

**B.Sc. FASHION MERCHANDIZING & RETAIL
MANAGEMENT (BSCFMRM)**

Term-End Examination

December, 2013

BFW-023 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 70

*Note : (i) Attempt any seven questions.
(ii) All questions carry equal marks.*

1. What is working capital management ? Explain 10
briefly the factor determining the working capital
of an organisation.
2. What is cost ? What is the element of cost ? 10
Explain the method of computation of cost sheet.
3. What is Break-even Analysis ? Draw the graph 10
and explain the assumptions of Break-even-
Analysis.
4. Explain financial management. How it is 10
different from cost management ?

5. Two Business AB Ltd. and CD Ltd. sell the same type of product in the same type of market. Their budgeted PSC A/c for the year ending 31st March 2007 are as follows :

	<u>(Rs.) AB Ltd.</u>	<u>(Rs.) CD Ltd.</u>
Sale's →	1,50,000	1,50,000
Variable Cost →	1,20,000	1,00,000
Fixed cost →	<u>15,000</u>	<u>35,000</u>
Not Budgeted Profit →	15,000	15,000

You are required to :-

- (a) Calculate the Break - even of each Business.
 - (b) State which Business is likely to earn greater profit in condition of.
 - Heavy demand for the product.
 - Low demand for the product.
6. The following data relate to the working of a factory at NOIDA for the current year.
- Capacity worked : - 50 %

Fixed cost :

Salary —	Rs. 84,000	total
Rent —	Rs. 56,000	
Dep. —	Rs. 70,000	
Admin. Expenses —	Rs. <u>80,000</u>	2,90,000
	Rs.	

Variable costs :

Material —	Rs. 2,40,000	
Labour —	Rs. 2,56,000	
Other expenses —	Rs. <u>38,000</u>	5,34,000

Possible sale's at various level of working are :

<u>Capacity</u>	<u>Sale's (Rs.)</u>
60%	9,50,000
75%	11,50,000
90%	13,75,000
100%	15,25,000

Prepare a flexible budget and show the forecast of profit 60%, 75%, 90% and 100%.

7. Prepare a cash budget for the month of April, May and June. When opening balance of cash on 1st April, in Rs 50,000 from the following's. 10

Month's	Sale(Rs.)	Purchase (Rs.)	Wages	Official Expenses
February	30,000	40,000	1000	2000
March	50,000	30,000	2000	3000
April	60,000	25,000	3000	1000
May	70,000	35,000	2500	1500
June	80,000	30,000	3500	2000

- 50% purchase in on cash and remaining in on one month credit.
- Leg in Payment of official expenses in 1/2 month.
- Leg in Payment of wages in 1 month.
- 50% sale in on cash and remaining is divided in two equal Instalment and Paid it is one month of cash sale and IInd in after two month of cash sale.
- Tax paid in June Rs 5000/ -

8. Prepare cost sheet. Find out profit and cost per unit from the following informations. 10

Raw material consumed	-	Rs. 1, 50,000
Productive wages	-	Rs. 90,000
Office overhead's	-	10% of factory cost
Factory overhead's	-	Rs. 20,000
Selling overhead's	-	20% of office overhead
Units's produced	-	4000
Unit's sold	-	3600
Selling price	-	Rs. 100 per unit
