



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

## Post Graduate Diploma in Logistics & SCM

### Post Graduate Diploma in Materials Management - 2 years

PAPER No 7 (enrolment code –PGMM, PGSM)

#### Financial Accounting

Dec 2024

Date : 16.12.2024  
Time : 10.00 a.m to 1.00 p.m

Max. Marks: 70  
Duration : 3 Hrs.

#### Instructions:

1. From Part A, contains 4 main questions (with 5 sub-questions) each question carries 1 mark Total of 20 marks
2. From part B answer any 5 questions out of 5 questions. Each question carries 10 marks – A total of 50 marks
3. Graph Sheet will be provided if required.
4. Use of standard calculator is permitted.

#### PART – A (compulsory)

[20 marks]

(Compulsory- each sub-question carries one mark)

Q 1. Expand the following:

[5 Marks]

- a. SMEs                      b. ICAI                      c. ASB                      d. CBDT                      e. CAG

Q 2. Match the following:

[ 5 Marks]

#### Column A

#### Column B

- |                               |  |
|-------------------------------|--|
| a. Statement of Profit & Loss | 1. Output of one process becomes input of next process     |
| b. Personal a/c rule of Debit | 2. Debiting all expenses                                   |
| c. Trial Balance              | 3. Debit the receiver                                      |
| d. Process Costing            | 4. Remains fixed irrespective of the changes in the output |
| e. Fixed costs                | 5. Summarised balance of all ledger a/cs                   |

Q 3. State True or False:

[ 5 Marks ]

- a. Financial statements include Profit & loss a/c and Balance Sheet.
- b. A credit in Real a/c indicates addition to asset.
- c. Cost can be classified as Fixed and Variable cost.
- d. One should at least have five possible alternative courses of action of a problem.
- e. Sales budget is the typical starting point of every budget.

Q 4. Fill in the blanks:

[ 5 Marks]

- a. A ..... is the initial record where financial transactions are first entered before being posted to the general ledger/cashbook.
- b. The amount which is invested by the shareholders into the business is termed as ..... Equity.
- c. The expenditure incurred on labour/material that cannot be economically identified with specific saleable cost unit is termed as .....
- d. The Average Variable Cost (AVC) Curve will slope down, reach a minimum point and then .....
- e. Spending certain percentage of profit towards social and environmental responsibilities is known as .....

## PART B

[ Total 50 Marks]

Answer any five out of the following eight questions: (10 Marks each)

Q 5. Explain various Concepts of Financial Accounting. [ 10 Marks ]

Q 6. Describe Financial Statements and their relevance in the industry. [ 10 Marks ]

Q 7. Prepare Trading, Profit & Loss a/c and Balance Sheet of M/s Hinduja Associate from following Trial Balance as at 31 March 2022 [ 10 Marks ]

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Opening Stock	96,000	Bad Debts	5,000
Salaries	32,000	Repair	1,600
Commission paid	2,000	Cash in Hand	2,000
Freight	3,000	Debtors	40,000
Purchase	1,18,500	Income Tax	5,500
Sales	2,49,000	Drawings	6,500
Trade Expenses	200	Capital	50,000
Bills Receivable	6,000	Bills Payable	5,000
Rent	2,000	Loan	9,000
Plant	20,000	Discount received	4,000
Creditors	23,300		

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Closing Stock as at 31<sup>st</sup> March 2022 was Rs 35,000/.

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Q 8 a. Describe three branches accounting ie Financial, Cost and Management Accounting [ 5 Marks ]

Q 8 b. Describe GAAP (Generally Accepted Accounting Principles). [ 5 Marks ]

Q 9. Pass the JOURNAL entries to rectify the following errors: - [5 x 2 = 10 marks]

- I) A credit sale of Rs 50,000/ to Krish was omitted to be recorded in the books.
- II) Goods costing Rs 20,000/ taken by the Proprietor were not recorded anywhere.
- III) Goods worth Rs 3,500/ sold to Ravi on credit were omitted from the accounts, although cash received subsequently from stands posted to his credit.
- IV) A credit sale of old furniture to Rajesh for Rs 5,000/ was omitted to be recorded.
- V) On 31<sup>st</sup> March, 2023, the goods worth Rs 30,000/ were returned by Ram and taken into stock on the same day, but no entry was passed in the books.

Q 10 a. Explain the Activity Based Accounting (ABC). [ 5 Marks ]

Q 10 b. Explain concept of Cash Flow Statement. [ 5 Marks ]

Q 11 a. Calculate Break Even Point from following input: - [ 5 marks ]

**A stationery manufacturing company produces ball pens.**

**Fixed cost of the company = Rs 2.00 lacs per year. Average unit selling price = Rs 6**

**Unit variable cost = Rs 4      Output volume = 1,40,000**

Q 11 b. Explain Process of Decision Making in the capacity of a Corporate Manager [ 5 Marks ]

Q 12 a. Explain how the Budget preparation take place in an organisation. [ 5 Marks ]

Q 12 b. Explain various aspects of Master Budget of a big organisation. [ 5 Marks ]