



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

June 2013

Post Graduate Diploma in Materials Management

Graduate Diploma in Materials Management

PAPER No. 3

BUSINESS ECONOMICS, ACCOUNTING & FINANCE.

Date : 10.06.2013
Time : 2.00 p.m to 5.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

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 **Total: 20 Marks**
Each Question carries 10 marks
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PART A

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

1. The situation when there is only one buyer in a market is called:
 - a. Oligopoly
 - b. Monopoly
 - c. Oligopsony
 - d. Monopsony
2. One of the following is not included in the primary sector of the economy:
 - a. Farming
 - b. Fishing
 - c. Insurance
 - d. Forestry
3. One of the following is a regulatory body:
 - a. Unit Trust of India
 - b. Central Board of Direct Taxes
 - c. General Insurance Corporation of India
 - d. National Housing Bank

4. Price takers have typically
 - a. Low market share and high price sensitivity
 - b. Average volume and average price sensitivity
 - c. High volume and high price sensitivity
 - d. High volume share with low price sensitivity

5. One of the following will appear in the credit side of the trading account
 - a. Direct expenses
 - b. Carriage inwards
 - c. Wages
 - d. Closing stock

6. Technical know-how is
 - a. Tangible asset
 - b. Fictitious asset
 - c. Intangible asset
 - d. None of the above

7. Outstanding salaries and wages are classified as
 - a. Expenditure
 - b. Liability
 - c. Asset
 - d. Goodwill

8. Net current assets are the same as
 - a. Working Capital
 - b. Total assets less liability
 - c. Capital less liabilities
 - d. Fixed assets

Q2. State whether the following are true or false:

8 marks

1. Inventory is included to calculate quick ratio
2. Common size income statement present the various items in the income statements as percentage of sales.
3. Financial statements do not disclose monetary facts
4. Depreciation is a source of funds

5. Errors of omission are disclosed in a trial balance
6. Capital market is overseen by SEBI
7. International Finance Corporation is not one of the agencies of World Bank
8. An economic indicator is not a statistic about the economy

Q3. Fill in the blanks with appropriate words:

8 marks

1. _____ ratio establishes a relationship between liquid assets and current liabilities
2. ROI means return on _____.
3. The ministerial conference of WTO meets in every _____ years.
4. Money market is the global financial market for short-term borrowing and _____
5. India's Five year plans are supervised by _____ Commission
6. International Finance Corporation was established in _____
7. Loss on sale of fixed assets is an example of _____ loss
8. Proprietary ratio is worked out by dividing shareholders' funds by total _____

Q4. Expand the abbreviations-

8 marks

1. LAFTA
2. EEC
3. ASEAN
4. SCICI
5. GDP
6. LIC
7. NNP
8. HDI

PART B

Q5. Write short notes on any four -

16 marks

- a. Financial markets
- b. Infrastructure
- c. Types of cost
- d. Factors of production
- e. Profit and Loss account
- f. Corporate Governance

Q6. **16 marks**

- a] Discuss globalisation and its effects.
- b] Discuss the role of SMEs in India

Q.7. **16Marks**

- a] Discuss the role of Government in an economy
- b] Discuss the role of Central Bank

Q.8 . **16 marks**

- a] Explain the term 'Bipolar World'
- b] Explain the creiteria for market classification

Q9. **16 marks**

- a] Explain the objectives and scope of Management accounting
- b] Distinguish between costing and cost accounting

PART C

Q10. **20 marks**

A] ABC Motion Pictures Ltd. Constructed a cinema house and incurred the following expensiture in the year ended 31-12-2012.

1. Second hand furniture purchased worth Rs. 4,00,000/-
2. Expenses in connection with obtaining a license were Rs. 40,000/-
3. Rs. 3,000/- towards fire insurance was paid on 1-1-2012 for 1 year.
4. During the first week of release of the cinema, free tickets worth Rs. 35,000/- were distributed for publicity purpose
5. The manager's salary was Rs. 70,000/-

Classify the above transactions into capital, revenue and deferred revenue expenditure.

B] Prepare the P/L A/c of M/S Chougale & Co. for the year ended 31/3/2012 on the basis of following figures-

	<i>Rs.</i>
Gross profit for the year	11970
Salaries	4825
Rent and Taxes	900
General Expenses	2350
Brokerage expenses	150
Bad debts	190
Discount allowed	340
Commission received	60
Interest receivable	340
Depreciation	590
Bank Charges	15
