (6 marks)
- b. Note that evaluates an ERPS (8 marks)
- c. Note on project management technique  
(4 marks for differences, 2 marks for suggestion of technique to be used)

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