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PRESIDENCY UNIVERSITY

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Bengaluru

Mid Term Examinations - October 2026

Date: 06/10/2026 **Time:** 09:30 AM - 11:00 AM

Course Code: CBS1035 **Course Name:** Financial Planning and Performance

Semester: First Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	44	46

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Define "Expected Value" as used in decision-making under uncertainty, and state the formula used to calculate it.	2	CO2	BT1
2	Briefly expand the terms PEST and SWOT Analysis. State the purpose of each model.	2	CO1	BT1
3	The first unit of a product takes 40 minutes to produce. If the applicable learning rate is 90% (Cumulative Average Time Model). Calculate the cumulative average time per unit for the first 2 units.	2	CO2	BT2
4	What is a Cash Disbursement Schedule?	2	CO2	BT1
5	What are the four competitive forces under Micheal Porters theory?	2	CO1	BT1

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	*Kavya Foods Ltd. is a food-processing company planning to launch a new packaged snack in the coming quarter. Since this is a new product, the company does not know for certain how strong demand will be, and the Production Manager is choosing between two possible production plans — Plan 1 (produce 1,000 units) and Plan 2 (produce 1,500 units) — before the actual level of demand becomes known. The management accountant has estimated the probability of each demand scenario, along with the profit the company would earn under each plan, as follows:* **(a)** Explain the meaning of "Expected Value" as a decision-making tool under conditions of uncertainty, and state the formula used to compute it. Briefly state one limitation of using expected value as the sole basis for decision-making. [4 Marks] **(b)** Based on past experience, the demand for the quarter and the estimated profit under each plan are as follows: [6 Marks] **Demand Level** / **Probability** / **Profit under Plan 1 (₹)** / **Profit under Plan 2 (₹)** Low / 0.3 / 40,000 / 20,000 Medium / 0.5 / 60,000 / 65,000 High / 0.2 / 70,000 / 1,00,000 Calculate the Expected Value of profit for each plan and recommend, with reasons, which production plan the company should adopt.	10	CO2	BT3

PTO (Please Turn Over)

7	*Apex Manufacturing Co. operates a single Assembly Department that manufactures two products, P and Q, side by side. The Production Manager has finalised next month's production plan and now needs the Direct Labour Budget prepared so that the department's staffing and wage-bill requirements can be confirmed with the HR and Finance teams.* **Particulars** | **Product P** | **Product Q** Budgeted Production (units) | 2,500 | 1,800 Standard Direct Labour Hours per Unit | 3 hours | 4.5 hours • The standard wage rate is ₹45 per hour for both products. • The department also budgets a 5% allowance for normal (unavoidable) idle time on the standard hours computed above for each product, to be paid at the same wage rate. Prepare a Direct Labour Budget showing the budgeted labour hours (standard plus idle time) and the budgeted labour cost for each product separately, and in total.	10	CO2	BT3

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
8	*The Board of Directors of Vikram Auto Components Ltd. is preparing to draw up a five-year strategic plan for the company and has asked the newly formed corporate planning cell, of which you are a member, to first carry out a structured assessment of the company's internal capabilities and its external business environment before any long-term targets are finalised.* Explain the meaning and importance of SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) as a tool for strategic and long-range planning, giving one example of each element for a typical manufacturing company. Also briefly explain how a company's annual budget is normally linked to its long-term strategic plan.	10	CO1	BT2
9	*Aura Cosmetics Ltd. sells premium skincare products priced considerably higher than most mass-market competitors. The company invests heavily in developing unique, dermatologically-tested formulations, uses sustainable and visually distinctive packaging, and offers personalised skincare consultations to its customers both in-store and through an online quiz-based recommendation tool. Its marketing campaigns are built around an aspirational brand image, featuring well-known personalities and a strong emphasis on the brand's ethical sourcing and cruelty-free credentials. Customers who buy Aura products often mention that they are willing to pay extra because they feel the brand offers something genuinely different from ordinary skincare ranges.* **(a)** Explain the Differentiation strategy as one of Porter's Generic Competitive Strategies. [4 Marks] **(b)** Based on the scenario above, identify and explain how Aura Cosmetics Ltd. is pursuing a differentiation strategy, and discuss one risk associated with relying on this strategy. [6 Marks]	10	CO1	BT2

PART D: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
10	Briefly describe 5 competitive forces in Michael Porters' theory - 10 marks	10	CO1	BT2
11	Briefly describe PEST Analysis and how it is a strategic tool in Strategic Management process - 10 marks	10	CO1	BT2

PART E: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT

12	**Proforma (Budgeted) Income Statement** ***[10 Marks]*** *Sunrise Textiles Ltd. is finalising its budget for the coming year and wants to know, before the year begins, what level of profit it can expect if its sales, production and expense estimates hold true. The company's Finance Head has approached you, the trainee cost accountant, to prepare a Proforma Income Statement based on the following budgeted particulars.* **(a)** Explain the meaning and purpose of a Proforma (Budgeted) Income Statement. State any two situations or decisions for which it is useful. [3 Marks] **(b)** From the following budgeted particulars, prepare a Proforma Income Statement for the year ending 31st March: [7 Marks] **Particulars** / **Details** Budgeted Sales / 20,000 units at ₹80 per unit Opening Stock of Finished Goods / 2,000 units, valued at ₹50 per unit Closing Stock of Finished Goods / 1,500 units, valued at ₹52 per unit Budgeted Cost of Goods Manufactured / ₹9,50,000 Selling & Distribution Expenses / 5% of Sales Administrative Expenses / ₹1,20,000 Interest on Debentures / ₹30,000 Rate of Income Tax / 25%	10	CO2	BT3
13	*Skyline Aerospace Components Ltd. has just won a contract to manufacture a highly specialised component that none of its workers have ever assembled before. Since the assembly process is intricate, management expects the workforce to become noticeably faster with practice, and wants this learning effect reflected in its labour budget rather than assuming every unit will take as long as the very first one.* **(a)** Explain the concept of the Learning Curve. State any two assumptions underlying the Cumulative Average Time Learning Model. [3 Marks] **(b)** The first unit of the new component is expected to take 200 hours to manufacture. The firm's workers experience a 90% learning curve, based on the Cumulative Average Time Model, each time cumulative production doubles. Labour is paid ₹60 per hour. [6 Marks] (i) Calculate the cumulative average time per unit and the total time taken to produce 2, 4 and 8 units. (ii) Calculate the incremental labour time and incremental labour cost required to produce the second batch of 4 units (units 5 to 8), compared to the first 4 units. **(c)** State one practical limitation of applying the learning curve model in a real manufacturing environment. [1 Mark]	10	CO2	BT3