Enrolment No.: ………………………….

IIHMR UNIVERSITY

School of Pharmaceutical Management

MBA Pharmaceutical Management
Batch-14th (2022-2024)
Second Year, Term 5 End Term Examination, December 2023

PHRM-748 Cost and Managerial Accounting in Pharma

Time - 3 Hour **Maximum Marks: 50 (Minimum Marks: 20)**

Instructions to students:

- **This question paper contains 2 printed pages.**
- **Don't write anything on the Question Paper except writing your Enrolment No.**

Part A **(Maximum Marks: 5)**

Q1. Fill in the blanks (each carries 1 mark)**:**

a) Capital Employed is ______________________ .

b) Book value of an asset is ______________________ .

c) Is 'Profit is an asset'? ______________________ .

d) 20% Dividend means ______________________ .

e) Overheads are ______________________ .

Part B **(Maximum Marks: 15)**

Answer the following questions, briefly (each carries 3 marks)**:**

Q2. "Cost is unexpired expenditures". Illustrate while focusing on prime cost.

Q3. "Equity is more than Equity shares". Explain. How does it help in maximizing the wealth of shareholders.

Q4. "Sink cost, sunk cost & fixed costs are one and same". Justify. Also suggest relationship with indirect cost.

Q5. "Margin of Safety and Angle of incidence are same"? Also explain contribution.

Q6. Explain the nature of 'outstanding rent, prepaid salary, loan account and unearned income'. Also suggest their implication on the Balance Sheet.

Part C **(Maximum Marks: 30)**

Answer the following questions:

Q7. (a). Read and infer the following Ratios. (4)

	Year		
Ratio	**2023**	**2022**	**2021**
DPS	2.18	2.40	2.20
EPS	8.98	6.70	5.24
MPS	130	240	80
D/P-Out	2.24	0.36	.42
P/E	14.47	.010	.0275
Divided yield	.017	35.82	15.26

(2x3=6)

(b). Justify the following statements:

(i). Is the growth of levered firm stronger when interest rate is low?

(ii). Does Increase in cash from financing activity add to liquidity but not Profitability?

(iii). 'Why is there invariably debit balance in cash and inventory account'?

Q8. **(a)** Prepare Cash flow statement from the given Balance Sheet and also draw inferences: (4+2=6)

	Liabilities			Assets	
2022 Rs.		**2023 Rs.**	**2022 Rs.**		**2023 Rs.**
40,000	Creditors	44,000	10,000	Cash	7,000
25,000	Partner's loan	-	30,000	Debtors	50,000
40,000	Bank loan	50,000	35,000	Stock	25,000
1,35,000	Capital	1,53,000	80,000	Machinery	55,000
Total 2,40,000		2,47,000	40,000	Land	50,000
			45,000	Building	60,000
			2,40,000		2,47,000

During the year, a machine cost Rs. 10,000 with accumulated depreciation of Rs. 3,000, was sold for Rs. 5000. The provision for depreciation on machinery – opening balance Rs. 25,000, and the closing balance Rs. 40,000. Net profit for the year is Rs. 45,000.

(b) Briefly explain the following: (4)

(i). Zero Based Budgeting
(ii). Profit Centre
(iii). Cash from investment
(iv). Gross Block

Q9. Answer **ANY ONE** of the following subparts (a), (b) and (c): (10)

(a). Explain **any five** of the following: (2x5=10)

(i). DSCR and its drivers
(ii). 'Is Loss an Asset?'.
Difference between financial accounting and management accounting
Job vs Process Costing
(iii). 3 verticals of Responsibility Accounting
(iv). Separate Entity vs unincorporated organization
(v). CVP vs BEP Analysis
(vi). 'Depreciation is neither Source', nor is application'.
(vii). Marginal cost vs contribution
(viii). Cost structure management

(b). Prove / Answer the following statements: (2x5=10)

(i). Zero based budgeting is a practical concept.
(ii). Explain methods of depreciation – straight line and sum of year digit method.
(iii). Changing dimensions of management accounting in view of AI, machine learning and cloud computing'.
(iv). 'Don't control cost but control waste while enumerating recent cost control practices in corporate India.
(v). Impact of Intangible assets and goodwill on tangible FA.

(c). Prove / Answer the following statements: (2x5=10)

(i). The company 'A' is more profitable than the company "B'. Is profitability of the company 'B' lesser?
(ii). 'Cost variance and revenue variance' are complementary to each other.
(iii). ROCE, RONW, ROA, are part of RoI.
(iv). (a). 'If Assets are not equal to liabilities', what steps should we take?
(b). Overheads are necessary evil'- Comment.
(v). FIFO is effective for controlling inventory.