

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

Term-End Examination

00134

June, 2017

BFW-023 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 70

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

1. The following data is related to the manufacture of a standard product during the month of January :

Raw Material 1 st Jan (Stock)	₹ 20,000
Purchase	₹ 1,50,000
Closing Stock (31 st Jan)	₹ 11,500
Direct Labour	₹ 60,000
Factory Overhead	40% of Direct Labour
Office Overhead	₹ 27,500

Finished Stock :

Opening Stock of 500 units	@ ₹ 11-20 per unit
Closing Stock of 1500 units	@ current cost price
Profit on sales	20%
Selling and Distribution exp.	₹ 20,000
Units Produced	25,000 units

Prepare a Cost Sheet using the above data.

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2. Titan India Ltd. is expecting to have ₹ 15,000 cash in hand on 1st April, 1998. Prepare a cash estimate (budget) position during the three months, April to June, 1998 from the following data :

Month	Sales (₹)	Purchases (₹)	Wages (₹)	Expenses (₹)
February	35,000	20,000	4,000	3,000
March	40,000	25,000	4,000	3,500
April	46,000	26,000	4,500	3,500
May	50,000	30,000	5,000	4,000
June	60,000	27,500	6,000	4,500

Adjustment :

- 30% purchase on cash and period of credit allowed to supplier for credit purchase is two months.
- Lag in payment of wages is 1/2 month.
- Lag in payment of expenses is 1 month.
- Income tax of ₹ 12,500 is to be paid in the month of June, 1998.
- 25% of sales is for cash and 50% of 75% is paid in the month following cash sales and rest is paid two months following cash sales.

3. A product passes through three processes, namely, 1, 2 and 3. From the following information prepare the Process Accounts : 14

Particulars	Process 1	Process 2	Process 3
Raw material used @ 200 per tonne	1000 tonnes		
Manufacturing wages (₹)	72,500	40,800	10,710
Weight loss of input	5%	10%	20%
Scrap (sold at ₹ 50 per tonne)	50	30	51

Two-third of output of Process 1 and one-half of output of Process 2 passes to the next process and the balance is sent to the warehouse for sale.

4. You are given the following data :

Fixed expenses ₹ 4,000

Break-even point ₹ 10,000

Calculate :

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- P/V Ratio
- Profit when sales are ₹ 20,000
- New break-even point, if selling price is reduced by 20%

5. The following data relates to the working of a factory at Noida for the current year :

Capacity worked : 50%

Fixed Cost :

	₹
Salary	84,000
Rent	56,000
Depreciation	70,000
Administrative expenses	80,000
	<u>2,90,000</u>

Variable Cost :

	₹
Materials	2,40,000
Labour	2,56,000
Other expenses	38,000
	<u>5,34,000</u>

Possible sales at various levels of working are

Capacity	Sales (₹)
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 at 60%, 75% and 100% capacity operations. 14

6. Write short notes on the following : 14

- (a) Break-even Point (with graph)
- (b) Difference between Cost Accounts and Financial Accounts