Indian Institute of Materials Management

Post Graduate Diploma in Logistics & SCM
Post Graduate Diploma in Materials Management - 2 years
PAPER No. 2 (enrollment code – CPM, CPS)
PAPER No. 3, (enrollment code- PMM, PSM, CMM, CSM)

Business Economics & Accounting

Date : 13.12.2022
Time : 2.00 p.m. to 5.00 p.m.

Max. Marks : 70
Duration : 3 Hrs.

Instructions:
1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark.
   Total : 20 Marks
2. From Part B – Answer any 5 questions. Each question carries 10 marks.
   Total : 50 Marks

PART A
[Total 20 marks]
(Compulsory- each sub-question carries one mark)

Q.1: Expand the following: (5 Marks)
   a. CIMA
   b. SRMC
   c. PBIT
   d. ABC
   e. TVM

Q.2: Match the following: (5 Marks)

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Manufacturing Overhead Budget</td>
<td>1. Batch production</td>
</tr>
<tr>
<td>B. Break-even Point</td>
<td>2. Decrease in demand with increase income</td>
</tr>
<tr>
<td>C. Job Costing</td>
<td>3. The science of national wealth</td>
</tr>
<tr>
<td>E. Adam Smith</td>
<td>5. Miscellaneous expenses</td>
</tr>
</tbody>
</table>

Q.3: State True or False: (5 Marks)
   a. The Third Law of Economics is called the law of competition.
   b. Marginal utility is the addition in total utility due to consumption of an additional unit of a product.
   c. Returns to scale relates to the behavior of total output as all inputs are varied, and is a short run concept.
   d. Valuation ratios are used in capital market to assess the earning on equity stock.
   e. Marketing variances are caused due to difference between planned and actual sales volume.

Q. 4: Fill in the blanks: (5 Marks)
   a. The pricing of a product depends on the …..
   b. Two most common types of costing systems include .......... and ...........
   c. .......... concept states that business operations will be carried out for an infinite period of time.
   d. .......... is a process which is used to show the balance in assigning resources for the production of two different goods.
   e. Marginal utility of money is.........
PART B

Answer any five questions: (10 Marks each)

Q. 5: Write short notes on any two. (2X5=10 marks)
   a. Laws of Economics
   b. Factors affecting Supply
   c. Diminishing returns to scale
   d. Economies of scope

Q. 6: Explain the various concepts of financial accounting. 10 marks

Q. 7: Explain how the profitability or earning power of an organisation may be assessed with the help of DuPont Analysis. 10 marks

Q. 8: An organisation has to be aware of various types of demands in various situations - explain with examples the various demand types. 10 marks

Q. 9: a) Briefly explain the assumptions on which the law of diminishing marginal utility is based upon. 5 marks
   b) Name the various factors of production and why are they important. 5 marks

Q. 10: Prepare the cash flow statement for the year ended 31st March 2021 from the following details 10 marks

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (₹)</th>
<th>Particulars</th>
<th>Amount (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Balance brought down</td>
<td>50,000.00</td>
<td>Payment to creditors</td>
<td>1,00,000.00</td>
</tr>
<tr>
<td>7% Debenture</td>
<td>3,00,000.00</td>
<td>Purchase of Assets</td>
<td>15,000.00</td>
</tr>
<tr>
<td>Receipt from Debtors</td>
<td>2,70,000.00</td>
<td>Overhead Expenses</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Sale of Assets</td>
<td>20,000.00</td>
<td>Wages &amp; Salaries</td>
<td>25,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Taxation</td>
<td>80,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dividend</td>
<td>1,00,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repayment of Bank Loan</td>
<td>1,50,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Balance carried down</td>
<td>1,50,000.00</td>
</tr>
<tr>
<td></td>
<td>6,40,000.00</td>
<td></td>
<td>6,40,000.00</td>
</tr>
</tbody>
</table>

Q. 11: XYZ Ltd entered into the following transactions during the financial year: 10 marks
1. The company purchased a Building worth Rs 8,00,000.
2. Operating expenses paid in cash amounting to Rs 60,000.
3. The amount collected from customers against credit sales amounting to Rs 1,20,000
4. Operating expenses which have been accrued but not yet paid amounting to Rs 30,000.
5. Depreciation charged on fixed assets was Rs 12,000.

Analyse the impact of these transactions on individual accounts by applying the debit & credit rules.

Q. 12: What are responsibility centres? Mention its categories 10 marks

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