IIHMR UNIVERSITY

The IIHMR University, Jaipur
School of Pharmaceutical Management
MBA Pharmaceutical Management
Session - 2017-19
Financial Management
Term Examinations

Time Allowed - 3 Hours **Max.Marks - 70**

General Instructions -

1- Answer all the questions.
2- Working notes must support the solution whenever required.
3. The question paper is divided in TWO parts: Part A and Part B . **PartA** *is of* **26** *marks and* **Part B** *is of* **44** *marks.*

Part – A (26 marks)

Q-1 Define Accountancy ? **(2)**

Q-2 Explain any 4 objectives of accountancy ? **(4)**

Q-3 Explain the following terms - **(6)**

(a) Revenue
(b) Capital Expenditure
(c) Liability
(d) Working Capital
(e) Contingent Liability
(f) Trade Receivables

Q-4 Explain any 3 accounting principles - **(6)**

(a) Business Entity Concept
(b) Dual aspect concept
(c) Matching concept
(d) Going concern concept

Q-5 What do you understand by Financial Management ? **(4)**
Discuss its significance in Business Management.

Q-6 Explain briefly the various sources of long term and short term financing in Indian Industries. **(4)**

PART – B (44 marks)

Q-7 Enter the following transactions in the journal of Shankar Stores : 2015

April 1 Started business with Rs.5,00,000; paid into bank Rs. 4,00,000.

April 4 Purchased goods for Rs.1,40,000 in all, out of which half the goods was on credit from Mr. Sudhir.

April 7 Purchased building for Rs. 2,00,000 and paid 2% brokerage on its purchase. Also incurred Rs. 24,000 on its registration. Payment for building was made by cheque and brokerage and registration charges were paid in cash.

April 12 Sold goods to Arun for Rs. 2,00,000. Arun pays one-forth amount in cash.

April 14 A cheque of Rs. 1,48,000 is received from Arun in full settlement and the cheque is immediately deposited into bank.

April 16 Paid stationery expenses Rs. 180.

April 17 Paid fire insurance premium on building by cheque Rs.1,000 and Shankar's life insurance premium by cheque Rs. 4,000.

April 20 Paid for office cleaning Rs. 200.

April 28 Received a sum of Rs. 2,500 being rent for a portion of the building let out.

April 28 Paid for advertisement in 'The Hindustan Times' Rs.2,000. **(8)**

Q-8 From the following balances extracted from the books of Badri Vishal on 31st March, 2017, prepare a Trading Account, P & L A/c and a Balance Sheet. Closing Stock valued on that date was Rs. 15,0000. **(8)**

	Dr.	Cr.
Capital		1 ,28,200
Household Expenses	10,000	
Sales		1,80,000
Return inwards	4,000	
Return outwards		6,000
Purchases	1,50,000	
Cash at Shop	1,600	
Bank Overdraft		15,000
Interest on Overdraft	1,500	
Creditors		17,800

Stock at the Commencement	18,000	
Freight	8,500	
Rent and Taxes	7,000	
Debtors	32,600	
Commission	3,000	2,200
Freehold property	30,000	
Sundry Expenses	3,900	
Salaries and wages	20,000	
Life Insurance Premium	1,800	
Insurance Premium	1,600	
Motor Vehicle	39,800	
Typewriter	8,000	
Interest		800
Carriage inwards	2,000	
Carriage Outwards	800	
Power	2,200	
Audit Fee	1,700	
Lighting	2,000	
	3,50,000	3,50,000

Q-9 Enter the following transactions in the Cash Book with Cash and Bank Columns - **(4)**

2016		Rs.
June 1	Cash in hand	800
	Bank Overdraft	5,700
7	Received a cheque from Bharti	3,250
9	Deposited the above cheque into Bank	
12	Paid to Bhavana by cheque	2,425
15	Bharti's cheque returned dishonoured	
20	Withdrew from Bank for office use	250
25	Cheque received from Panna Lal and endorsed it	1,200

	in favour of Kamal on 28th June	
30	Income Tax paid by cheque	150
30	Bank charges	25

Q-10 Following is the Balance Sheet of Arvind Mills Limited as on 31st March,2010 : **(8)**

Equity and Liabilities	Rs.	Assets Rs.	
Shareholders Funds		Non-current Assets	
Equity Share Caipital	5,00,000	Fixed Assets 1800000	
12% Pref. Share Capital	1,00,000	Less: Depreciation	
Reserve Fund	4,00,000	500000	13,00,000
Non-Current Liabilities		Investment	1,50,000
14% Debentures	7,00,000	(short term)	
Current Liabilities :		Current Assets :	
Sundry Creditors	60,000	Stock	3,00,000
Bills Payable	1,00,000	Book Debts	2,00,000
Tax Provision	1,30,000	Bank	50,000
Outstanding Expenses	10,000		
	20,00,0000		20,00,000

Other Information supplied are as follows : Rs.

(a)	Net Sales	30,00,000
(b)	Cost of Goods Sold	25,80,000
(c)	Net Income before taxes	2,00,000
(d)	Net Income after taxes	1,00,000

You are required to calculate the following :

(i) Liquidity Ratio (ii) Proprietory Ratio (iii) Current Ratio (iv) Gross Profit Ratio and (v) Net Profit Ratio.

Q-11 From the following information, you are required to estimate the working capital required : **(8)**

	Cost per unit Rs.
Raw Material	400
Direct Labour	150
Overheads (excluding depreciation)	300
Total	850

Additional Information :

Selling Price Rs. 1,000 per unit

Output	52,000 units
Raw Materials in stock	average 4 weeks

Work-in-progress (100% complete in regard to materials and 50% for labour and overheads) average 2 weeks

Finished goods in stock	average 4 weeks
Credit allowed by suppliers	average 4 weeks
Credit allowed to debtors	average 8 weeks
Cash at Bank is expected to be	Rs. 50,000

Assume that production is sustained at an even pace during the 52 weeks of the year. All sales are on credit basis.

Q-12 No project is acceptable unless the yield is 10%. Cash inflows of a certain project along with cash outflows are given below : **(8)**

Year	0	1	2	3	4	5
outflows(Rs.)	1,50,000	30,000	-	-	-	-
Inflows (Rs.)	-	20,000	30,000	60,000	80,000	30,000

The salvage value at the end of the 5th year is Rs. 40,000. Calculate net present value and PBP. The present value of Re.1 for five years at 10% discount factor is .909, .826, .751, .683 and .621 respectively.