IIHMR UNIVERSITY

School of Pharmaceutical Management

MBA Pharmaceutical Management

Batch-08th (2016-2018) Second Year

Financial Management -2

Term Examination

Time - 3 Hour **MM-70**

The question paper contains __3__ printed page.

Q. 1. Solve the following problem 10 Marks

Fixed cost per unit - 5
Variable Cost – 60% of sales
Break even point (units) – Rs. 10000
Find out profit if sales in unit are 20% above BEP

Q. 2. From the following transactions ascertain the prime cost – 15 Marks

Opening Stock of Raw Materials	20000
Closing Stock of Raw Materials	40000
Purchase of Raw Materials	105000
Import duty on Raw Materials	20000
Carriage Inward	6000
Primary Packing Material	3000
Productive Wages	150000
Opening Stock of work-in-progress at prime cost	15000
Opening Stock of work-in-progress at prime cost	10000
Hire Charge Paid on Plant	10000
Other Chargeable expenses	6000

Q. 3. Write Short Notes on the following – (Word Limit – 50 words) 15 Marks

a) Contribution margin
b) Net Profit
c) ABC Costing
d) Job Costing
e) Zero based Budget

Q. 4. Explain with reasons how would you deal with the following in the cost accounts –

(a) Directors' fees and salaries
(b) Sales promotion expenses
(c) Interest on loan for purchase of machinery
(d) Packing expenses
(e) Bad Debts

5 x 3=15 marks

Q. 5. A product passes through two distinct processes A and B. The output of process A is passed to process B and the output of process B is passed to Finished Stock. From the following information, prepare the process A and B accounts –

	Process A	Process B
Input in Process A – 10,000 units @ Re. 1 per unit		
Material consumed	12,000	6,000
Direct labour	14,000	8,000
Manufacturing expenses	4,000	4,000
Actual output	9,400 units	8,300 units
Normal loss	5% of input	10% of input
Value of normal loss	Rs. 8 / unit	Rs. 10 / unit

There was no opening stock or closing stock in either process.

15 marks