



TCS Online

Mini Mock – Questions

Operational Case Study – May 2022 / August 2022

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The examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub task/s	% Time to spend on each sub task
1	45	1	3	(a) 30% (b) 40% (c) 30%
2	45	1	3	(a) 50% (b) 20% (c) 30%

Each section (task) has a number of sub tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub task in the text of the question (and summarized in the table above).

This information will be available for you to access during the examination by clicking on the Pre-seen button.



Section 1 (45 mins)

Today is the 1st of October 2022 and Meals@Home has carried out the quarterly performance review. You receive the following email from the Finance Manager.

From: Clare Turner (Finance Manager)

To: Finance Officer

Subject: Training and Development, Budgeting and Relevant Costing

We have decided to launch special training and development sessions for our packaging employees to enhance the quality of our operations. In line with the initiative, Meena Jaff, the Human Resources Manager, asked me to do a presentation on the training and development program which we need to follow for our employees involved with packaging operations.

- Therefore, could you please draft me a report on the steps which we need to follow in our training and development program? I believe that we will be able to continue the training and development program in the coming years if we could generate a better output this time.

[Sub task (a) - 30%]



Further, during the board meeting, there was a discussion regarding different budgeting styles and the level of people involvement with the budgetary process. The finance director asked me to provide a report evaluating the benefits and drawbacks of the imposed and participative budgeting styles.

- Since I am busy with my work, could you please provide me an explanation to the above-mentioned requirement?

[Sub task (b) - 40%]

Moreover, we have received special requests from the “ABC” and “XYZ” which are well renowned trading companies which sell reconditioned industrial machines. Both these companies are interested in purchasing 5 of our machines which are used for meal-kit bag production. I thought to do a cost-benefit analysis, before selecting the preferred course of action. I have attached all the relevant information (*see reference material 01*).

- Carryout a relevant cost analysis and evaluate the decision which we need to take, either to keep our bag production machines or sell them.

[Sub task (c) - 30%]

-----REFERNECE MATERIAL IS AVAILABLE ON THE NEXT PAGE-----



Reference material 01

Information about bag production machines

- Number of bag production machines: 5
- Book Value of the Machines: N\$ 1,000,000
- Annual Depreciation charges: N\$ 100,000
- As these machines are nearing its useful life, the company has no intention to replace them with similar machines
- Present Value of the Future Cash flows Associated with the Machines: N\$ 1,200,000

Quotation of ABC

- Sell the machines at present condition for N\$ 900,000

Quotation of XYZ

- Sell the machines for N\$ 1,100,000 after replacing rewinding shafts
- To replace rewinding shafts, it will cost N\$ 150,000 for 5 machines



Section 2 (45 mins)

At present, we are in the process of purchasing robotic packer machines. Jack Quinn (Finance Director) has recommended that we go ahead with a lease agreement when funding this capital investment. Please refer to reference material 02 to gather information pertaining to this initiative.

- Describe how we can record the lease in our accounting records and how it is treated in our financial statements ended 31st December 2022. **[Sub task (a) – 50%]**

With the competitive environment of our company being more dynamic than ever, the Finance Director, Jack Quinn, stressed on the importance of staying ahead of competition in all key areas, especially with regards to access of cost and other critical information in real time, to facilitate faster and informed decision making. He suggested that the company should move to a digital costing system that would augment the current costing system in place. The Finance team is expected to brief the board regarding the benefits of adopting a digital costing system for our business.

- Draft a paper outlining the benefits of adopting a digital costing system. **[Sub task (b) - 20%]**



Whilst having a chat with the Rita Benez, the Marketing Senior Manager, it was brought to my attention that Rita carries out data analytics in an informal manner, based on data collected via our website. I personally believe that this data is extremely important to Meals@Home and thus, data analysis should be carried out in a formal manner. Such a move would enable us to assess sales performance of our product ranges and at the same time, enable us to accurately predict future sales.

- Based on the data analytics from our website, suggest and justify three KPIs, mentioning how each KPI can be calculated.

[Sub task (c) - 30%]

-----REFERNECE MATERIAL IS AVAILABLE ON THE NEXT PAGE-----



Reference Material 02

Annual lease payment in advance	N\$ 47,000
Present value of lease payment 01 st June 2022	N\$ 129,000
Lease arrangement fee	N\$ 10,000
Lease commencement date	1 st August 2022
First lease payment	1 st August 2022
Lease period	05 years
Useful life of asset	07 years
Owner at the end of lease period	Lessor

- The present value excludes the lease payment made in advance on the 1st of August 2022