

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

Day : Monday

Time : 02:30 PM-05:30 PM

Date : 28-11-2022

W-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 Explain the role of financial manager in decision making. Also explain the functions of financial manager. **(10)**

OR

Q.1 The details of Shreenath Company are as under: **(10)**

| | | |
|---|-----------------|-----------------|
| Sales (40% cash sales) | | 15,00,000 |
| Less : Cost of sales | | <u>7,50,000</u> |
| Gross Profit: | | 7,50,000 |
| Less : Office Expenses (including int. on debentures) | 1,25,000 | |
| Selling Expenses | <u>1,25,000</u> | <u>2,50,000</u> |
| Profit Before Taxes | | 5,00,000 |
| Less : Taxes | | <u>2,50,000</u> |
| Net Profit: | | 2,50,000 |

Balance Sheet

| Particulars | ₹ | Particulars | ₹ |
|------------------------------|------------------|-------------------|------------------|
| Equity Share Capital | 20,00,000 | Fixed Assets | 55,00,000 |
| 10% Preference Share Capital | 20,00,000 | Stock | 1,75,000 |
| Rseserves | 11,00,000 | Debtors | 3,50,000 |
| 10% Debentures | 10,00,000 | Bills Receivable | 50,000 |
| Creditors | 1,00,000 | Cash | 2,25,000 |
| Bank-overdraft | 1,50,000 | Fictitious Assets | 1,00,000 |
| Bills Payable | 45,000 | | |
| Outstanding Expenses | 5,000 | | |
| | <u>64,00,000</u> | | <u>64,00,000</u> |

Besides the details mentioned above the opening stock was of ₹ 3,25,000. Taking 360 days of the year, calculate the following ratios; also discuss the position of the company:

- 1) Gross Profit Ratio
- 2) Stock turnover Ratio
- 3) Operating Ratio
- 4) Current Ratio
- 5) Liquid Ratio
- 6) Debtors Ratio
- 7) Creditors Ratio
- 8) Proprietary Ratio
- 9) Rate of return on net capital employed
- 10) rate of return on equity shares.

Q.2 What do you understand by capital budgeting? Explain the discounted cash flow techniques of capital budgeting. **(10)**

OR

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

P.T.O.

Q.3 Discuss in detail various types of working capitals. (10)

OR

Q.3 What is working capital? Explain briefly its purpose, need and operating cycle. (10)

Q.4 a) What are the various elements of costs? Explain each type with example. (03)

b) The following expenses were incurred for a job during the year ended 31st Dec, 2015. (07)

| | | | |
|------------------------------------|---------|--------------------------|---------|
| Direct Materials | ₹ 3,000 | Direct Wages | ₹ 4,000 |
| Chargeable Expenses | ₹ 1,000 | Factory overheads | ₹ 2,000 |
| Selling and distribution overheads | ₹ 2,000 | Administration overheads | ₹ 3,000 |

Selling price for the above job was ₹ 18,000. You are required to prepare a statement showing the profit earned for the year 2015 from the job and estimate price of a job which is to be executed in the year 2016. Materials, wages and chargeable expenses will be required of ₹ 5,000, ₹ 7,000 and ₹ 2,000 respectively for the job. Factory overheads are to be recovered as a percentage of direct wages and Adm. And selling and distribution overheads are to be recovered as percentage of factory cost.

OR

Q.4 a) What are the process losses that occur in process costing? (03)

b) Product 'X' is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the month ending December, 31, 2011. (07)

| | | I | II | III |
|----------------------|-------|-------|-------|-------|
| | ₹ | ₹ | ₹ | ₹ |
| Direct Materials | 7,542 | 2,600 | 1,980 | 2,962 |
| Direct Wages | 9,000 | 2,000 | 3,000 | 4,000 |
| Production overheads | 9,000 | - | - | - |

1,000 units @ ₹ 3 each were introduced to process I. There was no stock, material or work-in-progress at the beginning or end of the period. The output of each process passes direct to the next process and finally to finish stores. Production overheads recovered on the basis of direct wages. Management expenses ₹ 1,000, selling expenses @ ₹ 5 per unit. The following additional data is obtained:

| Process | Output During the Month | Percentage of Normal Loss to Input | Value of Scrap per unit ₹ |
|-------------|-------------------------|------------------------------------|---------------------------|
| Process I | 950 | 5% | 2 |
| Process II | 840 | 10% | 4 |
| Process III | 750 | 15% | 5 |

40% units of finished goods were sold at a profit of 20% on the selling price. There was no opening/closing stock of working progress in any process. Required: Prepare Process Cost Accounts and Loss Accounts.

Q.5

PCT Ltd. provides you the following information for the year 2011

(10)

| | First Half ₹ | Second Half ₹ |
|---------------|--------------|---------------|
| Sales | 20,000 | 30,000 |
| Profit Earned | 7,200 | 13,200 |

You are required to calculate the following, assuming that the fixed costs remain constant during each of the half year:

- 1) The P/v ratio, fixed cost, break-even point and margin of safety for first half, second half and for the whole year.
- 2) The amount of profit/loss when sales for the year are ₹ 60,000.
- 3) The amount of sales required to earn a profit of 10% on sales.
- 4) The amount of sales required to earn a profit of ₹ 59,040.
- 5) The amount of profit for the year 2012 assuming anticipated 10% increase in selling price but 20% decrease in physical sales volume and fixed costs.

OR**Q.5**

From the following information of product No. 142 calculate:

(10)

- | | |
|---------------------------|----------------------------------|
| i) Material Cost Variance | iii) Material Sub-usage Variance |
| ii) Material Mix Variance | iv) Material Price Variance |

| Material | Standard Quantity Kg. | Price ₹ | Actual Quantity | Actual Price ₹ |
|----------|-----------------------|---------|-----------------|----------------|
| X | 10 | 5 | 12 | 4.00 |
| Y | 8 | 4 | 7 | 4.50 |
| Z | 6 | 3 | 5 | 3.25 |
| | 24 | | 24 | |

Q.6

Discuss the classification of overheads with examples. Also explain over and under absorption of overheads. **(10)**

OR**Q.6**

A company has three production departments and two service departments. Distribution summary of overheads is as follows: **(10)**

Production Departments : A ₹ 13,600, B ₹ 14,700, C ₹ 12,800

Service Departments : X ₹ 9,000, Y ₹ 3,000

The expenses of service departments are charged on a percentage basis which is as follows;

| | A | B | C | X | Y |
|---------|-----|-----|-----|-----|-----|
| X Dept. | 40% | 30% | 20% | -- | 10% |
| Y Dept. | 30% | 30% | 20% | 20% | -- |

Apportion the cost of service departments by using repeated distribution method.

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