IIHMR UNIVERSITY

School of Pharmaceutical Management

MBA Pharmaceutical Management
Batch-09 (2017-2019) – 2 Year

Financial Management - 2
Term Examination

EXAMINATION CELL IIHMR UNIVERSITY

Time - 3 Hour **MM-70**

The question paper contains 2 printed page.

Q. 1. Selling price per unit - Rs. 3.00
Contribution margin per unit – Rs. 2
Fixed Costs – Rs. 20000
Find out profit if sales in unit are 20% above BEP (10 Marks)

Q. 2. Write short notes on any five of the following – (50 words)

1. Actual cost of a product is Rs. 200, opportunity cost is 160, Find Economic Rent.
2. Sunk Cost
3. Out of Pocket Cost
4. Replacement Cost
5. Incremental Cost
6. Difference between Accounting Cost and Analytical Cost (15 Marks)

Q. 3. Jyoti enterprises ltd has the following cost budget at a production level of 30000 units as against the normal capacity of 60,000 units.

Particulars	Rs.
Direct Material	5,00,000
Direct labour	2,60,000
Variable Overheads	3,00,000
Semi-Variable overheads	3,20,000
Fixed Overheads	3,50,000

The fixed overhead would remain stable up to 65% activity level, which increases by Rs. 60,000 for higher activity. The fixed component of semi-variable overhead is Rs. 70,000.

a) Find the per unit cost at the activity level of 25,000 units.

b) Find the per unit cost at the activity level of 40,000 units. (15 Marks)

Q. 4. 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.

(10 marks)

Q. 5. The following cost records have been obtained from the Cost Records 2017. Prepare a cost sheet based on the data. Assume that all the products manufactured during the year have been sold to earn a profit of 20% above cost price.

(20 Marks)

Materials used in the factory	210000
Materials used in Primary Packing	28000
Materials used in selling the product	4500
Materials used in factory	3500
Materials used for office	20000
Factory supervision expenses	4000
Factory Repairman expenses	4500
Productive wages	50000
Chargeable Expenses	10000
Indirect expenses - factory	2000
Administrative Expenses	5000
Depreciation on office building	6000
Depreciation on factory building	2000
Freight on materials purchased	7500
Depreciation on delivery vans	1000
Salary paid to the driver of delivery van	2500
Selling Costs	2500
Goods Stolen	2500
Bad debt	3500