



Important Instructions to examiners:

- 1) The answers should be examined by key words and not as word-to-word as given in the model answer scheme.
- 2) The model answer and the answer written by candidate may vary but the examiner may try to assess the understanding level of the candidate.
- 3) The language errors such as grammatical, spelling errors should not be given more Importance (Not applicable for subject English and Communication Skills).
- 4) While assessing figures, examiner may give credit for principal components indicated in the figure. The figures drawn by candidate and model answer may vary. The examiner may give credit for anyequivalent figure drawn.
- 5) Credits may be given step wise for numerical problems. In some cases, the assumed constant values may vary and there may be some difference in the candidate's answers and model answer.
- 6) In case of some questions credit may be given by judgement on part of examiner of relevant answer based on candidate's understanding.
- 7) For programming language papers, credit may be given to any other program based on equivalent concept.

**MODEL ANSWER**

WINTER- 19 EXAMINATION

Subject Title: Drug Store & Business management

Subject Code:

0815

Q. No	Sub Q. N.	Answer	Marking Scheme
1		Answer any Eight of the followings:	16M
1	a)	Define the term: (1 M each) i) Recruitment – is the process of exploring the source of supply of the required personnel and stimulating the prospective employees to apply for jobs in the organization. ii) Training - is the scientific process of improving the knowledge and skill of the employee for performing a particular job.	2M
1	b)	What do you mean by Book of Original Entry? Give two examples of it. (1 M for meaning, 1 M for egs) Book of Original Entry – These are books for account in which a transaction is recorded for the first time from source document is called book of original entry. Examples – 1. Journal 2. Cash book 3. Other day books a) Sales day book b) Purchase day book c) purchase return book d) sales returns book	2M
1	c)	Define inventory control. Enlist different techniques of inventory control. (1 M definition, 1 M for any 4 techniques) Inventory control is a process of maintaining optimum level of inventory by using any technique of inventory control. OR It is a systematic control, constant checking & evaluation of stored inventories. Techniques of Inventory Control 1. ABC analysis	2M

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		<ol style="list-style-type: none">2. Economic Order Quantity3. Perpetual Inventory system4. Review of slow and non-moving items5. Input output ratio analysis6. Setting of various level7. Use of Material Budgeting8. Establishing an effective purchase procedure9 Scrap & surplus disposal10 VED analysis	
1	d)	<p>Define Trade. Enlist various aids to trade. (1 M definition, 1M for any 4 aids to trade) Trade means buying, selling and exchange of goods and services. Aids to trade</p> <ul style="list-style-type: none">• Banking• Transport• Insurance• Warehousing• Packaging• Advertising and publicity	2M
1	e)	<p>State the channel of distribution in Pharmaceutical industry. Direct selling: i) Manufacturer - Consumer</p> <p>Indirect selling of drugs to consumer includes following intermediates. i) Manufacturer – Distributors- wholesaler - Retailer (pharmacist)- Consumer. ii) Manufacturer - Wholesaler - Retailer(pharmacist) - Consumer iii)Manufacturer -Wholesaler (pharmacist)- Consumer iii) Manufacturer - Retailer (pharmacist)- Consumer</p>	2M



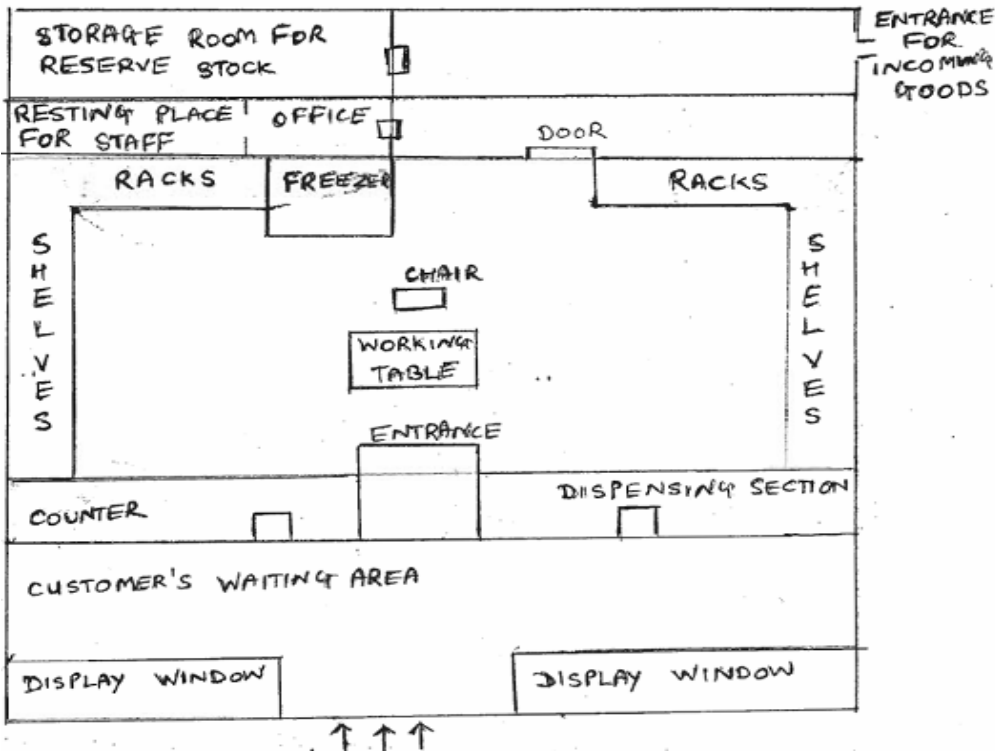
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1	f)	<p>Mention basic principles of effective window display.</p> <p>(2 M for any 4 principles)</p> <ol style="list-style-type: none">1. There should be insignia (green cross).2. It should display seasonal items.3. It should show the price of the items.4. The items should be changed frequently to give fresh look to the display.5. The window should be well lit during night.6. It should include moving objects if possible.7 There should be decorative background, using wall papers etc.	2M
1	g)	<p>Sketch typical layout of ideal retail drug store.</p> 	2M
1	h)	<p>Define business. Enlist distinct forms of business organisation.</p> <p>(1 M definition, 1M for forms)</p> <p>Business means any kind of activity that keeps a person busy, includes all individuals and group activities, directed toward earning money acquiring wealth through production and</p>	2M

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		exchange of goods and services Various Types of business organisations. <ul style="list-style-type: none">➤ Sole proprietorship – Ex. Small scale retail shop➤ Partnership Ex. Large scale retail shop.➤ Joint Stock company Ex. Cipla Pharma, Sun pharma, Ranbaxy etc.➤ Cooperative society Ex. Swadesh, Sahakari Bhandar	
1	i)	What is ‘Ordering Cost’ and ‘Inventory Carrying Cost’? (1 M each) Ordering Cost: are the expenses incurred to create and process an order to a supplier. It consist of cost of paper work which consist of use paper, typing, posting, filing etc. It also includes salaries of staff involved in work, incidental cost like follow up, receiving, inspection etc. Inventory carrying cost: Refers to the total cost of holding inventory. It includes rent on storage, cost of insurance and taxes, salaries of the store keeper, losses in store due to pilferage, wastage, breakage etc.	2M
1	j)	What is the meaning of Accounting concept and convention in Accountancy? (1M each) Accounting concept mean the necessary assumption or conditions upon which accounting is based. Accounting conventions is used to denote established customs or traditional practices as a guide to the preparation of accounting statements	2M
1	k)	Define finance. Enlist various sources of finance. (1M each) Finance:- Finance is the provision of money at any time when business requires it. Various sources of finance are: 1) Long term finance: a) Shares b) Debentures	2M



		<p>c) Ploughing back of profits d) Financial institutions.</p> <p>2) Medium Term finance:</p> <p>a) Shares b) Debentures c) Ploughing back of profits d) Financial institutions e) Public deposits f) Mortgages</p> <p>3) Short term finance:</p> <p>a) Trade Credit b) Bank Credit c) Installment credit d) Customers advances.</p>	
1	1)	<p>Define the term financial statements.</p> <p>The term financial statements means the two statements prepared at the end of the accounting period of the enterprises.</p>	2M
2		<p>Attempt any FOUR of the following</p>	12M
2	a)	<p>Define recruitment. What are the different methods of recruitment of a pharmacist? (1 M definition, 2 M for methods)</p> <p>Definition:- Recruitment is a process of exploring the source of supply of the required personnel & stimulating the prospecting employees to apply for jobs in the organisation.</p> <p>Methods employed in recruiting a pharmacist:</p> <p>1) By State or central Government agencies, such as ‘ Service selection board’ 2) For the job of a salesman, recruitment is done either by the owner of the drug store or by the personnel department of the pharmaceutical house or the sales manager of the firm. 3) An advertisement is given in leading newspapers, popular magazines and professional journals. The detailed description of the post is given and the interested candidates are required to submit their application along with their bio-data, before the last date.</p>	3 M

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		<p>4) Present pharmacy employees are requested to recommend suitable registered pharmacy candidates.</p> <p>5) By advertising on notice board of institute.</p> <p>6) Through professional association & clubs.</p>	
2	b)	<p>Explain : 'perpetual inventory control system' in detail.</p> <p>(1M for each)</p> <p>This is the method of recording the store balance after every receipt and issue to facilitate regular checking and to prevent closing down for stock-taking. The perpetual inventory system comprises of-</p> <ul style="list-style-type: none">a. Bin cardb. Stores Ledgerc. Continuous stock-taking <p>Bin card - This is a document maintained by the store-keeper in his store to keep records of all items in his store. So bin card serves the purpose of providing ready references. It shows quantities of each material received, issued and in stock. A bin card is used for each material. Each receipt, issue or return is recorded on bin card in a chronological order and the latest balance is shown after each receipt and issue. The format of bin card is as follows</p>	3 M



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Aroma Pharmaceutical Pvt. Ltd.					
BIN CARD					
Description of Material:		Bin No.:			
Code No.:		Normal quantity to order:			
Stores ledger folio No.:		Maximum stock level:			
		Re-order stock level:			
Date	Receipt		Issue		Balance quantity
	G.R. No.	Quantity	S.R. No.	Quantity	

Store ledger - It is kept in the cost accounting department. The stores ledger is generally maintained in the form of loose leaf cards because they can be easily removed and inserted. The format of the stores ledger is as shown as under-



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Aroma Pharmaceutical Pvt. Ltd.														
STORES LEDGER ACCOUNT														
Description of material:						Maximum stock:								
Code No.:						Minimum stock:								
Bin No.:						Re-order level:								
Location:						Ordering quantity:								
Unit:														
Date	Receipts			Issue				Balance			Stock Verified			
	G.R. No.	Qty.	Rate	Amt	S.R. No.	Qty.	Rate	Amt	Qty.	Rate	Amt	Date	Initial	Remarks

G.R. No. means Goods Receipt Number

S.R. No. means Stock Receipt Number

Continuous stock taking- Under this system only limited number of items are verified on a day. The selection of the items of materials should be such that each item of material gets checked up at least a certain number of times in a year and the checking of a particular item is evenly distributed during the period. The selected number of items are counted daily or at least at frequent intervals and compared with the bin card and stores ledger by the store keeper.

2	c)	<p>Define term budget. What are objectives of budgetary control?</p> <p>(1 M for definition, 2 M for any 2 objectives)</p> <p>A budget is a written plan covering projected activities of a firm for a definite period of time.</p> <p>The main objectives of budgetary control are given below:</p> <p>1) Planning: A sound planning is necessary for the success of any firm. So it is very</p>	3 M
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	<p>essential to prepare the budget and draw the detailed programmes relating to production schedule, raw materials costs, sales targets, research programmes, advertising programmes etc. In fact, budget is a plan of action. The budgetary control will force the management at all the levels to plan in time all the activities to be done during the future period.</p> <p>2) Co-ordination: For effective planning and implementation co-ordination between different departments and management is very necessary. It helps to co-ordinate the various activities of the firm and secure co-operation of all concerned so that the common objectives of the firm may be successfully achieved.</p> <p>3) Control: It is necessary to ensure that all the plans and objectives are implemented and achieved successfully. This is only possible through budgetary control which makes the control possible by comparing the actual performance with the pre-determined plans and reporting the shortcomings to the management for the corrective action. No control of performance is possible without pre-determined standards.</p>	
2	<p>d) Discuss advantages and disadvantages of 'Joint Hindu family business'. (1.5 M for any 3 advantages and any 3 disadvantages)</p> <p>Advantages –</p> <ol style="list-style-type: none">1. Karta has full freedom to run the business he has the right to take decision without any interference of others.2. The business is just like insurance cover for children, widows, disabled and sick members of the family.3. All the co-parceners have limited liability except 'Karta'.4. The business can be run smoothly with the help of all the male members of the family.5. Every co-parcener gets share in the profit of the business irrespective of his contribution in successful running of the business.6. The business has no effect of insanity or death of any member. <p>Disadvantages –</p> <ol style="list-style-type: none">1. The resources of the joint family business are limited in comparison to other business organisations.2. Karta has limited authority to run the business. The initiative and sincerity of	3 M



		<p>young members of the family has no place.</p> <p>3. That continuity of the joint Hindu family business depends upon the continuity of the joint Hindu family itself.</p> <p>4. All the members have the right to get share in income and profits of business irrespective of their involvement in the business. This may make the members of the family irresponsible and lazy.</p>													
2	e)	<p>Discuss various plans of compensating an efficient employee to continue with his job.</p> <p>1) Adequacy- The amount of compensation should be in proportion to the responsibility of his job and it should be sufficient to maintain a reasonable standard of living.</p> <p>2) Simplicity- the compensation plan should be simple so that it can be easily understood by the employees.</p> <p>3) Incentive- The plan should stimulate the employees to find out ways and means to make profitable drug sales over a long period of time.</p> <p>4) Proportionate award- The plans are framed in such a way that the pay of the employee should be proportionate to the volume of sales made by him.</p> <p>5) Flexibility- The plan should be flexible enough to operate effectively throughout the year.</p> <p>6) Promotion- A provision should be made in the compensation plan to provide promotion in pay and reward for continuous long and devoted service of an employee</p> <p>7) Uniform earning- The plan should enable the employee to earn a reasonable uniform income each month.</p>	3 M												
2	f)	<p>Define Balance sheet. Give specimen format of balance sheet.</p> <p>(1 M definition, 2 M format)</p> <p>Balance sheet is a statement of accounts prepared for the purpose of ascertaining the exact financial position under review.</p> <p>Format of Balance sheet</p> <p>Dr. Cr.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 25%;">Amount</th> <th style="width: 25%;">Assets</th> <th style="width: 25%;">Amount</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Liabilities	Amount	Assets	Amount									3 M
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3		Attempt any FOUR of the following	12M
3	a)	<p>Define Advertising. Give its disadvantages.</p> <p>(1 Mark for definition & 2 Marks for Any Four disadvantages)</p> <p>Advertising: It is an art, used to familiarize public with the product by informing of its description, uses, its superiority over other brands, sources of its availability and price.</p> <p>Disadvantages:</p> <ol style="list-style-type: none">1) It multiplies the needs of the people by inducing them to buy things which they do not really need or cannot afford to buy2) It increases the cost of product.3) Many times, the facts are misrepresented in the advertisement.4) It involves huge wasteful expenditure, because majority of advertisements either escape the attention of people or are ignored by them.5) It does not increase the demand and the sale of the product. It only shifts demand from one seller to another.	3 M
3	b)	<p>What are the different methods of determining the price of drug material to be charged from a customer?</p> <p>(1 M each for any three methods)</p> <p>Different methods of determining the price of drug material are as follows -</p> <p>1) FIFO Method: (First In First Out Method):</p> <p>Under this method, the materials which are received first are issued first. The issues materials are priced at the cost price of oldest consignments till it gets exhausted. As oldest lot is exhausted, the issues materials are priced at the cost price of next of oldest lot in the sequence. The closing stock is valued at the latest purchase price.</p> <p>2) LIFO Method: (Last In First Out Method):</p> <p>Under this method, the price of latest consignment in the stock is used for calculating the value of issue until that consignment is exhausted, then the next lot of pricing is used and so on through the successful lots.</p> <p>3) Average Cost Method:</p> <p>Under this method, when the new stock of the goods are received the total value of goods in stock is divided by the total quantity in hand and this will give the average price. All issues</p>	3 M

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		<p>of the goods will be made at this price until a new consignment is again received. Then the new price will be calculated.</p> <p>Instead of simple average, where only unit cost is considered for calculating the average cost to be charged to the issues, weighted average cost also be used. Under weighted average cost, along with unit cost the quantity of units also considered.</p> <p>4) Replacement Price Method:</p> <p>Also known as “Market Price Method”. Under this method, the materials are priced at the prevailing market price on the date of issue. According to this method, the replacement price is determined each time when the material is issued. The main advantage of this method that it considers the current market price, for pricing policies.</p> <p>5) Inflated Price Method:</p> <p>This method is used for those goods which are subjected to some wastage. The total amount paid is divided by the quantity expected to be finally available for use and the rate is used for the sale of goods.</p> <p>Wastage may be due to loss on breaking the bulk, evaporation, etc. The cost of such normal wastage is included while charging the price when such material is sold.</p> <p>6) Standard Price Method:</p> <p>Under this method, the materials issues are charged at a pre-determined or estimated price which reflects a normal or an effected future price. The standard price is generally fixed after careful examination of the current market price, trend of price and market condition etc. The standard price ia made applicable for definite period of time.</p>	
3	c)	<p>Define:</p> <p>(One Mark for Each Definition)</p> <p>(i) Over Draft facility: The facility to draw the cheque, more than the amount standing to the credit of his account against some security.</p> <p>(ii) Cash Credit facility: The facility to borrow the money up to certain fixed limit against some existing security or guarantee.</p> <p>(iii) Discounting of Bills: It is the process of encashment of customer’s bills before they become due for payment.</p>	3 M



3	d)	<p>Define Purchasing. What are the various steps involved in purchase procedure? (1M for Definition & 2 M for steps)</p> <p>Purchasing: Purchasing is the business activity which is responsible for the procurement of the raw materials, supplies, tools, machineries and services to produce certain goods.</p> <p style="text-align: center;">OR</p> <p>Purchasing is the business activity to procure raw materials, goods and services of desired quality and quantity at lowest price and at desired time.</p> <p>Steps involved in Purchase Procedure:</p> <p>1) Purchase Requisition: When the existing stocks are depleted and come to a minimum limit, the store Incharge fills the requisition form and sends it to the purchase department. The purchase requisition indicates the type, quantity and quality of purchase items.</p> <p>2) Selection of the Suppliers: A list of items to be purchased is sent to the various suppliers or the tender is invited through leading newspapers. The comparative statement of all received quotations from different suppliers is prepared. The supplier who quoted the lowest rate is generally selected. Apart from price other consideration like ability to supply the required volume, maintenance of quality of goods, ability to deliver the goods as per schedule and the terms of payment are taken into consideration.</p> <p>3) Placing the Order: After selection of supplier, the order is placed on 'Supply Order Form' which contain detailed specification of items, quantity required, price and other terms and conditions of the supply. It is signed by authorised person. Generally 5-6 copies of supply order are prepared. Two copies sent to supplier, One copy sent to store In charge, One copy sent to accounts department and One copy remains with purchase manager.</p> <p>4) Receiving and Checking of Material: The material which is received from the supplier is inspected for its quantity and quality. The goods are compared with invoice or bill sent by the supplier.</p> <p>5) Checking of Invoice or Bill: If goods are received in satisfactory condition, the invoice or bill is checked before it is</p>	3 M
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		<p>approved for the payment.</p> <p>6) Recording of Bills in Books:</p> <p>The bills are sent to the Accounts section to make the entries of the bills into the account books.</p> <p>7) Releasing the Payment to the Supplier:</p> <p>According to terms and condition of the supply order, the payment is released by the account section to the supplier.</p>	
3	e)	<p>What are Trial Balance? Write various objectives and method of preparation of Trial Balance.</p> <p>(1M for Definition, 1 M for Objectives & 1 M for any one Method)</p> <p>Trail Balance: It is a statement prepared to check the arithmetical accuracy of the book-keeping entries up to the date stated at the head of the trial balance.</p> <p>Objectives of Trial Balance:</p> <ul style="list-style-type: none">a) To ascertain the arithmetical accuracy of the ledger accounts.b) To help in locating errors.c) To help in the preparation of final accounts.d) Aid to management <p>Methods of preparation of Trial Balance:</p> <p>1) Balance Method: In this method all the ledger accounts are first balanced. For this, the debit and credit side of each ledger account is totalled and the balance on debit and credit side is obtained. The balances are then recorded on the debit or credit side of the trial balance. If the grand total of debit and credit balances tally, it shows that the books are accurate arithmetically.</p> <p>2) Total Amount Method: In this method the total on debit side of every ledger account is entered under the debit column of the trial balance and the total on the credit side of each ledger account is recorded under credit column of the trial balance. The grand total of both debit and credit side is taken. In case grand totals on both sides tally, it indicates arithmetical accuracy of the trial balance.</p>	3 M



3	f)	<p>What do you mean by scrap? Describe procedure for disposal of scrap and surplus. (1 M for Definition & 2 M for Disposal Procedure)</p> <p>Scrap: Scrap is residue incidentally obtained from manufacturing process. It is small value and recoverable without further processing.</p> <p>E.g. Powder and fine granules obtained in processing of tablets, non-returnable containers and packing cases.</p> <p>Procedure for disposal of Scrap and Surplus:</p> <p>a) The scrap and surplus materials can be reprocessed into useful raw material for subsequent production of basic products.</p> <p>b) The scrap and surplus materials are sold if it cannot be recycled into useful material.</p>	3 M																					
4		<p>Attempt any FOUR of the followings</p>	12M																					
4	a)	<p>Differentiate between Profit and Loss Account and Balance Sheet. (Any Six Difference, 0.5 Mark for each)</p> <table border="1" data-bbox="240 1041 1425 1818"> <thead> <tr> <th data-bbox="240 1041 321 1150">Sr. No.</th> <th data-bbox="321 1041 857 1150">Profit and Loss Account</th> <th data-bbox="857 1041 1425 1150">Balance Sheet</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 1150 321 1262">1</td> <td data-bbox="321 1150 857 1262">In this Account the Nominal Accounts are shown.</td> <td data-bbox="857 1150 1425 1262">In Balance Sheet Personal Accounts and Real accounts are shown.</td> </tr> <tr> <td data-bbox="240 1262 321 1373">2</td> <td data-bbox="321 1262 857 1373">It provides the information regarding Net profit or net loss.</td> <td data-bbox="857 1262 1425 1373">It provides the information regarding financial position of the business.</td> </tr> <tr> <td data-bbox="240 1373 321 1484">3</td> <td data-bbox="321 1373 857 1484">It is a ledger account and provides the information about debits and credits.</td> <td data-bbox="857 1373 1425 1484">It is only a statement of assets and liabilities.</td> </tr> <tr> <td data-bbox="240 1484 321 1596">4</td> <td data-bbox="321 1484 857 1596">It is an Account so the words "To" and "By" are used.</td> <td data-bbox="857 1484 1425 1596">It is a statement so the words "To" and "By" are not used.</td> </tr> <tr> <td data-bbox="240 1596 321 1707">5</td> <td data-bbox="321 1596 857 1707">The balance of this account indicates the profit or loss of the business</td> <td data-bbox="857 1596 1425 1707">The totals of both the side of the balance sheet are always same.</td> </tr> <tr> <td data-bbox="240 1707 321 1818">6</td> <td data-bbox="321 1707 857 1818">The account shows profit or loss made by the business as on a fixed date.</td> <td data-bbox="857 1707 1425 1818">It shows the financial position of the business enterprise on a fixed date.</td> </tr> </tbody> </table>	Sr. No.	Profit and Loss Account	Balance Sheet	1	In this Account the Nominal Accounts are shown.	In Balance Sheet Personal Accounts and Real accounts are shown.	2	It provides the information regarding Net profit or net loss.	It provides the information regarding financial position of the business.	3	It is a ledger account and provides the information about debits and credits.	It is only a statement of assets and liabilities.	4	It is an Account so the words "To" and "By" are used.	It is a statement so the words "To" and "By" are not used.	5	The balance of this account indicates the profit or loss of the business	The totals of both the side of the balance sheet are always same.	6	The account shows profit or loss made by the business as on a fixed date.	It shows the financial position of the business enterprise on a fixed date.	3 M
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4	b)	<p>Explain how maximum stock level is fixed.</p> <p>(Any Six factors)</p> <p>A Maximum stock level is generally fixed by taking into consideration the following factors--</p> <ol style="list-style-type: none">1) Rate of consumption of the materials.2) Availability of Storage Space.3) Amount of Capital needed and available.4) Nature of Material.5) Market Trend.6) Fashion Habits.7) Government Restrictions.8) Risk involved due to fire, obsolescence and deterioration.9) Lead Time from the date of placing the order.	3 M
4	c)	<p>Explain various legal requirements to start Retail Drug Store.</p> <p>(1 M each)</p> <p>1) Minimum Qualification:</p> <ol style="list-style-type: none">a) Diploma in Pharmacy from a recognized institute.b) Registered pharmacist with the state pharmacy council.c) A person who has sufficient capital can do so by appointing a registered pharmacist on full time basis. <p>2) Minimum Space:</p> <ol style="list-style-type: none">a) The store should fulfil all the requirements of schedule N of the D & C Act and Rules, 1945.b) Minimum desirable area to open a new Retail drug store is 10 sq. m. <p>3) Storage Arrangement:</p> <ol style="list-style-type: none">a) There should be sufficient number of racks to store drugs & pharmaceuticals.b) Refrigerator is mandatory to store antibiotics vitamins, vaccines, sera, enzymatic preparations, etc.	3 M



4	d)	<p>Mention salient features of partnership business. (3 M for any Six salient features,)</p> <p>1) In Partnership business, two or more persons, maximum up to Twenty (Ten in case of Banking Firm) join together to share any profit.</p> <p>2) Each partner of the firm has unlimited liability.</p> <p>3) A partner cannot transfer his shares to an outsider without the consent of the other partners.</p> <p>4) Partnership is formed on the basis of an agreement between the concerned persons.</p> <p>5) Any profit made by the partnership must be distributed among the partners in the agreed ratio, usually in the proportion of capital amount invested by each partner in the firm.</p> <p>6) A partnership is dissolved automatically when the term for which is expires or when a partner dies or retires.</p> <p>7) If and when the partnership is dissolved, the firm does not. It depends on the remaining partners whether to continue the firm. Dissolution of the firm takes place in following circumstances:----</p> <p>a) If the partners agree that the firm be dissolved.</p> <p>b) In the event of all the partners becoming insolvent.</p> <p>c) If the business becomes illegal.</p> <p>d) In case the court issues the orders that the firm be dissolved.</p>	3 M
4	e)	<p>Define Bank. What are the different kinds of Bank? Mention functions of Bank. (0.5 M for Definition, 01 M for Different Kinds of Bank & 1.5 M for Functions of Bank)</p> <p>Bank: A bank is a comprehensive term for a number of institutions carrying on certain kinds of financial business dealing in money.</p> <p style="text-align: center;">OR</p> <p>Bank is an institution where the transactions of money take place.</p> <p>Kinds of Bank:</p> <ol style="list-style-type: none">1. Commercial bank2. Savings bank3. Land development bank	3 M

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4. Co- operative bank
5. Industrial bank
6. Exchange bank
7. Mixed bank

Functions of Bank:**1.Services to Depositor:**

- a) They collect the cheques, demand drafts, hundis, local and foreign bills on behalf of their depositor.
- b) They offer discounting facilities in respect of local and foreign bills of the depositor.
- c) They pay insurance premium subscription and taxes on behalf of the depositor.

2. Services by way of Loan:

- a) **Overdraft:** The overdraft facility permits the customer to overdraw from his account however the bank fixes the limit beyond which the customer cannot overdraw and the Customer is required to pay specific rate of interest on over drawn amount on daily basis. The overdraft facility is allowed only against some security.
- b) **Cash credit:** Bank fixes a limit up to which a customer may borrow money from it against some security and the interest is charged by the bank on the outstanding amount in cash credit account.
- c) **Loans:** The bank gives loans to the customers against some security or mortgage.
- d) **Discounting of bills:** The bank encash the customer's bill before they become due for the payment and for this service the bank charges a nominal discount

3. Miscellaneous Services:

- a) It buys and sells shares/bonds / debentures on behalf of its customers.
- b) Provides the Lockers to the customers for safe keeping of jewellery and important documents.
- c) It makes regular payment of subscription, insurance premium, taxes etc. on behalf of its customers.
- e) It accepts and pays the bills of exchange in respect of imported goods and also purchases the bills of exchange.
- f) It helps people going to abroad by arranging foreign exchange for them.

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		g) It provides assistance and advises the customers with regard to investment.	
4	f)	Define Term: (One Mark for Each Definition) (i) Debenture: A debenture is a document or certificate issued by the company acknowledging loan and also gives an undertaking to repay the specified borrowed sum along with interest to the debenture holder on a prescribed date. (ii) Petty Cash Book: The Cash book maintained by a petty cashier which is used to record small day to day expenses or cash payments. (iii) Capital: It is the investment by the owner for the use in the firm. It is equal to total assets minus total liabilities.	3 M
5		Attempt any FOUR of the followings	12M
5	a)	Discuss various qualities of good salesman. Qualities of a salesman personal qualities mental qualities social qualities vocational skills Personal qualities 1. He should have attractive personality, 2. Good health, good physique, as the job involves lot of physical strain. 3. He should have clear voice, & his talk should impress people. 4. He should be well dressed. Mental qualities 1. He should have good memory, imagination, presence of mind, good judgment. 2. He should be intelligent to understand the nature & requirement of the buyers. 3. He should be able to think from the view of the customer. Social qualities 1. He should have liking for people & should be able to mix with them. 2. He should not be shy & reserved. 3. He should be a patient listener. 4. He should be polite & courteous.	3 M

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		Vocational skills 1. He should know various selling technique. 2. He should have knowledge of the product, customers, & competitive products.	
5	b)	Write short note on warehousing. .Warehouses are places meant for storage of products. There are three types of warehouses Private, Public, Bonded. Private warehouses are owned by big business concerns or wholesalers for the storage of their own stocks. Public warehouses are operated by business firms which provide storage facility to the public for a certain charges. The bonded warehouses are used to keep imported goods for storage until the payment of custom duty is made. The warehouses are required for following reasons. 1. It removes hindrance of time. 2. Maintains stability of price. 3. ensures continuous availability of goods throughout the year in spite of the fact that the same grows or is produced only during a particular season. 4. There is always a time gap between production of goods & its subsequent sale. To ensure continuous availability of goods in the market, its proper storage is essential. 5. It maintains enough reserve stock. 6. It prevent damage to the drugs, chemicals & perishable foods.	3 M
5	c)	Define Codification. Explain different methods used for codification. (1M for definition, 2M for methods) Codification is a method to assign a code symbol or no. to the item for its easy identification. <u>Methods of codification</u> 1) Alphabetical method	3 M

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This is also known as letter code system. e.g. T represents tablet.

Not suitable if large no. of items are present.

2) Mnemonic method

In this method code is given to items .e.g. AT represents aspirin tablets etc.

The main disadvantage is the materials cannot be recognized without the referring to code index.

3) Numerical method

This method is known as sequence system.

Separate no. are given to different classes of items.

The new item is given the next higher no. in the sequence.

this system involves use of ,

Decimal system & Block system.**Decimal system**

In this system, the no. are assigned in such a manner that each digit represents sub group of previous digit.

E. g. 15.1 represents paracetamol tablet where 15 is the analgesic group.

the main advantage is this system has capacity to expand & accommodate new items,

the main disadvantage . Is it is cumbersome to use.

Block system

In this method the set of no. are reserved for specified classification.

e.g. 100-300 allotted to the tablets.

4) Combination system

In this the mnemonic & numerical methods are combined together.

e.g. MT 100 is given to Meftal 250mg. tablets

& MT 101 is given to Meftal 500mg. tablets.

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5	d)	<p>Differentiate between departmental store & Multiple Shops. (3M for any 6 points)</p> <table border="1"><thead><tr><th data-bbox="240 436 813 548">Departmental store</th><th data-bbox="813 436 1386 548">Multiple shops</th></tr></thead><tbody><tr><td data-bbox="240 548 813 604">Wide variety of products are available</td><td data-bbox="813 548 1386 604">Particular type of product are available</td></tr><tr><td data-bbox="240 604 813 709">No uniform pricing system.</td><td data-bbox="813 604 1386 709">Uniform pricing in all the branches</td></tr><tr><td data-bbox="240 709 813 825">Control over the activity is easier.</td><td data-bbox="813 709 1386 825">Control is difficult</td></tr><tr><td data-bbox="240 825 813 936">provide no. of services to the customer.</td><td data-bbox="813 825 1386 936">No other services to the customer</td></tr><tr><td data-bbox="240 936 813 1052">No uniformity in decoration</td><td data-bbox="813 936 1386 1052">uniformity in decoration</td></tr><tr><td data-bbox="240 1052 813 1163">Sale of goods in cash & credit</td><td data-bbox="813 1052 1386 1163">Sale is only on cash basis</td></tr><tr><td data-bbox="240 1163 813 1274">Stores mainly for rich people.</td><td data-bbox="813 1163 1386 1274">For general public</td></tr><tr><td data-bbox="240 1274 813 1331">Located in the center of the city.</td><td data-bbox="813 1274 1386 1331">Located in various localities of city.</td></tr></tbody></table>	Departmental store	Multiple shops	Wide variety of products are available	Particular type of product are available	No uniform pricing system.	Uniform pricing in all the branches	Control over the activity is easier.	Control is difficult	provide no. of services to the customer.	No other services to the customer	No uniformity in decoration	uniformity in decoration	Sale of goods in cash & credit	Sale is only on cash basis	Stores mainly for rich people.	For general public	Located in the center of the city.	Located in various localities of city.	3 M
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5	e)	<p>Explain money measurement concept & cost concept of accountancy. (1.5M for each)</p> <p>Money measurement concept- According to this concept all business transactions are required to be recorded in terms of money. Those transactions that are not capable of being recorded in terms of money are not recorded in the accounting books, because the monetary unit is relevant, simple and understandable. By expressing all assets and liabilities in terms of money, it is possible to include them during the preparation of financial statements.</p> <p>Cost concept: According to this concept, all transactions are recorded at their monetary cost of acquisition. The majority of assets and liabilities are recorded in the account books at the price paid to acquire the same. However they are carried forward from year to year at</p>	3 M																		



		<p>acquisition cost, irrespective of any subsequent increase or decrease in their cost.</p> <p>Another important feature is, it is not necessary to show the assets year after year for an indefinite period at the cost price. The assets recorded at cost price at the time of purchase are systematically reduced due to depreciation till their economic life is over. i.e. they have been fully depreciated and sold as scrap.</p> <p>The concept is applicable to fixed assets only and current assets are not affected by it.</p>	
5	f)	<p>Define share. Explain different types of shares. (1M for definition,2M for types)</p> <p>The capital required is divided into large no. of equal parts & each part is considered as a share.</p> <p>The shares are of two types preference share & ordinary shares</p> <p>Preference shares</p> <p>They carry preference both regarding dividend & return of capital. These shares are preferred by those people who do not like to risk their capital & yet want an higher income than that if invested in other scheme. These shareholders get a fixed dividend & preference in return of the capital in case of winding of the business.</p> <p>Ordinary shares or equity shares</p> <p>Ordinary share holders are the real owner of the organisation as a company is controlled by them. They have voting rights to elect the director of the company. The dividend is paid after the dividend of the preference shareholder. They have a risk as they get the money only after the clearance of all other claims. They get higher rate of dividend.</p>	3 M
6		<p>Attempt any FOUR of the followings</p>	16M
6	a)	<p>Differentiate between slow moving, dormant material & obsolete items. Enlist the steps taken to detect these. (1M for each item, 1M for steps),</p> <p>Slow moving items are those which are moving at a slow rate.</p> <p>Dormant items are those which are moving temporarily due to seasonal production.</p> <p>Obsolete items are those which have become useless due to change in the design, method of</p>	4 M

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		<p>mfg. ,process etc.</p> <p>The steps taken to detect these.</p> <ul style="list-style-type: none">• prepare periodic report• identify obsolete items• find moving ratios <p>periodic report</p> <p>A monthly or quarterly report on the stocks of nonmoving items is prepared which indicates purchase, consumption & balance in hand.</p> <p>obsolete items</p> <p>Many slow & non-moving items become useless with the time. A good method should be designed to locate these items so that it can be utilised or its further purchase can be stopped.</p> <p>moving ratio</p> <p>By calculating the moving ratio, we can determine slow moving, dormant or obsolete items.</p>	
6	b)	<p>Explain window display as Silent salesman.</p> <p>In Window display the goods are exhibited in the artistically laid down windows in front of the shops or at busy centres like bus stop ,railway stations.</p> <ul style="list-style-type: none">• The main aim of window display is to attract customers & thus promote sales.• It creates good impression about the retail pharmacy.• As it displays seasonal items, price of the items & due to brilliant lighting during night people will get attracted easily.• As the items displayed in the window are changed frequently to give freshness & newness to the display, hence it attract people regularly.• The colour plays important role in window display. It helps in arresting the attention of passersby and creates a pleasing impression .• As without communicating with customers, window display attract customers It acts as silent salesman	4 M



6	c)	<p>Classify different types of middleman involved in the distribution channel. Write in brief about each middleman.(1M for classification, 3M for description)</p> <p>Types of middlemen</p> <p>1 Functional middlemen –</p> <ul style="list-style-type: none">a. Brokersb. Commission agentsc. Auctioneersd. Del credere agents <p>2 Merchant middlemen</p> <ul style="list-style-type: none">a Wholesalersb Retailers <p><u>Functional middlemen-</u></p> <p>They help in transfer of goods from the hands of producers to the customers without having an ownership rights. (they do not have title to goods)</p> <p><u>Brokers-</u></p> <p>Their only function is to bring buyer & seller together. If hired by seller then called as selling agent & if engaged by buyer called as buying agent. They get certain % of commission.</p> <p><u>Commission agent -</u></p> <p>They negotiate the sale of goods , take possession & make arrangement for transfer of the goods. So he has to arrange for warehousing, grading, packing, assembling & disposal.</p> <p><u>Auctioneers</u></p> <p>They collect goods display & invite bids from buyers. Bid means the price which the buyer is willing to pay for the goods being auctioned. The buyer making the highest bid gets the goods.</p> <p><u>Del credere agent-</u></p> <p>They find the buyer & also guarantee the payment of price on their behalf. The agent has to pay the sum if the buyer fails to pay.</p> <p><u>Merchant middlemen</u></p> <p>Wholesalers He is the middleman between the manufacturer & retailers. They buy goods</p>	4 M
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		<p>in large quantity from producer & sell them to retailers.. The wholesaler is called as stockist if he deals in items manufactured by a single firm or company.</p> <p>Retailers Is the middlemen between wholesaler & consumer. The retailers buy goods in large quantity from the wholesalers & sell them to consumers.</p>	
6	d)	<p>Discuss various requirements of effective Budgeting.</p> <p>(4M for any 4)</p> <p>The following are the requirements are of a good budgeting system:</p> <ol style="list-style-type: none">1. Cooperation of top management: This requires commitment of the top management and policies underlying it.2. Clearly defined organisation: In order to carry out budgeting in a manner that will provide maximum benefits, a good organisation within the business has to be developed.3. Accurate accounting system The accounting system in the business should be such also hold each part of the organisation to its responsibilities.4. Unambiguous policy: A budget programme is always based on certain fundamentals the collection of which is called the policy of the business. So no programme can be prepared without knowledge of the business policy to be adopted during the period covered by the budget5. Preparation by responsible executives The responsibilities for the preparation of the budget estimates should rest on those executives who are responsible for performance of the budget. This guaranties proper implementation of the programme contained in the budget.6. Constant vigilance: An effective system of budgetary control requires a constantat all levels. As soon as unfavourable trends are detected, immediate remedial action must be taken.7. Budget committee: A budget committee has to be established consisting of a budget director, chief executive officer & executives of various departments of the organisation for successful implementation of the budget.8. Cost of operation: The budget system should not cost more to operate that it is worth.	4 M



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		<p>9. Reasonably attainable goals: Budget figures should be realistic and represent reasonably attainable goals to gain maximum profit.</p> <p>10. Continuous budget education: In order to achieve success of budgeting, it is important that budget education should be provided to those who are engaged in preparing the budget proposals.</p>																																													
6	e)	<p>From the information given below, prepare profit & loss account of M/S Sandeep Medical Hall for the year ending 31st March 2017.</p> <p>Profit & loss account of M/s Sandeep Medical Hall for the year ended 31st March 2017</p> <p>Dr Cr.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 25%;">Amount (Rs)</th> <th style="width: 25%;">Particulars</th> <th style="width: 25%;">Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>To Rent</td> <td style="text-align: right;">8000</td> <td>By gross Profit b/d</td> <td style="text-align: right;">60000</td> </tr> <tr> <td>To Salary</td> <td style="text-align: right;">25000</td> <td>By Discount recd</td> <td style="text-align: right;">4000</td> </tr> <tr> <td>To commission paid</td> <td style="text-align: right;">4000</td> <td></td> <td></td> </tr> <tr> <td>To Interest on loan</td> <td style="text-align: right;">3000</td> <td></td> <td></td> </tr> <tr> <td>Advertisement</td> <td style="text-align: right;">7000</td> <td></td> <td></td> </tr> <tr> <td>To printing & stationary</td> <td style="text-align: right;">3000</td> <td></td> <td></td> </tr> <tr> <td>To Legal charges</td> <td style="text-align: right;">4000</td> <td></td> <td></td> </tr> <tr> <td>To bad Debts</td> <td style="text-align: right;">2000</td> <td></td> <td></td> </tr> <tr> <td>To net profit</td> <td style="text-align: right;">8000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">64000</td> <td></td> <td style="text-align: right;">64000</td> </tr> </tbody> </table>	Particulars	Amount (Rs)	Particulars	Amount (Rs)	To Rent	8000	By gross Profit b/d	60000	To Salary	25000	By Discount recd	4000	To commission paid	4000			To Interest on loan	3000			Advertisement	7000			To printing & stationary	3000			To Legal charges	4000			To bad Debts	2000			To net profit	8000				64000		64000	4 M
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6	f)	<p>Draw format of Journal & Ledger. Explain types of accounts.</p> <p>(1M for each Format,2M for types)</p> <p>format of Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Particulars</th> <th style="width: 15%;">LF</th> <th style="width: 15%;">Debit (Amount)</th> <th style="width: 30%;">Credit (Amount)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Date	Particulars	LF	Debit (Amount)	Credit (Amount)						4 M																																		
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0815**format of Ledger****Dr.****Cr.**

Date	Particula	J.F.	Amount (Rs.)	Date	Particula r	J.F.	Amount (Rs.)

Types of Account:

1) Personal account: It deals with the individual person, firm, company & institutions. e.g. an account of Mr. Ram Gopal, M/S Deep Medical Hall, Glaxo (India) Ltd., M.D.

University. The person or firm which supplies the goods/gives money to the business is a creditor and entries made on credit side of his account. Similarly a person or firm which receives the money or goods from business becomes a debtor and the transaction is made on debit side of his account.

2) Real account: These accounts are maintained to deal with transactions related to building, cash, furniture, land, machinery, stock etc. When an item is purchased or recd., the transaction is recorded on debit side.

3) Nominal account: These accounts are generally called fictitious accounts. These accounts are maintained to deal with discounts, insurance, rent, wages, salaries, cost of stationery items etc. A separate account is maintained for each type of expenditure. The entries of expenses or losses are made on debit side & of profits or gain on credit side.