



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

June 2015

Paper 1 (Old)
Management Principles and Business Finance

Date: 13.06.2015
Time: 10.00 AM to 1.00 PM

Max Marks: 100
Duration: 3 Hours

Instructions:

- 1) Part A is compulsory
- 2) Part B: Answer any three questions
- 3) Part C Compulsory

Total Marks=32
Total Marks=48
Total Marks=20

Part A

(16 x1= 32 marks)

(Compulsory , each sub question carry 1 mark)

Q1. Give the expansion

1. NPV
2. SEBI
3. EPS
4. EBIT
5. EMI
6. IRR
7. BEP
8. DCF

Q2. Fill up the blanks

1. Quick ratio is calculated by dividing quick assets by .
2. Present value = Future value X .
3. Company is an artificial person created by law
4. Highest safety is indicated by the alphabetic symbol .
5. Indian capital market is regulated by .
6. Performance review is device
7. Assets = Equity + .
8. Profit and loss account is statement

Q3. State True or False

1. Sales forecast is the starting point of financial forecasting
2. If P/V ratio is 20% variable cost is 80%

3. Total risk is the combination of unique risk and market risk
4. SEBI regulates the operations of money market
5. Venture capital firms do not provide finance to high risk, high return firms
6. Bills payable is a long term liability
7. Increase in current assets increases the need for working capital
8. Labour cost is a direct cost

Q4. Match the following:

- | A | B |
|---------------------|---------------------------|
| 1. Rule of 72 | a. Bond valuation |
| 2. Coupon rate | b. Time value |
| 3. Budget | c. Capital budgeting |
| 4. Payback period | d. Quantification of plan |
| 5. Cost plus basis | e. Decision making |
| 6. Marginal costing | f. Target pricing |
| 7. Henry Fayol | g. Haier Group |
| 8. Zang Rheumer | h. Modern Management |

Part B

(3 x 16= 48 marks)

(Answer any three. Each question carry 16 marks)

- Q 5. Explain the key steps in Project appraisal
- Q 6. Discuss the functions of financial market
- Q 7. Discuss the different financial intermediaries in India
- Q 8. Explain the procedure for obtaining term loans
- Q 9. Explain the factors determining working capital

Part C
(Compulsory)

20 mark

Q.10 Read the problem and calculate:

Particulars	Amount
Equity share capital	5,00,000
Retained earnings	2,00,000
9% Pref Share of Rs 100 each	2,00,000
12% Debentures	1,00,000

- a. Market price of equity share is Rs 60
- b. Dividend on equity share is Rs 2
- c. Expected growth rate is 4%
- d. Tax rate is 30%

Calculate Weighted average cost of capital
