

Tenttipäivä / Date: **23.4.2015**

Opintojakson koodi, nimi ja tentin numero / The code and the name of the course and number of the exam:
Cost Management Systems, 2nd examination

Tentaattori(t) / Examiner(s): Janne Järvinen, Tiina Henttu-Aho

Sallitut apuvälineet rästetty / The devices allowed in the exam marked with a cross:

Laskin (ei graafinen/ohjelmoitava)/Calculator (not graphic, programmable) Sanakirja/Dictionary

Muu materiaali, tarkennettu alla / Other material, specified below

Voit vastata tenttiin / You may answer the questions suomeksi/ in Finnish englanniksi/ in English

Kysymyspaperi on palautettava / Paper with exam questions must be returned: Kyllä/Yes Ei/No

This test has four questions and a maximum of 40 pts. Please use complete sentences when answering the essay questions (no bullets, lists etc.)!

Kysymyksiin saa vastata suomeksi.

- 1) Key characteristics of Activity-Based Management (ABM). How does ABM differ from the more conventional Activity-Based Costing (ABC) and what do these two systems have in common? (10p).
- 2) Cost of quality (COQ) model in management accounting. Also, comment on the potential usability of COQ –reporting for cost management purposes. (10 pts)
- 3) Pitfalls of the DCF (discounted cash flow) method in evaluating strategic investments (according to Kaplan and Atkinson) (10 pts)
- 4) Reapportionment of service department costs

JR Co. Ltd's budgeted overheads for the forthcoming period applicable to its *production* departments are as follows:

	(£000)
1	980
2	720

The budgeted total costs for the forthcoming period for the *service* department are as follows:

	(£000)
G	220
H	72

The use made of each of the services has been estimated as follows:

	Production department		Service department	
	1	2	G	H
G(%)	60	30	-	10
H(%)	50	30	20	-

Required:

Apportion the service department costs to production departments:

- i. using the *step-wise* (Specified order of closing) method, starting with H,
- ii. using the *reciprocal* (Simultaneous equation) method,
- iii. commenting briefly on your figures

Please remember to show all the calculations.