

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024
(Sixth Semester)

Branch – COMMERCE (PROFESSIONAL ACCOUNTING)

PERFORMANCE MANAGEMENT

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 What is the primary focus of Activity-Based Costing (ABC)?
(i) Direct labour hours (ii) Direct materials
(iii) Overhead costs based on activities (iv) Variable costs
- 2 In the Target Costing process, what happens if the calculated target cost exceeds the market-driven price?
(i) Increase production costs
(ii) Lower the desired profit margin
(iii) Reevaluate the design or production process to reduce costs
(iv) Increase the product quality
- 3 What is the primary focus of relevant costing analysis?
(i) Consideration of all costs, whether relevant or not.
(ii) Focus on historical costs.
(iii) Identification and consideration of costs that is relevant to a specific decision.
(iv) Sole emphasis on fixed costs.
- 4 Which quantitative analysis technique is particularly useful in predicting future sales based on historical data?
(i) Regression Analysis (ii) Break-even Analysis
(iii) Variance Analysis (iv) Sensitivity Analysis
- 5 Enterprise resource planning systems are designed to:
(i) Automate routine tasks (ii) Isolate business functions
(iii) Replace transaction process systems (iv) Enhance strategic decision-making

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Explain the objectives of Activity Based Costing.
OR
b Describe the importance of Environmental Accounting.
- 7 a Discuss three specific tools or techniques that managers can use to manage and mitigate risks in the decision-making process.
OR
b Explain the concept of limiting factors in production. How do limiting factors impact a company's production and sales decisions?
- 8 a Explain the concept of a Budgetary System. How does it contribute to effective Financial Management in an Organization?
OR
b Explain about Material Mix Variance and Yield Variance.

Cont...

- 9 a State the importance of Performance Management Information Systems.
OR
b Explain any three characteristics of Transaction Process Systems. Why are these characteristics crucial for the efficient operation of business processes?
- 10 a Discuss the various financial performance Indicators.
OR
b Discuss the Impact of Efficient Working Capital Management on Liquidity in the Manufacturing Sector.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 a Explain how Activity-Based Costing (ABC), Target Costing, and Life Cycle Costing can complement each other in a comprehensive costing strategy.
OR
b Discuss the role of market price, desired profit, and expected sales volume in determining the target cost.
- 12 a Discuss the Importance of Cost-Volume-Profit (CVP) Analysis in Managerial Decision-Making:
OR
b Company ABC is introducing a New Product to the Market. Discuss the various Pricing Strategies that the Company could consider. What factors should be taken into account when setting the Initial Price for the New Product.
- 13 a Discuss three different types of budgets commonly used in organizations with examples.
OR
b Provide examples of situations that could lead to a favourable Sales Mix Variance and an unfavourable quantity variance.
- 14 a Discuss the key components of a Performance Management Information System. How can Organizations use these components to enhance overall performance?
OR
b Explain how a Well-Designed Management Information System can contribute to effective Decision-Making at different Levels of Management.
- 15 a Outline the unique challenges of Financial Performance Analysis in the Public Sector.
OR
b Compare the Financial Performance Analysis methods between For-Profit and Not-For-profit organizations.