

MMS-III (Marketing)

MF 03

Marketing Finance

05-11-2009

Roll No. _____

Total No. of printed pages: 2

Total No. of Questions: 8

Maximum Marks: 30

Duration (hrs.) : 2 hrs.

Note:

1. **Attempt any five questions.**
2. **All questions carry equal marks.**

- Q. 1.** Explain the interdependence of marketing function and finance function in an organization.
- Q. 2.** A company is making a study of relative profitability of two products Alfa and Beta. In addition to direct cost, the indirect selling and distribution costs are to be apportioned between the two products. The selling and distribution costs are:

	Rs.
Insurance of inventory	78,000
Storage cost	1,40,000
Packing and forwarding charges	7,20,000
Salesmen salary	8,50,000
Invoicing cost	4,50,000

Other details are:

	Alfa	Beta
Selling price per unit (Rs.)	500	1,000
Cost per unit exclusive of S & D expenses (Rs.)	300	600
Annual sales in units	10,000	8,000
Average inventory in units	1,000	800
Number of invoices	2,500	2,000

One unit of product Alfa requires storage space twice as much as product Beta. The cost of packing and forwarding one unit is the same for both the products. Salesmen are paid salary plus a commission of 5% on sales and equal efforts are put forth on the sales of each of the products. Required:

Prepare a statement showing relative profitability of the two products

- Q. 3. Do brands have value? Explain the different methods of brand valuation.
- Q. 4. What is a sales budget? What are the factors which influence the preparation of a sales budget?
- Q. 5. The present credit terms of P Company are 1/10 net 30. Its annual sales are Rs.80 lakhs, its average collection period is 20 days. Its variable costs and average total costs to sales are 0.85 and 0.95 respectively and its cost of capital is 10 percent. The proportion of sales on which customers currently take discount is 0.5. P Company is considering relaxing its discount terms to 2/10 net 30. Such relaxation is expected to increase sales by Rs.5 lakhs, reduce the average collection period to 14 days and increase the proportion of discount sales to 0.8. What will be the effect of relaxing the discount policy on company's profit? Take year as 360 days.
- Q. 6.
- What are marketing costs? Explain with examples.
 - Why is it difficult to control marketing costs?
- Q. 7. 'Sales analysis uncovers details that otherwise lie hidden in the sales records.' Explain
- Q. 8. Write short notes on any two:
- Transfer pricing
 - Target pricing
 - Distinction between sales forecasting and sales budgeting
 - Export pricing