



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

June 2011

Graduate Diploma in Materials Management

PAPER No. 3

BUSINESS ECONOMICS, ACCOUNTING & FINANCE.

Date : 13.06.2011
Time : 2.00 p.m to 5.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory). **Total: 32 Marks**
2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks
Total: 48 Marks
3. Part C is a case study (compulsory). Read the case study carefully and answer the questions
Total: 20 Marks

PART A

Question No. 1

8 marks

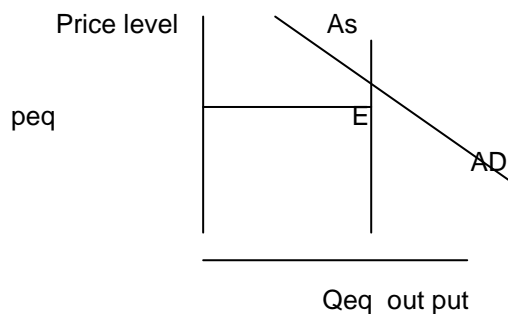
1. What is not true about RBI.:-
 - a) All India farmer's Friend.
 - b) Lender of the lost resort.
 - c) Controller of Credit.
 - d) RBI is banker's Bank.
2. What do you mean by Mixed Banking in Economics.
 - a) Lending loans for the agriculture & education for a long period.
 - b) Investing on Mutual Funds for short term & long terms gains.
 - c) Investing on Industrial Development & Commerce for a short term and long term.
 - d) Lending loans to private and Public Industries.
3. Change of Registered Office of a Company from one state to another fall under the purview of Co. Act, of 1956.
 - a) Special resolution & Permission from Co. Law Board.
 - b) An Ordinary resolution & Permission from Co. Law Board.
 - c) The Memorandum of Assn. Of the Company must be changed.
 - d) The Articles of Assn. Of the Company must be changed.
4. The average level of prices prevailing in an economy, is measured by price Index shows:-
 - a) Inflationary levels of market in the economy.
 - b) Price level to Supply.
 - c) Deflationary levels of price in the economy.
 - d) Demand level to supply.

5. An amount levied for an infringement of a law is called.
 - a) Import levies.
 - b) Damages for deviation.
 - c) Penalty for violation.
 - d) Compensation for goods lose.

6. What can be measured through current market prices.
 - a) Nominal GNP growth.
 - b) Abnormal growth of an economy.
 - c) Sustainable growth of economy.
 - d) Future market growth in the economy.

7. In the Three Sectorial Economy we could see.
 - a) Agriculture, Industry and IT development.
 - b) Industry, Infrastructure, Agricultural development.
 - c) Infrastructure, Industry & Biotechnology development.

8. The Diagram below Indicates :-



- a) Under employment equilibrium.
- b) Full employment equilibrium.
- c) Partial employment equilibrium.
- d) Satisfactory employment equilibrium.

Q. No 2 . Answer in Alpha Numeric form to State True or Falls:-

8 marks

1. Cost of acquisition, production or delivery of an individual unit are included in the batch level costing.
2. The Capital investment decisions have long term Consequences.
3. Venture management Involves new product development & marketing.
4. If all the following statement are true say true, if not answer falls to the factors.
 - a) Land = Rent.
 - b) Labour = Salary
 - c) Capital = Interest.
 - d) Entrepreneurs = Commission.
5. Durable goods, that have long life span in their use to consumers.

6. The basic Purpose of Cash Flow statement is to provide information for total turnover of Business entity.
7. P&L a/c shows snapshot of operations of the firm in the previous accounting period.
8. The components of working capital are:- Cash in hand, at Bank, in short term investments, trade debtors, inventory, raw materials, stores & spares etc.,

Q. No.-3 Fill in the blanks with appropriate words:-

8 marks

1. Income which is not consumed and not paid out in the form of taxes is called
2. If a note is to promise to pay the bearer, certain sum of money is called
3. If the estimated revenue are greater than the estimated expenditures is called.....
4. Indicate the nature of account in this transaction viz., If A receives Rs. 1000/-from 'B' and sold the goods worth of it is called.....
5. The Company that sets out a report of Assets and Liabilities for a particular day of the year is called.....
6. Normally the book is divided into two parts left side Cash received Right side Cash paid is calledbook.
7. The ability to convert an asset into money quickly and without loss of value is known as
8. BOP Means = Balance of Payment. BOT Means =

Q. No. 4. What is the main functions of Money in an economic system.

8 marks

PART -B

Answer any three question each question carries 16 marks. (3x16)= 48 marks.

Q. No 5. Distinguish between the functions of IMF AND WTO to the world economy.

Q. No 6. Write Short Notes on (any four):-

- a) What are the objectives of Cash Management.
- b) Global Interdependence in economy.
- c) Dominance of MNC.
- d) Corporate Social Responsibilities.
- e) Grass National Product (GNP).
- f) Indian's global status in Balance Of Payments.

Q. No 7. Journalise the following transaction and post it to the respective Ledger accounts.

1. On 1.1.2011 Bhavana commenced Business with cash of Rs.100000/-
2. On 5.1.2011 She purchased goods for cash Rs.200000/-
3. On 10.1.2011 She bought goods on credit from Mr. Rahul , Rs.10000/-
4. On 15.1.2011 She Sold goods for cash Rs.80000/-.

5. On 20.1.2011 She deposited cash into ICICI Bank Rs.60000/-.
6. On 25.1.2011 She paid salary Rs.5400/-.

Q. No. 8. Illustrate with an example, the Cost –Volume Profit Analysis and the five factors influences it .

Q. No. 9 The following balances were extracted from the books of HRB Associates & Co on 31st December, 2011

PARTICULARS	RS.
HRB 's Capital	150000.00
HRB's drawings	8500.00
Stock on 1.1.2011	22000.00
Purchases	45000.00
Sales	75000.00
Return Inwards	12000.00
Return Outwards	8000.00
Wages	6000.00
Salaries	10000.00
Electric Charges	2100.00
Discount paid	3500.00
Discount received	6000.00
Depreciation	1500.00
Bills Payable	5500.00
Plant & Machinery	25000.00
Provision for bad debts	3000.00
Debtors	9000.00
Creditors	22000.00
Cash in hand	2000.00
Cash at Bank	3800.00
Bills Receivable	5100.00

Prepare the trading & profit & loss account for the year ended 31st December 2011 and a balance sheet as on that date. The value of the closing stock on 31st December,2011 was Rs.25500/-.

PART -C- COMPULSORY.-

Q.No. 10 Mr. Manish furnishes the following data relating to the manufacture of Parma product during the month of April, 2011.

1. Raw materials consumed	60000.00
2. Direct Labour charges	40000.00
3. Machine hours worked	3000.00
4. Machine hour rate	Rs.7/-
5. Administration overheads	30% on work cost.
6. Selling Overheads	Rs.4/ unit.
7. Units produced	20000
8. Units sold	9000 @ Rs. 15 per unit.

You are required to prepare a cost sheet from the above, showing:-

- a) Cost Per Unit.
- b) Profit per unit sold and profit for the period.
