BFW-023

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

Term-End Examination

June, 2016

00316

BFW-023 : FINANCIAL MANAGEMENT

Time : 3 hours *Maximum Marks : 70*

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

---

1. Explain the concepts in break-even-analysis with examples. What are the advantages and limitations of break-even-analysis ? *10*

2. A manufacturing firm has three proposals for a product. Either it can be purchased from an outside vendor at ₹ 40·00 per unit or it can be manufactured in-plant. There are two alternatives for in-plant manufacturing. Either, a fully automatic unit is procured, involving fixed cost of ₹ 3,00,000 and variable cost of ₹ 27·50 per unit. Alternatively, a semi-automatic unit would cost ₹ 2,00,000 as fixed cost and ₹ 30·00 per unit as variable cost. Draw a break-even-chart for these alternatives. Suggest the range of production-volume suited for these alternatives. *10*

3. Define cost. What are the elements of cost ? Explain the method of computation of cost sheet. *10*

4. What is process costing ? How is process costing different from job costing ? Explain the procedure to calculate the abnormal loss in process costing. *10*

5. What is working capital management ? Explain briefly the factor determining the working capital of an organisation. *10*

6. What is Financial Management ? Explain the objectives of financial management. *10*

7. What are the main sources of funds ? Explain any three with their merits and demerits. *10*

8. You are given the following data :

   Fixed expenses : ₹ 4,000

   Break-even-point : ₹ 10,000

   Calculate :

   (a) P/V ratio

   (b) Profit when sales are ₹ 20,000

   (c) New break-even-point, if selling price is reduced by 20% *10*

9. HMT sold in two successive years 7,000 and 9,000 units and incurred a loss of ₹ 10,000 and earned ₹ 10,000 as profit respectively. The selling price per unit is ₹ 100.

Calculate :

(a) The amount of fixed cost

(b) The number of units to break-even

(c) The number of units to earn a profit of ₹ 50,000 *10*

10. The following information is obtained from the books of a manufacturing concern for the month of September, 2015 :

Direct Material :	₹ 8,20,000
Direct Wages :	₹ 2,40,000
Direct Expenses :	₹ 20,000
Factory Overheads :	50% of prime cost
Office Overheads :	₹ 1·50 per unit
Selling and Distribution Overheads :	10% of sales
Opening stock of finished goods :	(15000 units) ₹ 2,13,000
Closing stock of finished goods :	10,000 units
Sales :	(1,25,000 units) @ ₹ 20 per unit

Prepare a cost sheet. *10*