



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

Dec 2014

Graduate Diploma in Materials Management

PAPER No. 3 (Old)

BUSINESS ECONOMICS, ACCOUNTING & FINANCE.

Date : 15.12.2014
Time : 2.00 p.m to 5.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

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|--|------------------------|
| 1. From Part A – answer all questions (compulsory). | Total: 32 Marks |
| 2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks | Total: 48 Marks |
| 3. Part C is a case study (compulsory). Read the case study carefully and answer the questions
Each Question carries 10 marks | Total: 20 Marks |
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PART A (compulsory). (32 x1= 32 marks)

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

- 1.The situation when there is only one provider of a product is called:
 - a. Monopoly
 - b. Oligopoly
 - c. Oligopsony
 - d. Monopsony

2. Mainstream brands have:
 - a. high volume and high price sensitivity
 - b. average volume and average price sensitivity
 - c. Low market share and high price sensitivity
 - d. high volume share but low price sensitivity

- 3 One of the following is included in the primary sector of the economy:
 - a. Banking
 - b. Insurance
 - c. Farming
 - d. Finance

- 4 Which of the following is not a source of funds?:
- a. Acceptance of deposits
 - b. Issue of shares
 - c. Non-trading income
 - d. loss of cash
- 5 Which of the following countries is not included in the term 'Asian Tigers'?
- a. Bhutan
 - b. Hongkong
 - c. Singapore
 - d. Taiwan
- 6 Which of the following is a specialized financial institution?:
- a. Securities and Exchange Board of India
 - b. Unit Trust of India
 - c. Bombay Stock Exchange
 - d. National Stock Exchange
- 7 Cashflow statement takes into account:
- a. All revenues and Expenditure
 - b. Only income from sales
 - c. All revenues and expenditure excluding Depreciation
 - d. None of the above
8. One of the following will appear in the credit side of the trading account:
- a. Direct expenses
 - b. Wages
 - c. Carriage inwards
 - d. Closing stock

Q2. State whether the following are true or false:

8 marks

- a. South Korea is one of the economies included in the term Asian Tigers.
- b. Macro-economics concentrates on behaviour of the economy as a whole.
- c. Goodwill is classified as tangible asset.
- d. Balance Sheet is prepared for a particular period.
- e. Depreciation is a source of funds.
- f. The Headquarters of IMF is in Washington.
- g. Securities Trading Corporation of India Ltd., is not a specialized financial institution.
- h. Ledger Account is not the main book of business.

Q3. Fill in the blanks with appropriate words:

8 marks

- a. Working Capital turnover ratio is calculated by dividing _____ sales by working capital.
- b. Financial Ratios disclose only _____ facts.
- c. Financial markets facilitate the exchange of _____ assets.
- d. The brands which typically have a low market share and high price sensitivity are called price_____.
- e. A country's GDP is one of the ways of measuring the _____ of its economy.
- f. The World Bank was created in _____.
- g. Market dominated by many sellers and a few buyers is called _____.
- h. Fixed Assets are those held not for _____ in the normal course of business.

Q4. Expand the abbreviations- 8 marks

- | | | | |
|---------|---------|----------|----------|
| a. NYSE | b. FDI | c. ASEAN | d. EEC |
| e. GNP | f. MIGA | g. MES | h. SIDBI |

PART B

(Answer any three)

3x16 = 48 marks

Q5. Write short notes on any four -

16 marks

- a. Financial Market
- b. Human Development index
- c. Global Exchange
- d. Corporate Governance
- e. Balance Sheet
- f. Factors of Production

Q6. Explain Liberalization and Globalisation .Discuss the effects of Globalisation. **16 Marks**

Q.7

16 marks

- a] Discuss the role of Government in an economy
- b] Discuss the role of SMEs in India.

Q.8 .

16 marks

- a] Explain Journal. What are its advantages and limitations?
- b] Discuss the different sectors of economy.

Q9. Explain 'Trading Bloc'. What are the different types of trading blocs? Give the SWOT

PART C
Compulsory

Q10.**20 marks**

1. AB & Co. Incurred the following expenses during the year 2013. Classify the expenses as capital and revenue.

- i. Rs. 850 spent towards replacement of a worn out part of a machinery
- ii. Rs. 2000 spent for legal expenses in relation to raising 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

2 .Prepare the P&L Account of M/s AB & Co. for the year ended 31.03.2014

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
