



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management-3 years
Graduate Diploma in Materials Management
PAPER No. 3

Dec 2019

BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 23.12.2019
Time : 2.00 p.m to 5.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory).
2. From Part B – Answer any 3 questions. Each question carries 16 marks
3. Part C is a case study (compulsory). Read the case study carefully and answer the questions

Total: 32 Marks
Total: 48 Marks
Total: 20 Marks

PART A (compulsory). (32 x1= 32 marks)

Q.1: Expand the following.

[8 marks]

- a. MPP
- b. CGST
- c. GDP
- d. IFI
- e. GAAP
- f. ICAI
- g. $A = C + L$
- h. BRS

Q2. Match the following

[8 marks]

Column A

Column B

- a. Objective of Firm
- b. Isoquant
- c. Profit & Loss A/c
- d. Human Development Index
- e. Balance Sheet
- f. Closing Stock
- g. Contra Entry
- h. Accounting

1. Indices of life expectancy, education and income
2. Historic in Nature
3. Triple column Cash Book
4. At the end of the Financial Year
5. A graph of all possible combination
6. Profit maximisation
7. For a Period
8. As on date

Q.3: State True or False. [8 marks]

- a) Monopoly exists when a specific person/party is the only supplier of a particular commodity.
- b) Market classification is not done by the Nature of Transactions.
- c) Consumer's willingness and affordability is the Demand and Supply.
- d) Foreign Direct Investment is aggressively being encouraged.
- e) Book Keeping is neither Science nor Art.
- f) Net Profit is ultimately capitalised.
- g) Total of Asset and Liabilities side must tally.
- h) Government is not interested in Financial Statement of a Private Company.

Q.4: Fill in the blanks. [8 marks]

- a. Adam Smith had written _____.
- b. Reserve Bank of India is a _____ Institution in India.
- c. Employment is contract between the Employer and _____.
- d. Economics is broadly divided in two parts i.e. Micro and _____ Economics.
- e. Debit what comes in and Credit what goes out is the rule under _____ Account.
- f. Depreciation Amount is deducted from the value of concerned _____.
- g. Conservatism is a _____ in Double Entry Accounting System.
- h. Adjustment entries shown along Trial Balance are recorded twice, once in Gross Profit & Loss A/c and second time in _____.

PART B

(Answer any three)

(3 x 16 = 48 Marks)

Q.5: Write short notes on any four.[4x4 = 16 marks]

- a. Wage Differentials
- b. National Income
- c. Corporate Governance
- d. Sources & Applications of Funds
- e. Journal Entry

Q.6: Business entity, which exist in market are in many forms. Describe them briefly with advantages and disadvantage of each form/ type. [16 marks]

Q.7: a. Describe various Financial Institutions in India[8 marks]

b. Define Budget and its types. [8 marks]

Q.8: Elaborate the Financial Statement analysis with important methods or techniques to do the analysis. [8 marks]

Q.9: a. Describe briefly the Asset side of Balance Sheet. [8 marks]

b. Describe the concepts and conventions in Double Entry Accounting System. [8 marks]

PART C

Q.10: CASE STUDY (compulsory)

(20 Marks)

Being an Accountant of a company, you are provided with Trial Balance and adjustment entries. Suggest the accounting treatment for preparation of Trading, Profit & Loss A/c and Balance Sheet for following adjustment entries:-

- a) Closing stock with Rs. 55,000;
- b) Outstanding salary of Rs. 18,000, where in paid salary is Rs. 1,02,000;
- c) Total Premium paid Rs. 10,000 includes Prepaid Premium Rs. 2,000;
- d) Depreciation @ 10% on Furniture and Fixtures worth Rs. 80,000;
- e) Provision for Doubtful Debts @ 5% on Debtors valuing to Rs. 1,00,000;
