



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Supply Chain Management & Logistics

Post Graduate Diploma in Materials Management - 2 years

Dec 2019

## PAPER No. 2

### Business Economics and Accounting

Date : 22.12.2019

Max. Marks : 100

Time : 2.00 to 5.00 p.m

Duration : 3 Hrs.

#### Instructions :

1. From Part A – answer all questions ( compulsory). Each sub questions carries 1 mark
2. From Part B – Answer any 4 questions. Each question carries 20 marks.
3. Please read the instructions given in the answer sheet.

Total : 20 Marks

Total : 80 Marks

### PART A

(Total 20 marks)

(Compulsory . Each sub question carries 1 mark)

**Q.1: Expand the following:**

**5 Marks**

- a. PPC b. SEZ c. AFC d. GAAP e. ICAI

**Q.2: Match the following:**

**5 Marks**

#### Column A

#### Column B

A. Demand Curve

1. Asset=Liabilities Capital

B. Equilibrium

2. Return on Equity

C. Dual aspect concept

3. Stage where both the opposite parties i.e.  
Demand and supply intersect

D. DuPont Analysis

4. Position of Assets & Liabilities on a particular date

E. Balance Sheet

5. Graphical illustration of the law of demand

**Q.3: State True or False:**

**5 Marks**

- a. Correlation between supply and price of a product is described by the Law of Supply.
- b. Law of Diminishing Return is NOT the part of Economic Theory.
- c. For accounting purposes assets are recorded at their Current market value.
- d. Financial Statements can also be prepared in percentage format.
- e. Net Profits are transferred to Capital Account of the Balance Sheet.

**Q. 4: Fill in the blanks:**

**5 Marks**

- a. Capital is one of the most important ingredients in making up a.....
- b. A measure of satisfaction that an individual receives through the consumption of a commodity is defined as.....
- c. Liquidity refers to the firm's ability to convert its assets into.....
- d. Current Ratio is between Current Assets and .....
- e. Master Budget is a comprehensive budget that includes all.....

## PART B

**(Answer any four)**

**(4X20=80 Marks)**

**Q. 5: Write short notes on any four. (4X5=20 marks)**

- a. Demand Curve
- b. Producer's Equilibrium
- c. Concepts of Double Entry Accounting
- d. Process Costing
- e. Flexible Budgeting

**Q. 6: Describe Cardinal Utility Approach. 20 marks**

**Q. 7:a. Differentiate between Economics and Business Economics. 10 marks**

**b. Describe the role of a managerial Economist. 10 marks**

**Q. 8: Describe the concept and factors of production. 20 marks**

**Q. 9: Describe the Financial Statement and its types. 20 marks**

**Q. 10: From the following balances extracted from the books of Rajan Associates on 31<sup>st</sup> March, 2015, prepare the balance sheet: 20 marks**

Particulars	Amount ( ₹ )	Particulars	Amount ( ₹ )
Opening Stock	96,000	Repair	1,600
Wages and Salaries	32,000	Cash in Hand	2,000
Commission on Purchase	2,000	Debtors	40,000
Freight	3,000	Income Tax	5,500
Purchase	1,18,500	Drawings	6,500
Sales	2,49,000	Capital	50,000
Trade Expenses	200	Bills Payable	5,000
Bills Receivable	6,000	Loan	9,000
Rent	2,000	Discount on Purchase	4,000
Plant	20,000	Creditors	23,300
Bad Debts	5,000		
The Closing Stock as at 31 <sup>st</sup> March, 2015 was ₹ 35,000.			

Prepare Trading, Profit & Loss Account and Balance Sheet, showing:-

1. Gross Profit
2. Net Profit
3. Capital Amount
4. Liabilities Amount
5. Assets Amount

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