



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Materials Management

June 2018

Graduate Diploma in Materials Management

PAPER No. 3  
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 11.06.2018  
Time : 2.00 p.m to 5.00 pm

Max. Marks :100  
Duration : 3 Hrs.

Instructions :

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

Total: 32 Marks  
Total: 48 Marks  
Total: 20 Marks

**PART A (compulsory).**

( 32 x1= 32 marks)

**Q.1: State True or False.**

**8 marks**

- a. Macro Economics concentrates on behaviour of the economy as a whole.
- b. A firm obtains its finished goods by production which is the conversion of OUTPUT into INPUT.
- c. The size of an economy can be measured based on its GDP.
- d. The young generation is a market force to be reckoned with.
- e. Accounting is done for transactions that are non measurable in monetary terms.
- f. Balance sheet is prepared "As on Date" to reflect the financial strength of the company.
- g. The GAAP means Generally Accepted Accounting Principles.
- h. Computer software is not an Intangible Asset.

**Q.2: Fill in the blanks.**

**8 marks**

- a) Sole Proprietorship firm has the \_\_\_\_\_ liability.
- b) \_\_\_\_\_ is the regulatory body in India.
- c) Social responsibility is largely associated with \_\_\_\_\_.
- d) Statement of changes in financial positions is expressed by \_\_\_\_\_ statement.
- e) Existence of business is considered separate from its owner under \_\_\_\_\_ concept.
- f) Debit the Receiver and Credit the Giver is rule of \_\_\_\_\_ Account.
- g) Bills Receivable is a Current \_\_\_\_\_.
- h) Decrease in Working Capital is increase in \_\_\_\_\_ of the funds.

**Q3. Expand the abbreviations**

**8 marks**

- a. GDP
- b. STCI
- c. SIDBI
- d. NABARD
- e. NHB
- f. GIC
- g. GNP
- h. WTO

**Q4. Match the following.**

**8 marks**

- | <b>A</b>                   | <b>B</b>                      |
|----------------------------|-------------------------------|
| a. Micro Economics         | 1. Measure of Life expectancy |
| b. Financial Institutions  | 2. Financial Transaction      |
| c. Human Development Index | 3. Real Account               |
| d. Supply and Demand       | 4. Balance Sheet              |
| e. Accounting              | 5. Individual Households      |
| f. Financial Statement     | 6. Usage of funds             |
| g. Debit what comes in     | 7. Financial Services         |
| h. Purchase of an Asset    | 8. Economic Analysis          |

**PART B**

**(Answer any three)**

**(3 x 16 = 48 Marks)**

**Q.5: Write short notes on any four. (4x4 = 16 marks)**

- a. Micro Vs Macro Economics
- b. Goods & Services Tax
- c. Mixed Economy
- d. Factors of Production
- e. Objectives of Financial Statements
- f. Sources of Funds

**Q.6: What are the salient features of Indian Economy?**

- Q.7:** a. Discuss the criteria of Market classification  
 b. Explain the role of Government in an economy.

**Q.8:** Describe the three branches of Accounting.

- Q.9: a.** Discuss the advantages and disadvantages of each form of business organisation.  
 b. Explain the Sub-types of financial markets.

**PART C**

**Q.10: CASE STUDY (compulsory)**

**(20 Marks)**

Prepare a statement of changes in working capital from the following balance sheet of X Ltd.

**Balance Sheet as on 31.12.2015 and 31.12.2016**

<b>Liabilities</b>	<b>2009</b>	<b>2010</b>	<b>Assets</b>	<b>2009</b>	<b>2010</b>
Equity share capital	3,00,000	3,00,000	Fixed Assets	3,30,000	3,40,000
Debentures	1,40,000	1,40,000	Long term Investments	1,00,000	95,000
Tax Payable	52,000	48,000	Bills Receivable	65,000	76,000
Interest Payable	28,000	33,000	Stock	49,000	49,000
Sundry Creditors	41,000	48,000	Debtors	32,000	23,000
Dividend Payable	35,000	32,000	Cash	20,000	18,000
	5,96,000	6,01,000		5,96,000	6,01,000

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