BACHELOR OF TECHNOLOGY (C.B.C.S.) (2014 COURSE)
B.Tech.Sem - VIII PRODUCTION :SUMMER- 2022
SUBJECT : FINANCIAL MANAGEMENT & COST CONTROL

Day : Monday | Time : 02:30 PM-05:30 PM
Date : 20-06-2022 | **S-13493-2022** | Max. Marks : 60

N.B.

1) All questions are **COMPULSORY.**
2) Figures to the right indicate **FULL** marks.
3) Use of non-programmable calculator is allowed.
4) Assume suitable data if necessary.

Q.1 What is financial management? Discuss in detail the role of finance manager and various sources of finance. **(10)**

OR

Q.1 Two Years Balance Sheet of Jamuna Company Ltd. are as follows : on 31.3..04. **(10)**

Balance Sheet

Liabilities	31.3.03	31.3.04	Assets	31.3.03	31.3.04
Equity Share Capital 10%	1,00,000	1,50,000	Land and Buildings	10,00,000	90,000
10% Preference Share Capital	50,000	50,000	Machinery	90,000	90,000
General Reserves Profit & Loss A/c 12%	30,000	30,000	Debtors	53,000	30,000
Debentures Creditors	20,000	-	Bills Receivable	20,000	12,000
Bills Payable	1,00,000	50,000	Stock	75,000	90,000
Bank overdraft	30,000	35,000	Bank Balance	15,000	35,000
O/s Expenses	10,000	25,000	Cash Balance	2,000	13,000
	10,000	20,000	Profit & Loss A/c	-	10,000
	3,50,000	3,60,000		3,55,000	3,70,000

Additional Information:

	2002-03 ₹	2003-04 ₹
Sales	3,65,000	2,19,000
Cost of goods sold	2,19,000	1,46,000
Net Profit	35,000	47,500
Stock on 1.4.02	71,000	-

Calculate the following ratios and give your opinion about company position in 2003-04 in comparison with 2002-03. Whether it is positive or negative : **1)** Current Ratio **2)** Liquid Ratio **3)** Debtor Ratio (Take 365 days for calculations) **4)** Gross Profit Ratio **5)** Stock Turnover Ratio 6) Rate of return on Equity shareholders Funds.

Q.2 What is capital budgeting? Explain various methods of capital budgeting. **(10)**

OR

Q.2 Discuss the process of capital budgeting. Why capital budgeting decisions are important? **(10)**

Q.3 Explain the procedure for managing working capital. State its advantages and disadvantages. **(10)**

OR

Q.3 Discuss the importance of working capital management. Also explain effect of working capital management on firm's profitability. **(10)**

P.T.O.

Q.4 A Black Cactus Co. Ltd. Uses job costing. The following cost data are obtained from its books for the year ended 31st December, 2015 **(10)**

	₹
Direct Material	60,000
Direct Wages	40,000
Factory Overheads	30,000
Administrative Overheads	26,000
Selling and Distribution Overheads	39,000
Profit	48,750

In the year 2016 the factory received an order for a number of jobs. It is estimated that material required will be ₹80,000 and wages amounting to ₹ 50,000 will be spent on the jobs. What should be the price of these jobs if the factory intends to earn the same rate of profit on sales assuming that the selling and distribution overheads have gone up by 10%? The factory recovers factory overheads as percentage of direct wages, and administration and selling and distribution overheads as a percentage of works cost. Prepare Cost Sheet for 2015 and 2016.

OR

Q.4 The product Z of Tulsian (1) Ltd. passes through two processes A and B. following is the information relating to both the processes: **(10)**

	Process A	Process B
Material in tonnes	1,000	360
Cost of Materials per tonne	₹ 125	₹ 187.50
Direct Wages	₹ 28,800	₹ 11,160
Production Overheads	25% of Direct Wages	25% on Direct Wages
Output in tonnes	810	780
Normal Wastage	5% of input	5% of input
Normal Scrap	10% of input	10% of input
Realizable Value of Normal Scarp / tonne	₹ 80	₹ 200
Selling Price per tonne	To yield profit on 20% on sales	To yield profit @1/6 on sales

Two-third of Process A Stock is transferred to Process B and the balance stock is sold. The entire balance of Process B stock is sold.
Management Expenses: ₹ 7,450, Selling Expenses : ₹ 20 per tonne sold. There was no opening or closing stock of work in progress in any process.
Prepare Process Accounts, Process Stock Accounts, Abnormal Loss / Gain Account and Normal Loss Account.

Q.5 X Ltd., furnishes you the following information relating to the half year ended 30th Sept, 2012: **[10]**

	₹
Fixed Expenses	45,000
Sales Value	1,50,000
Profit	30,000

During the second half of the year the company has projected a loss of ₹ 10,000. Calculate :

a) The margin of safety for six months ending on 30th Sept, 2011.
b) Expected sales volume for the second half of the year assuming that the P/V ratio and fixed expenses remain constant in the second half year also.
c) The break even point and margin of safety for the whole year 2011 and 2012.

OR

Q.5 The standard mix to produce one unit of product is as follow: **(10)**

Material A	60 units @ ₹ 15 per unit =	₹ 9,00
Material B	80 units @ ₹ 20 per unit =	₹ 1,600
Material C	100 units @ ₹ 25 per unit =	₹ 2,500
	240 units	₹ 5,000

During the month of April, 10 units were actually produced and consumption was as follows:

Material A	640 units @ ₹ 17.50 per unit =	₹ 11,200
Material B	950 units @ ₹ 18.00 per unit =	₹ 17,100
Material C	870 units @ ₹ 27.50 per unit =	₹ 23,925
	2,460 units	₹ 52,225

Calculate all material variances.

Q.6 What are overheads? Explain overhead allocation, absorption and apportionment in detail. **(10)**

OR

Q.6 A company has two production department and service department. The data relating to a period are as under: **(10)**

Particulars		**Production Departments**		**Service Departments**	
		PD_1	PD_2	SD_1	SD_2
Direct Materials	Rs.	80,000	40,000	10,000	20,000
Direct Wages	Rs.	95,000	50,000	20,000	10,000
Overheads	Rs.	80,000	50,000	30,000	20,000
Power requirement at normal capacity operations	Kwh	20,000	35,000	12,500	17,500
Actual power consumption during the period	Kwh	13,000	23,000	10,250	10,000

The power required office departments are met by a power generation plant. The set plant incurred an expenditure, which is not included about of ₹ 1, 21,875 out of which a sum of ₹ 84,375 was variable and the rest fixed. After appointment of power generation plant cost to the four departments the service departments overheads are to be redistributed on the following basis:

	PD_1	PD_2	SD_1	SD_2
SD_1	50%	40%	-	10%
SD_2	60%	20%	20%	-

Required to :

a) Apportioned the power generation plant cost to the four departments.

b) Re-apportion service department cost to production department.

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