



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

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June 2011

Paper 1
Management Principles and Business Finance

Date: 11.06.2011
Time: 10.00AM to 1.00PM

Max Marks: 100
Duration: 3 Hours

Instructions:

- 1) Part A1 and A2 are compulsory
- 2) Part B: Answer any three questions with a maximum of two from part B1 or B2
- 3) Part C Compulsory

Total Marks=32
Total Marks=48

Total Marks=20

Part A1 -Management principles

Q.1. Indicate whether following statements are **True or False**

1. The performance of any Control System is complete only when the corrective action is taken on the feedback provided by it.
2. According to Theory 'Y' of Mc Gregor the average worker is inherently lazy , passive , self centered , avoids work and desires safety & security.
3. Rational Decision Making is the process of solving the problems faced by the business organization based on facts,in a scientific & reasonable manner.
4. Every manager has to be open to changing his own behavior and practices based on changing socio-political environments for success of the organizations.
5. The duties and responsibilities of both employers and employees which govern the conditions of employment of workers are specified in Standing Orders.
6. Works Committees are purely consultative bodies with responsibility of removing the causes of frictions between workers and management.
- 7 As per the Payment of Bonus Act 1965 the companies have to pay minimum 8.33% as bonus from the profits made by the company during the year
- 8 Wage Boards are tripartite bodies set up by Government of India to determine the fair wages on an industry wide basis .

Q.2. Match A & B from the following-

A	B
1.Safeguarding interests and welfare of the members	A) Knowledgeable Workers for specific problem
2.Management by Objectives	B) . Increase in Employee Responsibility
3.Managerial Grid	C) Equity Theory of Motivation
4.Break Even Analysis	D) Thematic Appreciation Test
5. Mc Clelland	E) Graphical Representation of no profit no loss
6. J Stacy Adams	F) Concern for both People & Production
7 Job Enrichment	G) Key Result Areas.
8. Problem Solving Teams	H) Trade Unions in a company

Part A2- Finance

Q.3. Indicate whether following statements are **True or False**

1. The system in which every monetary transaction affects at least two accounts is known as Double entry System.
2. The Opening Entry in books of accounts of Public limited company is normally the first transaction of the company on first day of the accounting year
3. The statement showing the position of assets , Liabilities and Capital during a particular period of time is known as balance Sheet of a Company
4. In case of Cash Accounting system , the debits and credits are recorded only when the money is actually transferred from one hand to other..
5. The Reserve Bank Of India regulates the banking and business of stock exchanges & capital market operators in the country.
6. .The manufacturing cost of a product can be calculated by adding direct cost of materials and Labour costs with Overhead cost of the company.
7. The depreciation is allocation for loss in value of assets over its estimated useful life arising on account of circumstances, wear and tear and obsolescence.

8. Identifying and evaluating the key controls including risk, review and monitoring arrangements of a company are the responsibilities of auditors.

Q.4. Match Statement A & B from the following-

Statement A	Statement B
1. Ploughing back of profits	A. Status of business entity as on date
2. Funds Flow Statements	B. Outstanding salaries and wages
3. Source of Funds	C Expenditure incurred during current year
4. Change in non current liability	D. Sale of fixed assets
5. Capital Losses of a company	E Issue and redemption of debentures
6. Revenue Expenses	F. Decrease in value of stock
7. Liabilities of a company	G. Consideration of both Capital & Revenue item
8. Balance sheet of a company	H Retaining part of revenue for future expansion

Part B1-Management principles

- Q.5.** Explain the Functions of Management with relevant examples from the company in which you are employed or any well known organizations.
- Q.6A** How the Performance Appraisal and Rewards systems in a company help in motivating employees for better productivity ?
- Q.6B** Explain the salient features of Maslow' Need Hierarchy Theory.
- Q.7.** Short notes-(any four)
1. The Workman's Compensation act 1923
 2. Delegation and decentralization
 3. Span of Control
 4. Organization Culture
 5. Business Process Re - Engineering
 6. Barriers in Communication

Part B2-Finance

- Q.8.** Write short notes on the following .
- a) The Time Value of Money
 - b) Profit and Loss Statement of a company
 - c) Balance Sheet of a company
 - d) Working Capital of a company
- Q.9.** Explain the following tools of Financial Statement Analysis with examples from any manufacturing company of your choice.
- a) Liquidity Ratios
 - b) Leverage Ratios
 - c) Turnover Ratios
 - d) Profitability Ratios

Part C

Case study (Compulsory)

- Q.10. The proprietor of M/s Kanha Kids Corner , Playground Road , Kolkata, West Bengal has hired you for working in the accounts department. The following information are available from the books of accounts of the company for the accounting period ending 31st March 2011.

1) Salaries & Wages	: Rs. 3225/-	6. Discounts Allowed	: Rs.250/-
2. Rent & Expenses	: Rs. 650 /-	7. Commission Received	: Rs. 50/-
3. General Expenses	: Rs. 1975/-	8. Interest receiveable	Rs. 320/-
4. Brokerage Expenses	: Rs. 100/-	9. Depreciation	: Rs. 560/-
5. Bad Debts	: Rs. 130/-	10. Bank Charges	: Rs. 10/-

The gross profit for the year : Rs. 9970/- .

Please prepare profit and loss A/c of the company

- Q.10B M/s Kanha Kids Corner , Playground Road , Kolkata, West Bengal , is planning to purchase a CNC machine for upgrading quality of the products. The machine costs Rs. 50000/- and the expected residual value of the machine after ten years of working life will be Rs. 2000/- You are required to calculate the rate of depreciation.
