No. of Printed Pages : 4

BFW-023

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

Term-End Examination

December, 2017

00111

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 a manufacturing concern for the month of April, 2008. Prepare a Cost Sheet from the following : *14*

Direct Material	₹ 8,20,000
Direct Wages	₹ 2,40,000
Direct Expenses	₹ 20,000
Factory Overheads (50% of prime cost)	
Office 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

2. The following particulars for the last process are given :

	Units	Price (₹)
Transfer from previous process	4,000	9,000
Transfer to finished stock from the process	3,240	–
Direct wages	–	2,000
Direct materials used	–	3,000

The factory overhead in process is absorbed @ 400% of the direct materials.

Allowance for the normal loss is 20% of units worked. The scrap value is ₹ 5 per unit. Prepare the following : *14*

(a) Process Account

(b) Normal Wastage Account

(c) Abnormal Wastage Account

3. You are given the following information :

Fixed Expenses	₹ 5,000
Break-even Point	₹ 20,000

Calculate : *14*

(a) P/V Ratio

(b) Profit when sales are ₹ 25,000

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

4. The following data relates to Book Shop Ltd :

Months	Sales (₹)	Purchases (₹)	Wages (₹)	Office Expenses (₹)
December	1,20,000	80,000	4,000	3,000
January	1,40,000	1,00,000	5,000	4,000
February	1,60,000	1,20,000	6,000	5,000
March	2,00,000	1,40,000	7,000	6,000

Adjustment :

(a) 40% sales are done on cash basis. Credit sales are collected in two equal installments in gaps of 1 month and 2 months of cash sales.

(b) 50% of purchases are on cash basis and remaining are on 1 month credit.

(c) Office expenses are paid monthly.

(d) Wages are paid on 1/2 monthly basis.

(e) 10% commission is allowed on cash sales.

(f) Opening balance of cash on 1st January is ₹ 35,000.

Now prepare a Cash Budget for the months of January, February and March. *14*

5. (a) Explain the Cost Sheet. Differentiate between cost accounts and financial accounts.

(b) Explain the concept of Break-even Point. Mention the assumptions and its benefits to the entrepreneur. *14*

6. A factory is currently running at 50% capacity and produces 5000 units at a cost of ₹ 90 per unit as per the details given below :

Material	₹ 50
Labour	₹ 15
Factory Overheads	₹ 15 (₹ 6 fixed)
Administrative Expenses	₹ 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% capacity working; material cost per unit increases by 5% and selling price per unit falls by 5%.

Estimate profits of the factory at 60% and 80% working and give your comments on the estimate. *14*