

# Question Paper

Exam Date & Time: 07-May-2018 (02:00 PM - 05:00 PM)



## MANIPAL ACADEMY OF HIGHER EDUCATION

MANIPAL COLLEGE OF PHARMACEUTICAL SCIENCES

END SEMESTER THEORY EXAMINATIONS- MAY 2018

PROGRAM: MPHARM SEMESTER 2 (PHARMACEUTICAL ADMINISTRATION)

DATE: 07/05/2018

TIME: 2:00 PM - 5:00 PM

Financial Management [PMA-MPD203T]

Marks: 50

Duration: 180 mins.

a

**Answer all the questions.**

**Answer the following (5 marks x 8 = 40 marks)**

- 1) Anand Motors Ltd issued 14% bonds of Rs.5000 each (5)  
redeemable after 10 years. Floatation cost was Rs.200. Assume  
tax @30%. Calculate the cost of bonds if it is issued at par and  
redeemed at 10% premium.
- 2) Write Journal Entries for the transactions. (5)  
11th June : Mr. Ram commenced business with a  
capital of Rs. 10,00,000  
15th June : Deposited Rs.4,00,000 into bank  
16th June : Purchased goods for Rs. 2,00,000 and  
paid by cheque  
23rd June : Sold Goods for Cash Rs. 1,50,000  
26th June : Rent paid Rs.20,000 by cheque
- 3) Calculate the flexible budget for overhead expenses on the basis (5)  
of the following data and determine the overhead rates at 60%,  
70% and 80% plant capacity.

Particulars	At 70% Capacity (Rs.)
<b>Variable overheads:</b>	
Labour	25000
Stores	6000
<b>Semi-Variable Expenses:</b>	
Power (40% Fixed)	24000
Repairs & Maintenance (60% Fixed)	12000
<b>Fixed Overheads:</b>	
Depreciation	6000
Insurance	5000
Administration expenses	8000

- 4) From the following details, prepare Trading and Profit & Loss A/c (5)  
of M/s Good Times for the period ending 31st March 2017.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Capital	30000	Salaries	2000
Drawings	2600	Factory lighting	200
Plant and Machinery	12000	Office Rent	500
Stock as on 1st April 2016	5000	Insurance	500
Creditors	6000	Discount Received	600
Purchases	35000	Discount Allowed	300
Sales	50000	Furniture	2000
Return Inwards	2000	Commission paid	300
Return Outwards	1000	Building	8000
Sundry Debtors	8000	Bills Payable	2000
Carriage inwards	500	Cash in Hand	200
Carriage outwards	500	Cash at Bank	1000
Wages	3000	Bills Receivable	6000

Additional Information:

- (a) Closing Stock Rs. 25000
- (b) Prepaid Insurance Rs. 200
- (c) Outstanding office Rent Rs. 500
- (d) Depreciation on Furniture at 10%
- (e) Depreciation on Plant and Machinery at 10 %

5) Prepare trial balance from the following details (5)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Purchases	22000	Administration expenses	700
Discount Allowed	1000	Interest paid	250
Wages	6500	Building	5000
Salaries	2000	Furniture	200
Sales	35000	Debtors	4250
Travelling Expenses	400	Capital	13000
Commission given	450	Creditors	2000
Carriage inwards	250	Cash	7000

6) A Company is considering an investment proposal to install a new machinery at a cost of Rs. 25,00,000. The tax rate is 35%. (5)

Year	Cash flows (Rs)
1	5,00,000
2	6,50,000
3	7,40,000
4	5,30,000
5	4,20,000

Compute the following:

- (a) Net present value at 10% discount rate
- (b) Payback period
- (c) Profitability Index

7) A Company is considering an investment proposal at a cost of Rs. 7,00,000. The tax rate is 35%. (5)

Year	Cash flows (Rs)
1	2,20,000
2	2,50,000
3	3,50,000
4	3,00,000
5	2,80,000

Calculate IRR.

8) Following information is given to you. (5)

- (i) Current ratio=2.4  
(ii) Working capital= Rs. 90,000  
Find out (a) Current Assets (b) Current Liabilities.

**b**

**Answer all the questions.**

**Answer the following with specific answers (2 marks x 5 = 10 marks)**

- 9) A company is expected to pay a dividend of Rs.3 per share on its equity shares and the dividend is expected to grow by 10% every year. If the current market price of the shares is Rs.50, calculate the cost of equity. (2)
- A) (2)
- B) What is IRR? Explain. (2)
- C) A project requires an investment of Rs.1,00,000. The annual cash flows are estimated at Rs.20,000 per year for the next 7 years. Calculate ARR. (2)
- D) Following data is available: (2)

Source	Amount (Rs.)	After tax cost (%)
Equity share capital	20,00,000	14
Preference share capital	5,00,000	8
Debentures	15,00,000	12

Calculate the Weighted Average Cost of Capital.

- E) Write in brief: (i) Equity shares (ii) Debentures. (2)

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