



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

## Post Graduate Diploma in Materials Management

Dec 2012

## Graduate Diploma in Materials Management

### PAPER No. 3

### BUSINESS ECONOMICS, ACCOUNTING & FINANCE.

Date : 10.12. 2012  
Time : 2.00 p.m to 5.00 pm

Max. Marks :100  
Duration : 3 Hrs.

**Instructions :**

- |                                                                                                                                  |                        |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1. From Part A – answer all questions (compulsory).                                                                              | <b>Total: 32 Marks</b> |
| 2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks                                       | <b>Total: 48 Marks</b> |
| 3. Part C is a case study (compulsory). Read the case study carefully and answer the questions<br>Each Question carries 10 marks | <b>Total: 20 Marks</b> |
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### **PART A**

**Q1. Select the most appropriate answer from the options given below:** 8 marks

1. One of the following is included in the tertiary sector of the economy.  
a. Insurance b. Mining c. Agriculture d. Animal Husbandry
2. The situation where there is only one provider of a product/service is  
a. Oilgopsony b. Monopoly c. Oligopoly d. Monoposony
3. The high volume brands which exhibit a high price sensitivity and tend to be price focused are called  
a. Price takers b. Mainstream brands c. Price fighters d. Niche brands
4. Which among the following is a regulatory body?  
a. LIC b. IDBI c. SEBI d. SBI
5. Which of the following countries is included in the term 'Asian tigers'?  
a. India b. Pakistan c. Sri Lanka d. Hong Kong
6. Which of the following is not a use of funds?  
a. Increase in fixed assets b. Payment of taxes  
c. Increase in accrued expenses d. Decrease in provisions

7. Net current assets are the same as
- a. Total assets less Current Liabilities
  - b. Working Capital
  - c. Capital less Liabilities
  - d. Fixed assets
8. One of the following will appear in the credit side of the trading account:
- a. Closing Stock
  - b. Direct expenses
  - c. Wages
  - d. Carriage Inwards

**Q2. State whether true or false:**

8 marks

1. Compensatory error is not disclosed in a trial balance.
2. Unit Trust of India is not a specialised financial institution.
3. Increase in working capital is a use of funds
4. The capital market does not include the stock market and the bond market.
5. GDP is GNP-Net Factor Income from abroad
6. LAFTA is not a free trade area.
7. Demography is the study of growth change and structure of the human population
8. Consumerism is the equation of personal happiness with consumption and the purchase of material possessions.

**Q3. Fill in the blanks with appropriate words:**

8 marks

1. The ledger account is the \_\_\_\_\_ book of the business
2. The basic factors of production are land, labour, capital and \_\_\_\_\_
3. SEZ is the abbreviation for Special \_\_\_\_\_ Zones
4. The objective of the firm is to maximize value to its \_\_\_\_\_
5. Economics is divided into two major parts, namely microeconomics and \_\_\_\_\_ economics
6. A wage is a compensation, usually financial, received by workers in exchange for their \_\_\_\_\_
7. World Trade Organization came into existence on 1<sup>st</sup> January, \_\_\_\_\_.
8. A country's GDP is one of the ways of measuring the \_\_\_\_\_ of its economy.

**Q4. Expand the abbreviations:**

8 marks

1. NABARD
2. SCICI
3. NAFTA
4. IFC
5. IMF
6. FDI
7. MIGA
8. CBDT

**PART B**

**Q5. Write short notes on: (any 4)**

16 marks

- a) World Bank
- b) Types of costs
- c) Financial market
- d) Corporate governance
- e) Global Exchange
- f) Consumer Price Index

Q6.

16 marks

- a) Explain the objective and scope of Management Accounting
- b) Discuss globalization and its effects.

Q7.

16 marks

- a) Explain the different economic systems.
- b) Discuss the role of SMEs in India

Q8. Explain 'trading blocs'. What are the types of trading blocs? Give the SWOT analysis of a trading bloc.

16 marks

Q9.

16 marks

- a) Explain the Journal. What are its advantages and limitations?
- b) Discuss Cash and Accrual system of accounting.

## PART C

20 marks

Q10.

1. A & Co. incurred the following expenses during the year 2011. Classify the expenses as capital and revenue.
  - i. Rs. 850 spent towards replacement of a worn out part in a machinery
  - ii. Rs. 2000 spent for legal expenses in relation to raising of a loan for the business
  - iii. Rs. 500 spent for ordinary repairs of plant
  - iv. Rs. 8000 spent on replacing a petrol driven engine by diesel driven engine.
  - v. Rs. 1000 towards electricity charges per month

2. Prepare the P&L Account of M/s. Y & Co. for the year ended 30-6-2012

Particulars	Rs.
Gross profit for the year	9970
Salaries	3225
Rent & Taxes	650
General expenses	1975
Brokerage expenses	100
Bad debts	130
Discount allowed	290
Commission received	50
Interest receivable	320
Depreciation	560
Bank charges	10

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