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Register Number:

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Name of the Candidate:

M.B.A.(Retail Management) DEGREE EXAMINATION – 2012**(FIRST YEAR)****(PAPER-VI)****160. RETAIL MANAGERIAL FINANCE***December)*

Maximum: 75 Marks

*(Time: 3 Hours***SECTION-A****Answer any FIVE Questions****(5×3=15)****All questions carry equal marks**

1. State any three functions of retail accounting.
2. What do you mean by final accounts?
3. Mention any three importance of retail financial statement analysis.
4. What is a Bin card?
5. What is cost –volume –profit analysis?
6. Write short notes on retail profit.
7. State the different methods of classifying overheads.
8. A project costs `5,00,000 and yields an annual cash inflow of `50,000 for 12 years. Is the project desirable?

SECTION-B**Answer any THREE Questions****(3×10=30)****All questions carry equal marks**

9. How is retail accounting information used by internal and external users?
10. Describe the 'classifications of cost'.
11. Find out the economic order quantity [EOQ] from the following:
Annual usage : 6,000 units
Cost of material per unit : `20
Cost of placing and receiving one order : `.60
Annual carrying cost of one unit: 10% of inventory value.
12. Calculate funds from operations from the following profit and loss account.

Profit and Loss Account

	₹		₹
To Rent	10,000	By Gross profit	9,86,000
To Salary	25,000		
To Depreciation on Furniture	3,000		
To Discount on issue of shares	10,000		
To Goodwill written off	5,000		
To Preliminary expenses	6,000		
To Net Profit	9,27,000		
	<u>9,86,000</u>		<u>9,86,000</u>

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13. The expense budget for production of 10,000 units in a factory are furnished below:

	Per unit
Materials	70
Labour	25
Variable overheads	20
Fixed overhead (1,00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expenses (`.50,000)	5
Total cost	155

Prepare a budget for production of 6,000 and 8,000 units.

SECTION-C

Answer any ONE Question

(1×15=15)

14. Explain the various retail accounting conventions.
 15. Distinguish between Trial balance and balance sheet.
 16. The sales turnover and profits during two years were as follows:

Year	Sales	Profit
2010	`.1,50,000	`.20,000
2011	`.1,70,000	`.25,000

You are required to calculate

- P/V ratio
- BEP
- The sales required to earn a profit of `40,000
- The profit made when sales are `2,50,000
- Margin of safety at a profit of `50,000
- Variable costs of the two periods.

SECTION-D

COMPULSORY

(1×15=15)

17. A Ltd. Company is considering investing in a project requiring a capital outlay of `2,00,000. Forecast for annual income after depreciation before tax is as follows:

Year	
1	1,00,000
2	1,00,000
3	80,000
4	80,000
5	40,000

Depreciation may be taken as 20% on original cost and taxation at 50% of net income.

You are required to evaluate the project according to each of the following methods.

- Pay –back period method
- Rate of return on original investment
- Rate of return on average investment
- Discounted cash flow method taking cost of capital at 10%
- Excess present value-index.
