

## EXAMINATION QUESTION PAPER - Written examination

EXC 21221

## Strategic Management Accounting

Department of Accounting, Auditing and Business Analytics

<b>Start date:</b>	29.11.2018	Time 09.00
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<b>Finish date:</b>	29.11.2018	Time 14.00
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Weight:	100% of EXC 2122
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Total no. of pages:	3 incl. front page
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Answer sheets:	Lines
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Examination support materials permitted:	BI-approved exam calculator Simple calculator Bilingual dictionary
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Re-sit	Ordinary
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### Question 1 (10%)

From a company's financial reports of January 2018 we can read the following:

- The cost of goods sold was NOK 3 234 000
- Payable operating costs were NOK 829 000
- Increased balance of inventory was NOK 116 000
- Increased balance of Account Payable was NOK 288 000

Under the assumption that all costs are subject to 25.00% deductible input VAT, how much was paid to the suppliers in January 2018?

### Question 2 (10%)

From a company's financial reports of the first quarter of 2018 we can read the following:

- Sales income in January NOK 1 620 000
- Sales income in February NOK 520 000
- Sales income in March NOK 600 000
- Balance of the Accounts Receivable 1<sup>st</sup> January 2018 NOK 510 000

60% of the customers purchase on credit, where average credit period is 30 days. Of the remaining customers 60% pay cash and 40% by credit card, where the credit card company deducts 3% commission, but transfers the rest amount the same day to the company's bank account.

Under the assumption that all sales are subject to 25.00% output VAT, how much was paid by the customers in the first quarter of 2018?

You may assume that all months in the first quarter of 2018 had 30 days and that the sales were distributed evenly throughout each month.

### Question 3 (10%)

From a company's financial reports, we can read the following:

- Balance of bank deposits NOK 1 506 000 31<sup>st</sup> December 2017
- Balance of bank deposits NOK 1 058 000 31<sup>st</sup> January 2018
- Paid dividend to shareholders in January 2018, 10% of share capital of NOK 1 400 000
- Paid the remaining balance of a long-term mortgage loan in January 2018, NOK 208 000

What was the company's cash flow from its operating activities in January 2018?

### Question 4 (10%)

Explain how you can design a model that shows the difference between a company's budgeted profit and its budgeted net change in cash flow in the same period.

**Question 5 (10%)**

A company has a budget for quality control costs of NOK 1 397 120 of which 25.00% is considered to be variable. The budgets for next year is 666 performed quality controls, which is 75.00% of the available capacity.

Assume that there is no alternative use for the resources attributable to the quality control process.

What are the costs for the excess capacity?

Explain why this cost is the cost also can be regarded as the cost of production flexibility for the company and give examples of actions that the company may take to reduce such costs.

**Question 6 (10%)**

Describe how a company can use Activity Based Costing to compare the profitability of two different customer groups.

**Question 7 (10%)**

In 1985, the Harvard professor Michael Porter described a generic value chain model. At the same time, Japanese companies, mainly Toyota, had designed the framework for what we today call Lean Manufacturing.

Explain the similarities between the thoughts that formed Porter's Value Chain and the principles that form Lean Manufacturing.

**Question 8 (10%)**

Explain what a KPI (Key Performance Indicator) is and describe how KPIs can be used in a management control system.

**Question 9 (10%)**

Explain the difference between the infrastructural perspective (often also referred to as the learning and growth perspective) and the internal processes perspective. Give examples of generic critical success factors in these two perspectives.

**Question 10 (10%)**

Explain what a strategy map is and why this is a useful tool in The Balanced Scorecard model.