

PILOT PAPER – 2023-2027 SYLLABUS

SL4.1 Sustainability & Strategic Management Accounting

Strategic Level

ANSWER KEY

Part I – Compulsory Question

QUESTION NO: 01

PART A

1.1. Discuss how Alpha PLC uses value chain analysis to create value for its customers: (04 Marks)

Required Point/s
Briefly define value chain analysis (50 word)
Present how Alpha PLC uses value chain analysis to create a value to customer (2 points *25 words for each)
<ul style="list-style-type: none"> • They identify Value chain in different departments in two different perspective- Corporate Planning, Corporate finance and Marketing Department to get a more reliable view). • They specially refer “customer value mapping with different dimensions before launching a product to ensure the value for customers.

- 1.2. “Competitor Analysis is one of the highly identified SMA tools in Alpha PLC”. Do you agree with the statement? Justify your answer: (08 Marks)

Required Point/s
Present own opinion (Agree)
Present the reasons for your answer (25 words for each point)* 3 points <ul style="list-style-type: none"> • They use different source to get information to ensure the accuracy such as financial reports, newspaper articles etc.... • They strictly monitor the process • The use competitor analysis for several decisions

- 1.3. Critically evaluate the influencing factors for the evolution of SMA tools in Alpha PLC and recommend further development needed for better usage of them for successful strategic decisions: (10 Marks)

Required Point/s
Identify the influencing factors (01 mark * 3 marks)
Present the positive and negative impact of identified factors (01 for each positive point * 3 factors) (01 for each negative point * 3 factors)
Proper arrangement of the answer

PART B

- 1.4. “The Management Accountants’ sole authority of preparing Management Accounting techniques has faded in the contemporary business environment”. Discuss the above statement referring to Alpha PLC: (04 Marks)

Required Point/s
Present the meaning of the statement (50 words) SMA is not preparing only in MA department but also others and CP is dominating the process.
Reasons for above answer (2 points* 01 Mark) <ul style="list-style-type: none"> • The need of MA and SMA is increased and it can be used for several purposes • SMA is not limited to Management Accountants

1.5. Discuss the relationship between product pricing mechanism and SMA tools in Alpha PLC. (06 Marks)

Required Point/s
<p>Present how different SMA tools use for pricing (02 points * 03 Marks for each)</p> <ul style="list-style-type: none"> • Life Cycle costing <p>For customer acquisition cost, marketing related cost and specific cost requirements for their products.</p> <ul style="list-style-type: none"> • Value chain costing <p>a parameter for customer in their decision making referring the value enjoyed by them such as price, convenience, availability, and quality of service as value position to customers is one major concern for them.</p> <ul style="list-style-type: none"> • Customer Value mapping <p>a parameter for customer in their decision making referring the value enjoyed by them such as price, convenience, availability, and quality of service as value position to customers is one major concern for them.</p>

1.6. "The leadership framework becomes the beacon for the most strategic decisions." Evaluate the above statement with reference to Alpha PLC: (08 Marks)

Required Point/s
<p>Explain the meaning of the statement</p> <p>Tell the importance of SMA in current contemporary environment (explain 3 points * 02 Marks for each)</p> <ul style="list-style-type: none"> • Link with strategic decisions • Impact to all the department • It is financial and non-financial • More advance to MA • Link with strategic decisions

(Total = 40 Marks)

Part II – Answer any 03 questions.

QUESTION NO: 02

2.1. Analyze the information in the above Situation 1 and 2 based on the Comprehensive Framework for EMA as suggested by Burritt, Hahn, and Schaltegger (2002). (10 Marks)

Note: You are supposed to draw the framework and map the information appropriately with justifications:

Required Point/s
<ul style="list-style-type: none">Drawing of the framework
Situation 1 Investment appraisal prior to the adoption <ul style="list-style-type: none">in physical terms → future oriented, physical, ad-hoc informationin monetary terms → future oriented, monetary, ad-hoc information
Situation 2 Assessment of the effectiveness after the implementation <ul style="list-style-type: none">in physical → past oriented, physical, ad-hoc informationin monetary terms → past oriented, monetary, ad-hoc information

2.2. Discuss why many Sri Lankan organizations still prefer to rely only on physical information when evaluating green capital investments: (10 Marks)

Required Point/s
<ul style="list-style-type: none">Lack of awarenessLack of tools and techniques to monetize the costs and revenuesDifficulty in planningDependence on engineers who are not familiar with advanced analysis techniques such as NPVAny other valid point

(Total 20 Marks)

QUESTION NO: 03

3.1. Discuss three different ways in which sustainability aspects can be incorporated into a performance measurement system based on the Balanced Score Card (BSC) for Natural Care: (06 Marks)

Required Point/s
<ul style="list-style-type: none"> ▪ Integration of environmental and social aspects to the existing four standard perspectives ▪ Addition of a fifth perspective to consider environmental and social aspects ▪ Formulation of a specific environmental and/or social scorecard

3.2. Identify three Key Performance Indicators (KPIs) each for the environmental and social performance for the company assuming it wishes to minimize the environmental impacts and maximize social equity: (06 Marks)

Required Point/s
Environmental dimension <ul style="list-style-type: none"> ▪ Amount of waste generated ▪ CO2 emitted or carbon footprint ▪ water footprint ▪ Energy usage ▪ any other valid point
Social Dimension <ul style="list-style-type: none"> ▪ New jobs created ▪ Health and safety issues reported ▪ CSR projects ,carried out ▪ Training programmes conducted

3.3. Evaluate how the ‘Integrated Annual Report’ of the company prepared based on the integrated reporting model would contribute to reflecting sustainability embodiment into its corporate strategy and operations: (08 Marks)

Required Point/s
<ul style="list-style-type: none"> ▪ Explaining the focus of the integrated reporting model ▪ Evaluation in terms of integrated thinking and six capital model

(Total = 20 Marks)

QUESTION NO: 04

4.1. Discuss three main reasons for the consideration of introducing BSC by the consultant as a strategic management tool to the ‘Marble’: (06 Marks)

Required Point/s
Students are required to explain any 3 points of the following issues of traditional performance measurement system.
<ol style="list-style-type: none"> 1. Being biased towards financial indicators; 2. Providing lagging indicators; 3. Being less flexible; 4. Being non-related to strategies; 5. Being short-term oriented; 6. Promoting sub-optimization

4.2. Develop a BSC for ‘Marble’ while addressing the main issues identified in the part: (i). (Note: In your answer you are required to specify an objective for each perspective, and two measures and two initiatives for each objective.)

(14 Marks)

BSC Perspectives	1 Objective	2 measures	2 initiatives
Financial Perspective	0.5 marks for	1.5 marks for	1.5 marks for 2
Customer Perspective	each objective X	2 measures X	initiatives X
Internal business process Perspective	4 objectives	4 perspectives	4 perspectives
Learning & growth Perspective			

(Total = 20 Marks)

Question No: 05

5.1. Evaluate how Internet and related information technologies could be enhanced the usage and value of SMA practices for better decision making in dynamic business environment: (09 Marks)

The Required Point
01. Brief introduction to cloud service and how it can be used in SMA with benefits (Improve planning and control, enhanced forecasting and benchmarking and provide real-time access to data from any (mobile) device)
02. Brief introduction to big data and how it can be used in SMA with benefits.

(Data engagement and shape the firm's strategy processes, better decision)
03. Brief introduction to blockchain and how it can be used in SMA with benefits. (Design of accounting information system, audit, and assurance)
04. Brief introduction to Artificial Intelligence and how it can be used in SMA with benefits. (Artificial intelligence (AI). AI includes innovations (e.g. machine learning and natural language processing), as well as statistical techniques in which the system learns by example without any human intervention. Advantages are better decision-making, control and organizational performance.
05. Proper Introduction and Closing for the question.

5.2. Discuss the challenges in implementing and practicing SMA techniques in developing economics compared to developed economics: (06 Marks)

The Required Point
Present 3 challenges with an example for each

5.3. "There are considerable number of criticisms for the effective and efficiently utilization of resources and accountability of the Public Sector Enterprisers. Therefore, the implementation of technical driven management accounting practices can be as suitable solution for the identified issue". Are you agreeing with the above statement? Justify your answer: (05 Marks)

The Required Point
Present the own opinion
Reasons for implementing technical driven MA practices in public sector (2 points with justification) Examples Improved decision-making Enhanced performance measurement Increased transparency and accountability Aligning with international best practices

(Total = 20 Marks)
