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Register Number:

Date: XX//

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

**BBASF -I SEMESTER**

**SEMESTER EXAMINATION – OCTOBER 2021**

**(Examination conducted in January-March 2022)**

**BA SF 1321 - Financial Planning & Performance**

**Time-3 hours Max Marks-100**

**This paper contains three printed pages and four parts**

**SECTION A**

**Answer any FIVE questions. Each question carries TWO marks (5x2=10)**

1. What do you mean by strategic planning?
2. The results of regressing Y against X are as follows.

Coefficient

Intercept 5.23

Slope 1.54

If the value of X is 10, what is the estimated value of Y?

1. What is meant by SMART KPI.
2. State 2 differences between fixed and variable cost.
3. Give the meaning of Management by Exception.
4. How do you calculate return on investment?
5. Mention any 2 important uses of a flexible budget.

**SECTION B**

**Answer any SIX of the following. Each question carries five marks. (6x5=30)**

1. What is strategy? Write briefly about the different levels for which a firm commonly develops organisational strategy?
2. Mention the characteristics of a successful budget process.
3. Prepare a proforma Income statement from the following information:

Sales $2,00,000

Gross margin 20% of sales

Selling and administrative expenses 10% of sales

Interest expenses $5,000

Taxes 30%

1. Lee manufacturing uses a standard cost system with overhead applied based on direct labour hours. The manufacturing budget for the production of 5,000 units for the month of June included 10,000 hours of direct labour at $15 per hour, $150,000. During June, 4,500 units were produced, using 9,600 direct labour hours, incurring $39,360 of variable overhead, and showing a variable overhead efficiency variance of $2,400 unfavourable. Calculate the standard variable overhead rate per direct labour hour.
2. Briefly explain the uses of standard cost system.
3. Calculate ROI (Return on Investment) from the following information:

Net sales $4,000

Cost of goods sold $3,525

Administrative expenses $75

Plant and Machinery $1,775

Working capital $625

1. Write a note on Balanced Scorecard and the four primary perspectives of the BSC performance measure.

**SECTION C**

**Answer any THREE of the following. Each question carries fifteen marks. (3x15=45)**

1. “Strategic plans tend to have a long-range planning horizon, whereas an operational plan focuses on the fiscal year ahead and involves more tactical issues”-Explain how tactics are aligned with long-term strategic goals.
2. 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  |

1. A. Data regarding Johnsen Inc.’s forecasted dollar sales for the last seven months of the year and Johnsen’s projected collection patterns are as follows.

Forecasted sales

June $700,000

July 600,000

August 650,000

September 800,000

October 850,000

November 900,000

December 840,000

Types of sales

Cash sales 30%

Credit sales 70%

Collection pattern on credit sales (5% determined to be uncollectible)

During the month of sale 20%

During the first month following the sale 50%

During the second month following the sale 25%

Calculate Johnsen’s budgeted cash receipts from sales and collections for September (8 marks)

B) Taylor Corporation is determining the cost behaviour of several items in order to budget for the upcoming year. Past trends have indicated the following dollars were spent at three different levels of output. Units Levels

1,000 1,500 2,000

Cost A $25,000 $29,000 $35,000

Cost B $10,000 $15,000 $15,000

Cost C $15,000 $18,000 $22,500

In establishing a budget for 14,000 units, Taylor should treat Costs A, B, and C, respectively, as

 a. semi-variable, fixed, and variable.

 b. variable, fixed, and variable.

 c. semi-variable, semi-variable, and semi-variable.

 d. variable, semi-variable, and semi-variable.

Choose your answer with appropriate calculations. (7 marks)

1. Magnificent Manufacturing company produces 5000 units of product. The information about standard and actual costs are as below:

**Standard costs**:

-Direct material per finished unit: 2 lbs @1.75 per lb

-Direct labour per finished unit: 3 hours @ 2.75 per hour

**Actual costs**:

-Actual Direct material: Purchased 10,100 lbs @2 per lb, 9500 lbs used in production

- Actual Direct labour: 15,400 hours @3 per hour

 Calculate Direct material variance and Direct labour variance.

**SECTION D**

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

1. ‘Profitability analysis measures the relative success or failure of a company over a period’. In this perspective elaborate the criterion for
	1. Product profitability analysis
	2. Business unit profitability analysis
	3. Customer profitability analysis (5+5+5=15 marks)

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