

# Question Paper

Exam Date & Time: 06-May-2019 (02:00 PM - 05:00 PM)



## MANIPAL ACADEMY OF HIGHER EDUCATION

Manipal Academy of Higher Education, Manipal MPharm Theory End-Semester Examinations.  
MPharm -Pharmaceutical Administration

MPharm Semester -II End-Semester Examination- May 2019

Exam Date:06-05-2019

**Financial Management [PMA-MPD203T]**

Marks: 75

Duration: 180 mins.

### SECTION - A

Answer all the questions.

Answer the following (10 marks x 5 = 50 marks)

- 1) The following information is given: (10)
- i) January 6, 2014: Chandra started business with Rs 50,000 and Machinery Rs. 40,000
  - ii) January 7: Borrowed from Vibhakar Rs 20,000
  - iii) January 9: Purchased goods from Shah Rs 10,000
  - iv) January 12: Sold goods Rs 8,000 and received cheque. This cheque was deposited into bank the next day.
  - v) January 15: Withdrawn Rs 5000 for office use.
  - vi) January 16: Deposited into bank Rs. 10,000
  - vii) January 22: Withdrew from bank to pay life insurance Rs 2,000
  - viii) January 22: Purchased goods Rs. 4,000 and paid by cheque
  - ix) January 23: Paid to Ashutosh Mr.6,000 by cheque.
  - x) January 25: Salary paid Rs. 5,000
- Journalize the above transactions.

- 2) The following is the capital structure of ABC Ltd as on 31 December 2017: (10)

Source	Amount (Rs.)
Equity share capital	9,00,000
8% Preference shares	5,00,000
10% Debentures	6,00,000

The equity shares are of Rs.10 each, issued at Rs.30 per share, floatation cost Rs.5 per share. A dividend of Rs.5 per share is expected on these shares. The dividend is expected to grow at 5% every year.

Preference shares are of Rs.100 each, issued at 10% premium, issue expenses being Rs.5 per share.

Debentures are Rs. 5,000 face value, issued at 5% discount.

If the applicable tax rate is 20%, calculate weighted average cost of capital.

- 3) The income and expenditure forecasts for months of March to August 2014 are given as follows: (10)

Months	Sales (credit)\$	Purchases (credit) \$	Wages (\$)	Other expenses(\$)	Office expenses(\$)	Selling expenses(\$)
March	60000	36000	9000	3500	2000	4000
April	62000	38000	8000	3750	1500	5000
May	64000	33000	10000	4000	2500	4500
June	58000	35000	8500	3750	2000	3500

July	56000	39000	9500	5000	1000	3500
August	60000	34000	8000	5200	1500	4500

You are given the following further information:

a) Plant costing \$ 28000 is due for delivery in July payable 15% advance and the balance after 3 months.

b) Advance tax of \$8000 is payable in March and May each.

c) Creditors allow 2 months' credit and debtors are paying one month late. Opening balance of cash \$18000. Lag of one month in expenses.

d) Wages paid in the same month. Prepare a cash budget for the months June, July, August

- 4) A Company is considering an investment proposal to install a folding machine at a cost of Rs. 1,00,000. The tax rate is 30%. (10)

YEAR	CFAT
1	20000
2	25000
3	35000
4	30000
5	25000

Compute the following:

(a) Net present value at 12% discount rate

(b) Payback period

- 5) Explain Venture Capital. Mention its characteristics and different stages of financing. (10)

#### SECTION - B

Answer all the questions.

Answer the following (5 marks x 5 = 25 marks)

- 6) The following information is given: (5)

2015 Jan.1: Mr.Raj started business with cash Rs.8,00,000. Out of this, Rs.4,00,000 was deposited into Bank the next day.

Jan.14: Withdrawn Rs. 20,000 for office use.

Jan.15: Purchased goods worth Rs. 40,000 from Rahim.

Jan.17: Withdrawn Rs. 10,000 for personal use from the Bank.

Jan.22: Sold goods to Eshwar for Rs. 15,000 cash

Prepare Cash account from the above data.

- 7) A company issued 8% debentures of Rs. 5,000 for 5% premium. These are redeemable after 5 years at 10% premium. The issue expenses amounted to Rs.150 per debenture. If the applicable tax rate is 30%, calculate the cost of debentures. (5)

- 8) Solve the accounting equation for the following transaction; (5)
- (i) Goods worth Rs. 25000 returned to suppliers.
- (ii) Mr.X withdrawn cash from the business for personal use Rs.100000.

- 9) Prepare Trial Balance from the following details. (5)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Capital	20000	Stock as on 1st April 2016	7000
Drawings	5000	Purchases	30000
Machinery	20000	Sales	50000
Furniture	5000	Discount Received	1000
Debtors	16000	Rent	2000
Creditors	35000	Bills Payable	5000
Insurance	3000	Cash in Hand	5000
Salaries	5000	Bank Over Draft	2000
Land and Building	15000	Commission Given	1000

Dividend received	1750	Discounts Allowed	750
-------------------	------	-------------------	-----

Calculate the flexible budget for production at 80 % and 100 % capacity on the basis of following information for a 40% capacity. (5)

Per Unit

Materials	130
Labour	60
Variable expenses (direct)	30
Administration exp (50% fixed)	80000
Selling exp (60% fixed)	60000
Present production level (50% capacity)	2000 units

-----End-----