



Roll No.

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – MAY/ JUNE 2025

Date: 03-06-2025

Time: 01:00 pm – 04:00 pm

School: SOC	Program: B.COM CMA	
Course Code: MAH2013	Course Name: Financial Planning and Performance	
Semester: II	Max Marks: 100	Weightage: 50%

CO - Levels	C01	C02	C03	C04	C05
Marks	20	20	20	20	20

Instructions:

- Read all questions carefully and answer accordingly.
- Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2 marks.

10Q x 2M=20M

1.	Name the strategic document used to explain how the company wants to achieve its goals or objectives in the long run.	2 Marks	L1	C01
2.	Outline the basic features of products that are identified as problem child in the BCG Growth-Share Matrix.	2 Marks	L2	C01
3.	Describe the concept of rolling budgets.	2 Marks	L1	C02
4.	Differentiate between ideal and currently attainable standards.	2 Marks	L2	C02
5.	Describe the concept of learning curve effect.	2 Marks	L1	C03
6.	Explain the relationship between correlation coefficient and coefficient of determination.	2 Marks	L2	C03
7.	Describe the concept of investment center.	2 Marks	L2	C04
8.	Why are the actual values compared with flexible budgets?	2 Marks	L2	C04
9.	List down two benefits of product profitability analysis.	2 Marks	L1	C05
10.	What is the formula for calculating return on investment?	2 Marks	L1	C05

Part B

Answer ALL the Questions. Each question carries 7 Marks.

Total Marks 35M

11.	a.	Describe the attributes of successful strategic goals.	07 Marks	L2	CO 1
Or					
12.	a.	Explain Porter's Five Forces Model.	07 Marks	L2	CO 1

13.	a.	Describe the process of zero-based budgeting.	07 Marks	L3	CO 2
Or					
14.	a.	<p>Carlisle Manufacturing is trying to estimate the level of production for the month of June. Assume that Carlisle wants safety stock in beginning inventory of 30 percent of estimated sales and that estimated sales for June and July are as follows:</p> <p>June: 40,000 units July: 30,000 units</p> <p>Required: Compute the budget for production quantity for June.</p>	07 Marks	L3	CO 2

15.	a.	Bortamord anticipates that a 90% learning curve will apply to the production of a new item. The first item will cost \$2,000 in materials, and will take 500 labour hours. The cost per hour for labour and variable overhead is \$5. You are required to calculate the total cost for the first unit and for the first eight units.	07 Marks	L3	CO 3																
Or																					
16.	a.	A company is considering two mutually exclusive products, named A & B. Product A is expected to earn a profit of \$1,800. The estimates for Product B are given below: <table><tr><td>Demand</td><td><u>Probability</u></td><td><u>Revenues</u></td><td><u>Variable Costs</u></td></tr><tr><td>Strong</td><td>0.2</td><td>28000</td><td>20000</td></tr><tr><td>Moderate</td><td>0.5</td><td>22000</td><td>17000</td></tr><tr><td>Weak</td><td>0.3</td><td>18000</td><td>14000</td></tr></table> Fixed costs related to the product is \$4,000. What will be the decision of a manager based on EV technique? Provide necessary calculations.	Demand	<u>Probability</u>	<u>Revenues</u>	<u>Variable Costs</u>	Strong	0.2	28000	20000	Moderate	0.5	22000	17000	Weak	0.3	18000	14000	07 Marks	L3	CO 3
Demand	<u>Probability</u>	<u>Revenues</u>	<u>Variable Costs</u>																		
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17.	a.	A company expects each product to take 2 kgs at a budgeted material cost of \$5 per kg. Actual production was 1200 units for a cost of \$12,800 for 2,480 kgs. Calculate material price and quantity variance.	07 Marks	L3	CO 4																		
Or																							
18.	a.	<div>Consider the following details:</div> <table><tr><td></td><td>Boots</td><td>Shoes</td></tr><tr><td>Budgeted units</td><td>1200</td><td>1800</td></tr><tr><td>Actual units</td><td>1500</td><td>2000</td></tr><tr><td>Budgeted SP/unit</td><td>100</td><td>60</td></tr><tr><td>Actual SP/unit</td><td>105</td><td>70</td></tr><tr><td>Standard cost/unit</td><td>75</td><td>50</td></tr></table> <div>The company uses marginal costing principle. The standard C/S ratio of the products were expected at 40%. Calculate the sales mix variance.</div>		Boots	Shoes	Budgeted units	1200	1800	Actual units	1500	2000	Budgeted SP/unit	100	60	Actual SP/unit	105	70	Standard cost/unit	75	50	07 Marks	L3	CO 4
	Boots	Shoes																					
Budgeted units	1200	1800																					
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Actual SP/unit	105	70																					
Standard cost/unit	75	50																					

19.	a.	Differentiate between return on investment and residual income.	07 Marks	L3	CO 5
Or					
20.	a.	<p>Oxco has two divisions: Division A and Division B. Division A manufactures a specialized component used in air conditioning units, and its only customer is Division B, there is no external market for this component.</p> <p>The current operational data for Division A is as follows: Marginal cost per unit: \$100 Transfer price charged to Division B: \$165 Budgeted production and sales volume: 2,200 units Specific fixed costs of Division A: \$10,000</p> <p>Now, suppose Division B has received an external offer from Cold Co to purchase the component at a lower price. If Division B decides to accept Cold Co's offer and stops purchasing from Division A:</p>	07 Marks	L3	CO 5

Part C

Answer any Three Questions. Each question carries 15 marks

3Q x 15M=45M

21.	a.	Describe the concept of PEST analysis. Provide appropriate examples for each component.	15 Marks	L2	CO 1
22.	a.	The FLO Corp. produces the Flex-o-matic, a piece of exercise equipment. Corporate Controller Felix is developing a flexible budget. Felix has already developed a master budget but estimates that the relevant range extends 20 percent above and below the master budget.	15 Marks	L3	CO 2

		<p>Required:</p> <p>Prepare the three budgets over the relevant range in dollars assuming a selling price of \$60 per unit, variable costs of \$40 per unit, fixed costs of \$100,000, and anticipated output according to the master budget of 5,000 units.</p>			
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23.	a.	<p>Discuss the following variances related to labour:</p> <ol style="list-style-type: none"> 1) Rate variance 2) Efficiency variance 3) Idle time variance 4) Mix variance 5) Yield variance 	15 Marks	L3	CO 4
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24.	a.	<p>Division M is a division of MR plc. The following data relate to Division M.</p> <p>Net investment \$20m</p> <p>Annual profit \$5m</p> <p>Cost of capital 15% per annum</p> <p>MR plc is considering two proposals.</p> <p>Proposal 1:</p> <p>Invest a further \$2m in non-current assets to earn an annual profit of \$0.40m.</p> <p>Proposal 2:</p> <p>Dispose of non-current assets at their net book value of \$5.5m. This would lead to profits falling by \$1m per annum. Proceeds from the disposal of these non-current assets would not be credited to Division M (but to the Holding Company of MR plc instead).</p> <p>Required:</p> <ol style="list-style-type: none"> a) Calculate the current ROI and RI for Division M. b) Consider each of the two proposals and show how the ROI and RI would change if these proposals were adopted. 	15 Marks	L3	CO 5
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