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BFW-023

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

Term-End Examination

00330

June, 2015

BFW-023 : FINANCIAL MANAGEMENT

Time : 3 hours *Maximum Marks : 70*

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

1. The following information is obtained from the books of Ram Ltd. for the month of April, 2008. Prepare Cost Sheet from the following : *14*

	(₹)
Direct Material	8,20,000
Direct Wages	2,40,000
Direct Expenses	20,000

Office overheads — ₹ 1·50 per unit

Selling overheads — 10% of Sales

Opening stock of finished goods (15,000 units) — ₹ 2,13,000

Closing stock of finished goods (10,000 units)

Sales (1,25,000 units) — ₹ 20 per unit

2. Following particulars for the Last Process are given :

		(₹)
	Units	*Price*
Transfer from the Last Process	4,000	9,000
Transfer to the Finished Stock from the Process	3,240	—
Direct wages		2,000
Direct material used		3,000

The factory overheads in the Process are absorbed @ 400% of Direct material. Normal loss is 20% of the units worked and the scrap value is ₹ 5 per unit.

Prepare the following : *14*

(a) Process A/c

(b) Normal wastage (loss) A/c

(c) Abnormal loss A/c

3. (a) Explain the Cost Sheet. Explain the main difference between Cost Account and Financial Account. 7

(b) Define the Break-even Point. Mention the assumption with regards to Break-even Point and its benefits to the entrepreneur. 7

4. A factory is currently running at 50% of its capacity and produces 5,000 units at a cost of ₹ 90 per unit as per the details given below :

Material	₹ 50
Labour	₹ 15
Factory overhead	₹ 15 (₹ 7·50 fixed)
Office overhead	₹ 10 (₹ 5 fixed)

The current selling price is ₹ 100 per unit.

At 60% working material cost per unit increases by 2% and selling price per unit falls by 2%. At 80% working material cost per unit increases by 5% and selling price per unit falls by 5%.

Estimate the Profits of the factory at 60% and 80% working. *14*

5. Define Financial Management. What are the objectives of financial management ? Explain the concept of Profit Maximisation and Welfare Maximisation. *14*

6. You are given the following details :

Fixed Expenses	₹ 4,000
Break-even Point	₹ 10,000

Calculate : *14*

(i) P/V Ratio

(ii) Profits, when Sales are ₹ 20,000

(iii) New Break-even Point, if Selling Price is reduced by 20%.
