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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF COMMERCE  
MID TERM EXAMINATION - APR 2023**

**Semester :** Semester II - 2022

**Course Code :** MAH2002

**Course Name :** Sem II - MAH2002 - Financial Analytics and Control

**Program :** BCH

**Date :** 18-APR-2023

**Time :** 9:30AM - 11AM

**Max Marks :** 50

**Weightage :** 25%

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**Instructions:**

- (i) Read all questions carefully and answer accordingly.
  - (ii) Question paper consists of 3 parts.
  - (iii) Scientific and non-programmable calculator are permitted.
  - (iv) Do not write any information on the question paper other than Roll Number.
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**PART A**

**ANSWER ALL THE QUESTIONS**

**(5 X 2 = 10M)**

1. What is an Enterprise Resource Planning (ERP) System?  
(CO1) [Knowledge]
2. Why are Data Policies and Procedures important in EPM Systems?  
(CO1) [Knowledge]
3. What is the behavior of Fixed Cost?  
(CO3) [Knowledge]
4. What is the behavior of Variable Cost?  
(CO3) [Knowledge]
5. What is Joint and By-Product Costing?  
(CO3) [Knowledge]

**PART B**

**ANSWER ALL THE QUESTIONS**

**(2 X 10 = 20M)**

6. What are some common Data Policies and Procedures used in EPM Systems?  
(CO1) [Comprehension]

7. Selected information concerning the operations of a company for the year ended December 31 is as follows:-

|  |          |
|--|----------|
| Units produced                               | 20,000   |
| Units sold                                   | 18,000   |
| Direct materials used                        | \$80,000 |
| Direct labor incurred                        | \$40,000 |
| Fixed factory overhead                       | \$50,000 |
| Variable factory overhead                    | \$24,000 |
| Fixed selling and administrative expenses    | \$60,000 |
| Variable selling and administrative expenses | \$9,000  |

Work-in-process inventories at the beginning and end of the year were zero. Calculate the company's finished goods inventory cost as on December 31 under the variable (direct) costing method.

(CO3) [Comprehension]

### PART C

#### ANSWER THE FOLLOWING QUESTION

(1 X 20 = 20M)

8. a. A manufacturing company uses a joint production process that produces three products at the split-off point. Joint production costs during April were \$720,000. The company uses the sales value method for allocating joint costs. Product information for April is as follows:

|                                  | Product   |           |           |
|----------------------------------|-----------|-----------|-----------|
|                                  | R         | S         | T         |
| Units produced                   | 2,500     | 5,000     | 7,500     |
| Units sold                       | 2,000     | 6,000     | 7,500     |
| <b>Sales prices:</b>             |           |           |           |
| At the split-off                 | \$100     | \$ 80     | \$20      |
| After further processing         | \$150     | \$115     | \$30      |
| Costs to process after split-off | \$150,000 | \$150,000 | \$100,000 |

Assume that all three products are main products and that they can be sold at the split-off point or processed further, whichever is economically beneficial to the company. Calculate total cost of Product S in April if joint cost allocation is based on sales value at split-off.

b. Killian Company manufactures two skin care lotions, Liquid Skin and Silken Skin, out of a joint process. The joint (common) costs incurred are \$420,000 for a standard production run that generates 180,000 gallons of Liquid Skin (LS) and 120,000 gallons of Silken Skin (SS). Liquid Skin sells for \$2.40 per gallon, and Silken Skin sells for \$3.90 per gallon.

If additional processing costs beyond the split-off point are \$1.40 per gallon for Liquid Skin and \$0.90 per gallon for Silken Skin, Calculate the amount of joint cost of each production run allocated to Silken Skin on a net realizable value basis.

(CO3) [Application]