Enrolment No.: ................................

IIHMR UNIVERSITY

# School of Pharmaceutical Management

## MBA Pharmaceutical Management
## Batch-15th (2023-2025)
## Second Year, Term 5 End Term Examination, February 2025

EXAMINATION CELL IIHMR UNIVERSITY

## PHRM-748 Cost and Managerial Accounting in Pharma

**Time - 3 Hours** **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)

**MCQ's / Fill in the blanks**

**Q 1**

a. A firm has total of current asset ₹550000 and current liabilities of ₹30000, the current ratio is.........................

b. Depreciation of plants comes under
 i. Prime cost ii. Works cost iii. Office cost iv. Direct cost

c. At break-even sales Fixed cost will be ....... contribution.
 i. More than ii. Less than iii. Equal to iv. Double to

d. Which of the following is most likely to be a variable cost?
 i. Depreciation ii. Cost of materials iii. Rent iv. Advertising

e. Under analysis of constraints, the priority moves from the contribution margin per unit to the ...........................

## Part B

(Maximum Marks: 15)

**Short Answer Questions**

**Q 2** Following information provided from the books of Pharma Manufacturing co. Calculate current ratio and quick ratio and comment on the liquidity position of the company.

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Equity Capital | 300000 | Land & Building | 150000 |
| Sundry Creditors | 48000 | Plant & Machinery | 85000 |
| Bills payable | 10000 | Short-term investments | 16000 |
| Bank overdraft | 5000 | Stock in Trade | 50000 |
| Outstanding Expenses | 2000 | Debtors | 59000 |
| | | Prepaid Expenses | 1000 |
| | | Cash in hand | 4000 |
| | 365000 | | 365000 |

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**Q 3** The standard cost card shows the following details relating to material needed to produce one unit of Type A medicine.
Quantity required: 3 units of materials, Price: ₹ 2.5 per unit
Actual production during the month: 1000 units of Type A
Quantity of material used: 3500 units of materials,
Purchase price: ₹3 per unit.

Calculate Material price variance, Material cost variance and Material usage variance.

**Q 4** The success of the standard costing depends upon the establishment of correct standards. Explain this statement taking into consideration the setting of standards for direct material costs.

## Part C

(Maximum Marks: 30)

**Long Answer / Descriptive Questions**

**Q 5** From the following information prepare cost sheet for 6 months.

| | (₹) |
|---|---|
| Raw material as April 1, 2021. | 40000 |
| Raw material as September 30, 2021. | 20000 |
| WIP as April 1, 2021. | 10000 |
| Finished Goods as September 30, 2021. | 30000 |
| Purchase of raw materials from April-September | 250000 |
| Direct wages | 55000 |
| Indirect wages | 35000 |
| Factory rent, rates and power | 15000 |
| Depreciation of plant & Machinery | 4500 |
| Expenses on purchases | 1500 |
| Carriage outward | 3000 |
| Advertisement | 2500 |
| Sales | 510000 |

**Q 6** Some organization employs a method of budgeting where the previous year's figures are not taken as a base for preparing next year's budget. Why is this method used, and what are the advantages of using this method of budgeting?

**Q 7**

a. If the safety margin is 240000(40% of sales) and P/V ratio is 30% for AB Ltd., calculate (i) break-even sales and (ii) profit on sales of ₹900000.
b. X Ltd has earned a contribution of ₹200000 and a net profit of ₹150000 on sales of ₹800000, calculate (i) margin of safety and (ii) break-even point.



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