



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

## Post Graduate Diploma in Logistics & SCM

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

#### PAPER No. 3, (enrolment code- PMM,PSM, CMM,CSM)

#### Business Economics & Accounting

Dec 2025

Date : 17.12.2025

Max. Marks : 70

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

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. AVC    b. ICWA    c. ROE    d. PPC    e. LRMC

#### Q 2. Match the following:

{ 5 Marks}

#### Column A

#### Column B

- |   |                           |
|---|---------------------------|
| a. To maximise the output with minimal resources        | 1. Balance Sheet          |
| b. Desire to have a product with willingness to pay     | 2. Business Economics     |
| c. Accounting standards adopted in financial accounting | 3. Demand                 |
| d. Sum of Assets and Liabilities are equal              | 4. Responsibility centres |
| e. Cost and Profit centre are the category of           | 5. GAAP                   |

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

{ 5 Marks}

- a. Every managerial decision-making process starts with Problem definition.
- b. Conversion Cost = Direct Labour Cost + Material Cost.
- c. In Double Entry System, minimum two accounts are always impacted from a business transaction.
- d. A Balance Sheet indicates the sources of cash inflow and outflow of an organisation.
- e. Expansion and contraction of supply occur due to change in prices.

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

{ 5 Marks}

- a. Continuous monitoring is very essential to check the effects of any new decision as well as the need of taking any ..... actions.
- b. Merely wishing to have a commodity irrespective of whether that thing is really available or not is a .....
- c. Profit and Loss account is also known as .....
- d. Current Asset ratio is equal to Current Assets divided by .....
- e. The three branches of accounting are Financial accounting, Cost accounting and .....

### PART B

( Total 50 Marks)

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

Q 5. Describe the difference between Economics and Business Economics and also the role of a Managerial Economist. { 10 Marks}

Q 6. Explain and show the effects of the increase and decrease in demand with the help of a demand curve. {10 Marks}

**Q 7.** Describe Production in the Short Run and Long Run. { 10 Marks}

**Q 8.** Explain the concept of Revenue and its various types with suitable examples in each category.

{ 10 Marks}

**Q 9.** Journalise following transactions in the books of M/s SPL Corporations: { 10 Marks}

- a) Started business with Capital of Rs 11,00,000/.
- b) Purchased Goods worth Rs 3,30,000/ from M/s Mullick & Sons.
- c) Goods worth Rs 5,000/ were spoiled in transit and a claim was made to the Railways company; Rs 3,500/ was received for the claim.
- d) Goods worth Rs 77,000/ were sold to M/s Simon Bros on credit.
- e) M/s Simon Bros settled their account at a Discount of 10%.

**Q 10 a.** Describe Accounting Equation. { 5 Marks}

b. Draw a proforma of Balance Sheet. { 5 Marks}

**Q 11 a.** Describe the process of Managerial Decision Making. { 5 Marks}

b. Explain the various types of Costs. { 5 Marks}

**Q 12.** Using financial statement of one organisation, calculate the financial ratios: { 10 Marks}

- a. Current Ratios
- b. Acid Test Ratio
- c. Debt Equity Ratio
- d. Interest Coverage Ratio
- e. Debtors Turnover Ratio

Particulars	2024 (Rs)	2025 (Rs)
Cash	2,20,000	1,40,000
Sundry Debtors	3,00,000	4,20,000
Temporary Investments	2,40,000	3,00,000
Stocks	18,00,000	21,80,000
Prepaid Expenses	28,000	12,000
Total Current Assets	25,88,000	30,52,000
Total Assets	58,00,000	66,00,000
Current Liabilities	6,00,000	8,00,000
Loans	16,40,000	16,20,000
Capital	20,00,000	20,00,000
Retained Earnings	4,68,000	8,12,000

#### Statement of Profit for the Current Year

Particulars	Amount (Rs)
Sales	40,00,000
Less: Cost of Goods sold	(25,00,000)
Less: Interest	(1,60,000)
Net Profit	13,40,000
Less Taxes@50%	6,70,000
Profit after Taxes	6,70,000
Profit Distributed	3,20,000