Register Number:
DATE: 31-10-2019

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 with reasons.
(5x2=10)

1. 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.

2. All of the following are advantages of the use of budgets in a management control system except that budgets

   a. force management planning.

   b. provide performance criteria.

   c. promote communication and coordination within the organization.

   d. limit unauthorized expenditures.

3. Which one of the following statements about a balanced scorecard is incorrect?

   a. It seeks to address the problems associated with traditional financial measures used to assess performance.

   b. The notion of value chain analysis plays a major role in the drawing up of a balanced scorecard.

   c. It relies on the perception of the users with regard to service provided.

   d. It is directly derived from the scientific management theories.

4. Use of standard cost system can include all of the following advantages except that it

   a. assists in performance evaluation.

   b. emphasizes qualitative characteristics.

   c. permits development of flexible budgeting.

   d. allows employees to better understand what is expected of them.

5. Roberta Johnson is the manager of SleepWell Inn, one of a chain of motels located throughout the United States. An example of an operating cost at SleepWell that is semi variable is

   a. the security guard's salary.

   b. electricity.

   c. postage for reservation confirmations.

   d. local yellow pages advertising.

6. A budgeting approach that requires a manager to justify the entire budget for each budget period is known as

   a. performance budgeting.

   b. program budgeting.

   c. zero-base budgeting.

   d. incremental budgeting.

SECTION B

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

7. Give a diagrammatic representation of the key elements of strategic planning.

8. Brown Company estimates that monthly sales will be as follows.

   January Rs.100,000 February Rs.150,000 March Rs.180,000

   Historical trends indicate that 40% of sales are collected during the month of sale, 50% are collected in the month following the sale, and 10% are collected two months after the sale.Brown's accounts receivable balance as of December 31 totals Rs.80,000 (Rs.72,000 from December's sales and $8,000 from November's sales). Calculate the amount of cash Brown can expect to collect during the month of January.

9. A)When compared with ideal standards, practical standards .....

   a. produce lower per-unit product costs.

   b. result in a less desirable basis for the development of budgets.

   c. incorporate very generous allowances for spoilage and worker inefficiencies.

   d. serve as a better motivating target for manufacturing personnel.

   Select the correct option with reasons. (2 marks)

   B)The results of regressing Y against X are as follows. (3 marks)

	Coefficient
Intercept	5.23
Slope	1.54

   When the value of X is 10, the estimated value of Y is

a. 6.78.

b. 8.05.

c. 20.63.

d. 53.84.

Choose the correct option and show the calculations.

10. What is Customer Profitability Analysis? Explain the primary objectives of Customer Profitability Analysis.

SECTION C

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

11. A)Write a brief note on the BCG Growth-Share Matrix. (8 marks)

B)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. (7 marks)

12. From the following data for 60% activity, prepare a flexible budget for 80% and 100% capacity.

Production (60% capacity)	600 units
Materials	100 per unit
Labor	40 per unit
Direct Expenses	10 per unit
Factory overheads (40% fixed)	40,000
Administration expenses (60% fixed)	30,000

13. Elaborately explain the internal and external factors in strategic planning.

SECTION D

Answer the following compulsory question. The question carries fifteen marks.
(1x15=15)

14. A). 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

(5 marks)

B)Hassan is one of the India's leading detergent manufacturing companies. The firm has more than twenty-five product types. These have been developed over a period of its ten year existence. Some products are very successful while others have not performed well. The challenge for the board has been the formulation of strategy policy in the way the company manages the portfolio of products. As a newly recruited qualified Cost Accountant, your advice is being sought to address the following questions the Product manager has prepared as input into his paper to the Board.

i.Describe the Boston Consulting Group (BCG) growth matrix. (6 marks)

ii.Explain what strategic options are available to Hassan in accordance to the BCG Matrix. (2 marks)

iii.Outline what limitations the model poses to the Product Manager as he prepares his paper to the Board.(2 marks)

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