



# 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)

Dec 2022

## 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.
2. From Part B – Answer any 5 questions. Each question carries 10 marks.

Total : 20 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)

#### Column A

#### Column B

- |                                  |  |
|----------------------------------|--|
| A. Manufacturing Overhead Budget | 1. Batch production                        |
| B. Break-even Point              | 2. Decrease in demand with increase income |
| C. Job Costing                   | 3. The science of national wealth          |
| D. Giffen goods                  | 4. Cost –volume –profit analysis           |
| E. Adam Smith                    | 5. Miscellaneous expenses                  |

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****[Total 50 marks]****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 31<sup>st</sup> March 2021 from the following details 10 marks**

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

**Q. 11: XYZ Ltd entered into the following transactions during the financial year: 10 marks**

- The company purchased a Building worth Rs 8,00,000.
- Operating expenses paid in cash amounting to Rs 60,000.
- The amount collected from customers against credit sales amounting to Rs 1,20,000
- Operating expenses which have been accrued but not yet paid amounting to Rs 30,000.
- Depreciation charged on fixed assets was Rs 12,000.

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

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

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