

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

PAPER 1
Management Principles And Business Finance

Date: 08.06.2009
Time: 10.00 AM to 1.00 PM

Max Marks : 100
Duration : 3 hours

Instructions:

1. PART A1 and A2 are compulsory. Answer all questions. Total Marks:32
2. PART B: Answer any three questions with a maximum of two from part B1 or B2 Total Marks:48
- 3.
4. PART C Compulsory Total Marks :20
5. Please read the instructions on the answer sheet carefully.

PART A1 - Management Principles

Q.1 Indicate whether following statements are 'TRUE' or 'FALSE'

1. Management is the art of getting things done with people and organized groups.
2. Decision making is not considered as a part of planning in business organization.
3. Delegation is the process of vesting decision making power to lower levels.
4. Finance is a staff function in a Trading company and line function in Finance company.
5. The findings of a Court of Enquiry are binding on the parties of disputes.
6. The ability of an organization to continuously renew itself helps to beat competition.
7. The valid performance appraisals should be considered for rewards & punishments.
8. Management Information System has no role in efficient running of a company.

Q.2 Match the following: (1 marks each)

1	Scientific Management	A	Strategic decision by top management
2	Peter Drucker	B	Strategy for acquisition, utilization. of human resources
3	Communication	C	Breakeven Analysis
4	Controlling Technique	D	Compound social indicator of human welfare
5	Life Quality Index	E	Terms & Conditions of employment for workers
6	Man Power Planning	F	Exchange of facts, ideas and emotions
7	Standing Orders	G	Management By Objectives
8	Locating a .new plant	H	Frederic W Tayler

PART A2 – Finance

Q.3. Select the most appropriate alternative.

1. The most liquid asset of a manufacturing company is
 - a) Short term investments held by the company
 - b) Available Cash in the accounts department
 - c) Receivables which are to be received shortly
 - d) Bill of Exchange in hand

2. Which of the following is NOT an intangible asset
 - a) Patents of the company
 - b) Goodwill in the market
 - c) Share Certificates of the company
 - d) Brand names of the company

3. Fixed assets of a company include
 - a) Furniture and Fixtures of the company
 - b) Interest on Fixed Deposits, Debentures and Bonds
 - c) Machines, Computers, Stationary
 - d) Tools and Tackles being utilized in course of normal business

4. The Financial Accounting is
 - a) A science of recording
 - b) An art of interpreting
 - c) A science of recording as well as an art of interpreting
 - d) None of the above

5. Which is not a debit entry
 - a) Balance in cash account
 - b) Accounts receivable
 - c) Furniture sold
 - d) None of the above

6. Earnings before interest and tax is
 - a) Revenue minus cost of goods sold
 - b) Gross profit minus operating expenses
 - c) Revenue minus administrative expenses
 - d) Gross profit minus operating and administrative expenses.

7. Annual Depreciation of a machine which cost Rs. 110000/- to the company with a residual value of Rs.10000/-after 10 years of working life will be
 - a) Cost divided by working Life (Rs.110,000/- divided by 10)= Rs.11,000/-
 - b) Residual value divided by working Life(Rs.10,000/-divided by 10)= Rs.1,000/-
 - c) Cost minus Residual value divided by working Life
(Rs..110,000 –Rs.10000 divided by 10) = Rs.10,000/-
 - d) Cost divided by working Life plus Residual value
(Rs.11,000/- plus Rs.10,000/-) = Rs.21,000/-

8. Cash in a cash flow statement includes
 - a) Currency notes available in the company
 - b) Currency and bank account balances of the company
 - c) Cash equivalents like short terms liquid instruments maturing within 90 days
 - d) All the above

Q.4 . Match the following: (1 marks each)

1	Debit & Credit	A	Statement of assets and liabilities
2	Book value	B	Customers buy on credit and do not pay their bills
3	Drawer	C	GAPP acceptable inventory costing method
4	Current liability	D	Purchase price minus accumulated depreciation
5	Bad Debts	E	Upward change in prices of goods and services
6	Inflation	F	Who draws a bill
7	First In First Out	G	Short term loans
8	Balance sheet	H	What comes in & what goes out

PART B1 - Management Principles

Q.5 Explain the Maslow's need hierarchy theory.

Q.6 Discuss the main provisions of Industrial Disputes Act 1947..

Q.7 Write short note on any four of the following.

1. Organization culture
2. Leadership Styles
3. Management by objectives
4. Effective Communication in an organization
5. Employee training by job Rotation
6. Internal Change Agents
7. Collective Bargaining and Trade Unions

PART B2 – Finance

Q.8 Explain the terms used in Profit & Loss account and Income Statements of a company .

Q.9 What is Working Capital Management ? Explain with examples.

Part C – Case Study compulsory

Q.10 The Trial Balance of M/s.Jaya & Co.as on 30.11.2008 is as follows:

				Rs.	Rs.
				Dr.	Cr.
Share Capital					114000
Sundry Debtors				40000	
Cash Balance				20000	
Sundry Creditors for expenses					6000
Stock of Spares				200000	
Creditors for material					140000
Total				260000	260000

During the month of December, 2008, the following are the summarized transactions of the Company.

- a. The additional Share Capital raised during the month is Rs.1, 40,000/-, received in cash.
- b. The Company collected Rs.20, 000 from Sundry Debtors.
- c. Paid Rs. 4,000 to Sundry Creditors for expenses.
- d. Carried out Repair work for Rs.2, 40,000 in cash.
- e. Labour Charges paid during the month Rs.40, 000.
- f. Spares purchased Rs.1, 20,000 cash.
- g. Paid lease rent in cash Rs 28,000.
- h. Paid Electricity Charges in cash Rs.2, 000.
- i. Paid Salary to supervisors in cash Rs.60, 000.
- j. Paid as Training expenses for Staff in cash Rs.2, 000.
- k. Further Recoveries made from Sundry Debtors Rs.35, 000.
- l. Stores consumed during the month Rs.90, 000.
- m. Payments made to Creditors for Materials Rs.1, 00,000/- in cash.

You are required to prepare the Trial Balance as on December 31, 2008.