



**UNIVERSITY OF RUHUNA – FACULTY OF MEDICINE**

**ALLIED HEALTH SCIENCES DEGREE PROGRAMME**

**THIRD BPHARM PART II EXAMINATION – SEPTEMBER 2014**

**PH 3253: MARKETING AND ACCOUNTING (SEQ)**

**TIME: THREE HOURS**

**INSTRUCTIONS**

- Answer all questions.
- No paper should be removed from the examination hall.
- Do not use any correction fluid.
- Use illustrations where necessary.

**PART A**

(01). “Marketing is not done only by the marketing department. It needs to affect every aspect of the customer experience”.

i). Define marketing and discuss how it is more than just “telling and selling.”

(30 Marks)

ii). Describe the elements of a company’s marketing environment and why marketers play a critical role in tracking environmental trends and spotting opportunities.

(30 Marks)

iii). Discuss current trends in the economic environment of which marketers must be aware and provide examples of companies’ responses to each trend.

(40 Marks)

[Total Marks 100]

(02). “Firms are adjusting the way they do business for more reasons than just the economy. The holistic marketing concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies”.

i). Explain the importance of information in gaining insights about the marketplace and customers.

(30 Marks)

ii). What is an opinion leader? Describe how marketers attempt to use opinion leaders to help sell their products.

(30 Marks)

iii). Discuss the importance of market segmentation and market targeting?

(40 Marks)

[Total Marks 100]

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(03). "A company can change the product component of its marketing mix by lengthening its product via line stretching or line filling, by modernizing its products, by featuring certain products, and by pruning its products to eliminate the least profitable".

i). What is a product?

(30 Marks)

ii). Explain the importance of product quality and discuss how marketers use quality to create customer value.

(30 Marks)

iii). Compare and contrast market-skimming and market-penetration pricing strategies and discuss the conditions under which each is appropriate.

(40 Marks)

[Total Marks 100]

#### PART B

(04).

i. Who are the main users of accounting information and state why accounting information is important for their decisions?

(30 Marks)

ii. What do you mean by the periodicity concept (Accounting period concept) and why is this concept applied in accounting?

(10 Marks)

iii. How do you differentiate accounting from bookkeeping?

(20 Marks)

iv. Enter the following transactions to accounting equation.

- a) Mr. Nirmal invested Rs.1, 000,000 to start a retail business.
- b) Purchase of trade goods valued at Rs. 200,000 to the business.
- c) Purchase of furniture for Rs.150, 000 for the use of the business.
- d) Sold Rs.60,000 valued goods for Rs.90,000.
- e) Purchased goods from Mr. Muditha for Rs. 120,000.
- f) Sold goods to Mr. Sudesh for Rs. 145,000. The cost of these good is Rs. 110,000.
- g) Mr. Muditha was paid Rs.90, 000.
- h) Paid electricity bill of the business Rs.4500.
- i) Received Rs.120,000 from Mr. Sudesh.
- j) Mr Nirmal paid his life insurance premium of Rs.1,200.

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Assets = Liabilities + Owner's Equity

(40 Marks)

[Total Marks 100]

(05). Following trial balance has been extracted from the books of the Global Hardware Company as at 31<sup>st</sup> March 2013.

Trial Balance as at 31<sup>st</sup> March 2013

	Rs.' 000	Rs.' 000
Capital		25,000
Inventory (01.04.2012)	2,400	
Building	12,000	
Machinery	4,200	
Motor Vehicle	8,000	
Furniture and Fittings	2,000	
Purchases	13,000	
Sales		18,200
Debtors	2,800	
Creditors		3,500
Return inwards	200	
Salaries and Wages	700	
Electricity	140	
Rent	360	
Telephone	180	
Stationary	80	
Discounts Allowed	50	
Discounts Received		60
Transport	280	
Advertising	400	
Bank Loan (15% Interest p.a.)		3000
Cash in Bank		90
Cash in Hand	3020	
Miscellaneous Expenses	30	
	49,850	49,850

Further the following additional information is also available to you.

- 1) The value of the inventory as at 31<sup>st</sup> March 2013 was Rs. 2,450,000.
- 2) Bank loan interest for the period has not been paid yet.

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3) Accruals and prepayments details as at 31<sup>st</sup> March are as follows.

	2013	
	Prepayments Rs.	Accruals Rs.
Electricity		60,000
Telephone		20,000
Advertising	150,000	
Rent	10,000	

4) Property, plant and equipment are to be depreciated using the following rates on their cost.

Building	5%
Machinery	25%
Motor Vehicle	20%
Furniture and Fittings	10%

You are required to prepare the followings for the use of internal management of the Company

a. Income Statement (Trading Profit and Loss Account) for the year ending 31<sup>st</sup> March 2013.

(60 Marks)

b. Statement of Financial Position (Balance Sheet) as at 31<sup>st</sup> March 2013.

(40 Marks)

[Total Marks 100]

(06).

- i. The cash book of Mr. Amal showed a balance at the bank of Rs.570 as at 31 January 2014. At the same date, the bank statement balance of Mr. Amal's account was Rs.446 overdrawn. The difference is caused due to following factors.
- 1) Cheques for Rs.1,555 sent to creditors on 30<sup>th</sup> January have not been presented to the bank until 8<sup>th</sup> February.
  - 2) Cheques amounting to Rs. 2,520 deposited at the bank on 31<sup>st</sup> January have not been credited by the bank until 1<sup>st</sup> February.
  - 3) A standing order for a charitable subscription of Rs. 60 had been paid by the bank on 21<sup>st</sup> January but no entry relating to this has been made in the cash book.
  - 4) A cheque amounting Rs. 345 paid for rent by Mr. Amal on 15<sup>th</sup> January had been entered in his cash book as Rs. 354.

You are required to prepare the bank reconciliation statement for January 2014.

(50 Marks)

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ii. You are required to give journal entries necessary for recording following transactions in the books of Maya company for the month of July, 2014.

July 1- Maya started the business with an investment of Rs. 75,000.

July 2- She opened a bank account by depositing Rs. 25,000 out of her initial investment.

July 8- Furniture was purchased from Green Homes for Rs. 7,500 for the use of the business.

July 9- Goods were purchased from Mohan for 12,000 and paid Rs. 1,500 carriage charges on it.

July 10- Shop rent was paid Rs. 2,500.

July 12- Advertisement expenses were paid by a cheque amounting Rs. 2,100.

July 15- Goods were sold for cash Rs. 4,600.

July 18- Interest income was received from the bank Rs. 300.

July 23- Goods were sold to Mihiri for Rs. 9,800.

July 28- Maya withdrew goods worth Rs 1,000 for her personal use.

(50 Marks)

[Total Marks 100]