



Register Number:
Date: XX/10/2019

ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

BBA (Strategic Finance) - I SEMESTER

SEMESTER EXAMINATION: OCTOBER 2019

BBASF1419- Financial Planning & Performance

Time- 2 1/2 hrs

Max Marks-70

This paper contains 4 printed pages and four parts

SECTION A

Answer any FIVE of the following by choosing the correct option. (5x2=10)

1. Which one of the following items would **most likely** cause the planning and budgeting system to fail? The lack of
 - a. historical financial data.
 - b. input from several levels of management.
 - c. top management support.
 - d. adherence to rigid budgets during the year.
2. Which one of the following refers to a cost that remains the same as the volume of activity decreases within the relevant range?
 - a. Average cost per unit.
 - b. Variable cost per unit.
 - c. Unit fixed cost.
 - d. Total variable cost.
3. The balanced scorecard provides an action plan for achieving competitive success by focusing management attention on critical success factors. Which one of the following is **not** one of the competitive success factors commonly focused upon in the balanced scorecard?
 - a. Competitor business strategies.
 - b. Financial performance measures.
 - c. Internal business processes.
 - d. Employee innovation and learning.
4. Which one of the following statements is **correct** concerning a flexible budget cost formula? Variable costs are stated
 - a. per unit and fixed costs are stated in total.
 - b. in total and fixed costs are stated per unit.

- c. in total and fixed costs are stated in total.
 - d. per unit and fixed costs are stated per unit.
5. All of the following are likely to be used as a cost allocation base in activity-based costing **except** the
- a. number of different materials used to manufacture the product.
 - b. units of materials used to manufacture the product.
 - c. number of vendors supplying the materials used to manufacture the product.
 - d. cost of materials used to manufacture the product.
6. Which of the following is not considered to be a benefit of activity-based costing?
- a. More accurate product costs.
 - b. Reduced complexity of calculating costs.
 - c. Inclusion of non-manufacturing costs.
 - d. More detailed understanding of what drives cost.

SECTION B

Answer any THREE of the following. Each question carries five marks. (3x5=15)

7. Fowler Co. provides the following summary of its total budgeted production costs at three production levels.

	Volume in Units		
	1,000	1,500	2,000
Cost A	\$1,420	\$2,130	\$2,840
Cost B	\$1,550	\$2,200	\$2,900
Cost C	\$1,000	\$1,000	\$1,000
Cost D	\$1,630	\$2,445	\$3,260

The cost behaviour of each of the Costs A through D, respectively, is

- a. semi-variable, variable, fixed, and variable.
 - b. variable, semi-variable, fixed, and semi-variable.
 - c. variable, fixed, fixed, and variable.
 - d. variable, semi-variable, fixed, and variable.
- Choose your answer with appropriate calculations.
8. Write a brief note on the BCG Growth-Share Matrix.
9. Health Foods Inc. has decided to start a cash budgeting program to improve overall cash management. Information gathered from the past year reveals the following cash collection trends.
- 40% of sales are on credit
 - 50% of credit sales are collected in month of sale

- 30% of credit sales are collected first month after sale
- 15% of credit sales are collected second month after sale
- 5% of credit sales result in bad debts

Gross sales for the last five months were as follows.

- January \$220,000
- February 240,000
- March 250,000
- April 230,000
- May 260,000

Sales for June are projected to be \$255,000. Based on this information, calculate the expected cash receipts for March.

10. Following are the selected financial information for the assembly division of Benz Company for last year. If the company treats the division as an investment centre for performance measurement purposes and has a required rate of return of 15%, calculate the ROI and RI for last year.

Account	Amount (Rs)
Net Sales	4,00,00,000
Cost of goods sold	35,35,000
General administration expenses	75,000
Plant and Equipment	17,75,000
Working capital	6,25,000

SECTION C

Answer any TWO of the following. Each question carries fifteen marks. (2x15=30)

11. A) Write a note on the various forecasting techniques. (10 marks)

B) At the beginning of the year, Douglas Company prepared the following monthly budget for direct materials.

Units produced and sold	10,000	15,000
Direct material	\$15,000	\$22,500

At the end of the month, the company's records showed that 12,000 units were produced and sold and \$20,000 was spent for direct materials. Calculate the variance for direct materials. (5 marks)

12. The following information relates to a flexible budget at 60% capacity. Find out the overhead costs at 50% and 70% capacity.

Particulars	Expenses at 60% capacity
Variable overheads:	
Indirect labour	10,500
Indirect materials	8,400
Semi variable overheads:	
Repairs & Maintenance (70% fixed)	7,000
Electricity (50% variable)	25,200
Fixed Overheads:	

Office expenses	70,000
Insurance	4,000
Depreciation	20,000
Estimated direct labour hours	1,20,000

13. Write briefly on each of the following:

- A) Characteristics of successful strategic planning process
- B) Business unit profitability analysis
- C) Performance measurement perspectives of Balanced Scorecard

SECTION D

Answer the following compulsory question. The question carries fifteen marks.

(1x15=15)

14. From the following particulars calculate:

- (a) Material Cost Variance
- (b) Material Price Variance
- (c) Material Usage Variance and
- (d) Material Mix Variance.

The Standard Mix of Product is:

X 300 Units at Rs. 7.50 per unit
Y 400 Units at Rs. 10 per unit
Z 500 Units at Rs. 12.50 per unit

The Actual Consumption was:

X 320 Units at Rs. 10 per unit
Y 480 Units at Rs. 7.50 per unit
Z 420 Units at Rs. 15 per unit

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