

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

Term-End Examination

December, 2016

00203

BFW-023 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 70

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

1. Differentiate between fixed cost and variable cost. How do they help in determining break-even point ? 10

2. A company is producing a certain type of circuit breakers. The fixed cost of land, building etc. is ₹ 4,00,000. The variable cost is ₹ 100 per unit production. If the sale price of the product is ₹ 200 per unit, what should be the minimum production level ? What is the firm's profit if the firm is operating at present so that production is 8000 units ? 10

3. Define Financial Management. Explain briefly any four major roles of financial management. 10

4. The following data relate to the working of a factory at Furshatganj for the current year :

Capacity worked : 50%

Fixed Cost :

Salary :	₹ 8,40,000
Rent :	₹ 5,60,000
Depreciation :	₹ 7,00,000
Other administrative exp. :	₹ 8,00,000
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	₹ 29,00,000

Variable Cost :

Materials :	₹ 24,00,000
Labour :	₹ 25,60,000
Other exp. :	₹ 3,80,000
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	₹ 53,40,000

Possible sales at various levels of working are :

Capacity	Sales
60%	₹ 95,00,000
75%	₹ 1,15,00,000
90%	₹ 1,37,50,000
100%	₹ 1,52,50,000

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

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5. What is Cash Budget ? What are the objectives for preparing the Cash Budget ? Explain the motives for holding cash.

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6. Prepare a cash budget for the months of April, May and June, when opening balance of cash on 1st April is ₹ 50,000.

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The data is given below :

Month	Sale (₹)	Purchase (₹)	Wages (₹)	Official Expenses
February	30,000	40,000	1,000	2000
March	50,000	30,000	2,000	3000
April	60,000	25,000	3,000	1000
May	70,000	35,000	2,500	1500
June	80,000	30,000	3,500	2000

- (a) 50% purchase is on cash and remaining on one month credit.
- (b) Lag in payment of official expenses is $\frac{1}{2}$ month.
- (c) Lag in payment of wages is one month.
- (d) 50% sale is on cash and remaining is divided in two equal instalments and with the first one being paid within one month of cash sale and the second one after two months of cash sale.
- (e) Tax paid in June ₹ 5,000.

7. Prepare cost sheet. Find out profit and cost per unit from the following information :

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Raw material consumed :	₹ 1,50,000
Productive wages :	₹ 90,000
Office overheads :	10% of factory cost
Factory overheads :	₹ 20,000
Selling overheads :	20% of office overheads
Units produced :	4000
Units sold :	3600
Selling price :	₹ 100 per unit

8. Explain the cost sheet. Discuss the difference between cost account and financial account. 10
9. Describe the impact of online payment on financial management. 10
10. The following particulars for the last process are given : 10

	Units	Price (₹)
Transfer from the last process	4000	9000
Transfer to the finished stock from the process	3240	—
Direct wages		200
Direct material used		3000

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 :

- Process A/c
- Normal wastage (loss) A/c
- Abnormal loss A/c