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**BFW-023**

# B.Sc. FASHION MERCHANDISING AND RETAIL MANAGEMENT (BSCFMRM)

## Term-End Examination

## December, 2015

## BFW-023 : FINANCIAL MANAGEMENT

*Time : 3 hours* *Maximum Marks : 70*

***Note :*** *Attempt any **five** questions. All questions carry equal marks.*

1. ABC Ltd. have prepared the budget for the production of 1,00,000 units of a commodity. Detail is given below :

| | |
|---|---|
| Raw material | ₹ 2·52 per unit |
| Direct wages | ₹ 0·75 per unit |
| Direct expenses | ₹ 0·10 per unit |
| Worked overheads (80% fixed) | ₹ 2·50 per unit |
| Office overheads (60% fixed) | ₹ 0·40 per unit |
| Selling overheads (50% fixed) | ₹ 0·20 per unit |

The actual production during the period was only 60,000 units. Calculate the Revised Budgeted Cost per unit. *14*

2. (a) What is financial management ? Explain the objectives of financial management. 7

(b) What is meant by cash budget ? What are the objectives to prepare cash budget ? Explain the motives for holding cash. 7

3. Following data are related to the company producing the product during the month of January :

Raw material :

| | |
|---|---|
| Opening stock | ₹ 20,000 |
| Closing stock | ₹ 11,500 |
| Purchase | ₹ 1,50,000 |
| Direct labour | ₹ 60,000 |
| Factory overhead (40% of Direct labour) | |
| Office overhead | ₹ 27,500 |

Finished stock :

Opening stock 500 units @ ₹ 11·20 per unit

Closing stock 1500 units @ current cost price

| | |
|---|---|
| Profit on sales | 20% |
| Selling expenses | ₹ 20,000 |
| Units producted | 25,000 units |

Prepare Cost Sheet. 14

4. A product passes through three processes namely A, B and C. From the following information prepare the Process Accounts :

| Particulars | Process 'A' | Process 'B' | Process 'C' |
|---|---|---|---|
| Raw material used @ ₹ 1,000 per tonne | 1000 tonnes | — | — |
| Wages and Expenses | ₹ 87,500 | ₹ 39,500 | ₹ 10,710 |
| Weight loss | 5% | 10% | 20% |
| Scrap (sale @ ₹ 50 per tonne | 50 tonnes | 30 tonnes | 51 tonnes |
| Sale price per tonne | ₹ 350 | ₹ 500 | ₹ 800 |

Management expenses were ₹ 17,500 and Selling expenses ₹ 10,000. Two-third of the output of Process A and one-half of Process B output passes to the next process and the balance of A and B and the entire output of Process C is sold. Prepare all Process Accounts and Statement of Profit. *14*

**5.** Two businesses, AB Ltd. and CD Ltd., sell the same type of product in the same type of market. Their budgeted P&L A/c for the year ending 31st March, 2007 are as follows :

| Particulars | AB Ltd. (₹) | CD Ltd. (₹) |
|---|---|---|
| Sales | 1,50,000 | 1,50,000 |
| Variable cost | 1,20,000 | 1,00,000 |
| Fixed cost | 15,000 | 35,000 |
| Net budgeted profit | 15,000 | 15,000 |

You are required to calculate

(a) Break-even-point of each business.

(b) State which business is likely to earn greater profits in the following conditions :

(i) Heavy demand for the product

(ii) Low demand for the product *14*

**6.** What are the main sources of funds ? Explain any three sources with their merits and demerits. *14*