



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Supply Chain Management & Logistics

Post Graduate Diploma in Materials Management - 2 years

PAPER No. 2

July 2019

Business Economics and Accounting

Date : 21.07.2019

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 Total : 20 Marks
2. From Part B – Answer any 4 questions out of 5 questions. Each question carries 20 marks. Total : 80 Marks
3. Please read the instructions given in the answer sheet.

PART A

Total 20 marks

(Compulsory . Each sub question carries 1 mark)

Q.1: Expand the following.

- a. ROI
- b. DMU
- c. TFC
- d. ZBB
- e. NPV

Q2. Match the following.

Column A

- A. Managerial Economist
- B. Non-Satiation
- C. Production Theory
- D. Financial Statements
- E. Break Even Point

Column B

1. Functional Relationship between physical Inputs and Outputs.
2. Balance sheet and Profit & Loss A/c.
3. Total revenue & Cost of the production are equal.
4. Consumer can never been entirely satisfied.
5. Performing Market Research.

Q.3: State True or False.

- a) Demand is the mother of Production.
- b) Demand and Supply do not determine the market equilibrium.
- c) Asset is equal to Liability and Owner's Equity.
- d) Prime cost is the sum of Material Cost & Direct Labour cost.
- e) Master Budget does not contain all the aspects of an Organisation's Operations and financial.

Q.4: Fill in the blanks.

- a. Adam Smith had written _____ .
- b. Conservatism concept means anticipate no profit and provide for all possible _____.
- c. Fixed cost remains _____irrespective of changes in the Output.
- d. Budget is prepared for a specific_____.
- e. Budget line is also called _____.

PART B

(Answer any four)

(4 x 20 = 80 Marks)

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

- a. Law of Economics
- b. Factors affecting Supply
- c. Proforma of Balance Sheet
- d. Activity Based Costing
- e. Cost Centre

Q.6: As a manager of an enterprise describe the process of decision making . 20 marks

Q.7: a. Describe various Factors of Production. 10 Marks

b. Define Demand and its types. 10 Marks

Q.8: Describe the elements and various types of Cost. 20 Marks

Q.9: a. Describe briefly the Materials and Purchases Budget. 10 Marks

b. Elaborate Budgeting and its Human aspects. 10 Marks

Q.10: Your Company is exporting 'Madras Checks' to U.S.A. It is has received an enquiry from M/s Philby Incorporation, Boston. From the following figures, relating to the last 4 months, you (As an Accountant) are to suggest a suitable price after preparing a cost sheet:

Total Production (in meter)	2,00,000
Cost of Raw Materials	Rs. 2,00,000
Direct Labour (in factory)	Rs. 2,50,000
Indirect Labour (in factory)	Rs. 50,000
Expenses on Storage	Rs. 10,000
Office Expenses(Direct)	Rs. 50,000
Selling Expenses	Rs. 30,000
Misc. Expenses, like packing, forwarding etc.	Rs. 20,000
Fees of Directors	Rs. 10,000
Fees of the Managing Director for four months	Rs. 15,000

It is noted that the depreciation on Plant and Machine amount to Rs. 1,20,000 per year and profit margin of 20% is kept on sales.

Prepare Cost Sheet Showing.

- I. Prime Cost.
- II. Work/Factory Cost.
- III. Cost of Production.
- IV. Cost of Sales.
- V. Sales.

(20 Marks)
