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Register Number: **6326**

Name of the Candidate:

M.B.A. (PHARMACEUTICAL MANAGEMENT) DEGREE EXAMINATION - 2010

(FIRST YEAR)

(PAPER – II)

120. FINANCIAL AND MANAGEMENT ACCOUNTING

December) (*Time: 3 Hours*

Maximum: 75 Marks

SECTION - A

Answer any FIVE questions. **(5 × 3 = 15)**

1. a) What are GAAPs?

   b) What is double entry system?

   c) Define PI.

   d) Specify any three benefits of Capital Budgeting.

   e) Why does a company prepare profit and loss account?

   f) What is the procedure for determining "Cash From Operations"?

   g) Explain MOS.

   h) How do you differentiate fixed budget from flexible budget?

SECTION - B

Answer any THREE questions. **(3 × 10 = 30)**

2. Explain in detail the role of financial accounting in business.
3. Define Net Present Value method and state its merits and limitations.
4. Enumerate the major differences between funds flow statement and cash flow statement.
5. What is B.E.P.? Discuss the managerial application of Break Even Analysis.

6. Explain the major steps involved in preparation of Zero base budgeting.

SECTION - C

Answer any ONE question. (1 × 15 = 15)

7. The summarized balance sheets of XYZ pharmaceutical company as on 31.12.2005 and 31.12.2006 are as follows:

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
P/L A/c.	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Tax Provision	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage Loan	-	2,70,000			
Total	**10,49,000**	**12,42,000**	**Total**	**10,49,000**	**12,42,000**

Additional Information:

a) Investments costing Rs.8,000 were sold for Rs.8,500.
h) Tax provision made during the year was Rs.9,000.
c) During the year part of the fixed assets costing Rs. 10,000 was sold for Rs. 12,000 and the profit was included in P & L A/c.

You are required to prepare cash flow statement for the year 2006.

8. Draw up a flexible budget for production at 60%, 75% and 100% capacity on the basis of the following data for a 50% activity.

Particulars	Per Unit (Rs.)
Materials	100
Labour	50
Variable expenses (Direct)	10
Administrative Expenses (50% Fixed)	40,000
Distribution Expenses (60% Fixed)	50,000
Selling Expenses (40% Fixed)	50,000
Present Production (50% Activity)	1,000 units

SECTION - D
(Compulsory) **(1 × 15 = 15)**

9. Two projects M and N which are mutually exclusive are being under consideration. Both of them require an initial cash outlay of Rs.1,00.000 each. The net cash inflows are estimated as under:

Year	1	2	3	4	5
Project M(Rs.)	10,000	40,000	30,000	60,000	90,000
Project N (Rs.)	30,000	50,000	80,000	40,000	60,000

The company's targeted rate of return on investments is 12%. You are required to assess the projects on the basis of their present values, using

a) NPV method and

b) PT method

Present values of Re.1 at 12% interest for five years are given below:

Year	1	2	3	4	5
PV @ 12%	0.893	0.797	0.712	0.636	0.567

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