



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics & SCM
Post Graduate Diploma in Materials Management - 2 years
PAPER No. 2 (enrollment code –CPM, CPS)
PAPER No. 3, (enrollment code- PMM,PSM, CMM,CSM)[OFFLINE EXAM]
Business Economics & Accounting

June 2024

Date : 11.06.2024
Time : 2.00 p.m. to 5.00 p.m.

Max. Marks : 70
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: Fill in the blanks:

[5 Marks]

- Economics is broadly divided in two parts i.e. _____ and _____ Economics
- The pricing of a product depends on the _____.
- Debit what comes in and Credit what goes out is the rule under _____
- Depreciation Amount is deducted from the value of concerned _____
- A perfectly competitive market decides the price where organization will have to decide on their _____.

Q.2: Match the following:

[5 Marks]

	Column A		Column B
A	Demand is the function	1	As on date
B	The cost vary with change in level of output	2	For the year ended
C	Balance Sheet	3	Variable cost
D	Focus Strategy	4	price
E	Profit and loss account	5	Products at low cost in limited market segment

Q.3: State True or False:

[5 Marks]

- The PPC shows the concept of economic growth scarcity, efficiency of production and opportunity cost associated with the production of goods.
- Prime cost is calculated by adding direct material and indirect labour
- Opportunity cost can be described as customers next best alternative forgone In other words, it is the cost of sacrifice made for benefit forgone
- Payment of promoters interest paid on loans. Rent paid for lease, building or missionary and taxes paid to the government and all the types of explicit cost
- According to Third law of economics the major factor behind production and supply of product is demand

Q. 4: Expand the following :

[5 Marks]

- 1)GAAP 2) EPS 3) GDP 4) ABC 5) TVM

PART B

[Total 50 marks]

Answer any five out of the following 8 questions: (10 Marks each)

Q. 5 Write short notes on any TWO.

(2X5=10 marks)

- | | |
|--|--------------------------|
| a. Economies of scale | b. Profit Maximisation |
| c. Law of Diminishing marginal utility | d. responsibility center |

- Q. 6 a.** Explain composite demand and joint demand [5 Marks]
 b. How do you differentiate between economics and business economics [5 Marks]
- Q. 7** What are the various steps involved in decision-making processes [10 Marks]
- Q.8 a.** Explain the law of supply [5 Marks]
 b. Explain factors affecting market demand. [5 Marks]
- Q.9 a.** Explain concept of , accrual Realisation concept and Matching concept of Financial Accounting [5 Marks]
 b. Explain the concept Economies of Scale [5 Marks]
- Q.10 a.** Case study The **profit** and loss account of Z star Ltd is given below :

	RS	RS	RS
	2009	2010	2011
Sales turnover	4.90	5.30	6.60
Operating costs	4.17	4.43	5.82
Operating profit before tax	0.73	0.87	0.78
Taxation	0.24	0.30	0.27
Profit after tax	0.49	0.57	0.51
Dividends	0.12	0.16	0.16
Retained profit	0.37	0.41	0.35

2. Summary balance sheets of Z star Ltd given below

	Rs In lakhs	Rs in Lakhs	Rs in Lakhs
	2019	2020	2021
Fixed assets	2.40	2.77	2.88
Current assets			
Stocks:			
Raw materials	0.09	0.12	0.15
Finished goods	0.40	0.43	0.45
Debtors	1.14	1.32	1.84
Bank	0.03	0.04	0.05
	1.66	1.91	2.49
Less Current liabilities	1.35	1.56	1.90
Net current assets	0.31	0.35	0.59
	2.71	3.12	3.47
Capital and reserves	0.5	0.91	1.26
Bank loans	2.21	2.21	2.21
Capital	2.71	3.12	3.47

Questions :

Calculate ratios Capital Employed ,Net profit margin, and given in the average ratios for Follow the links below for the answers to each of the ratio calculations:

a (i) Return on capital employed (ii) Asset turnover ratio

[5 Marks]

b.(ii) Net profit margin for 2019, 2020 and 2021.

[5 Marks]

Q11) Ms. Sunstar Ltd entered into the following transactions during the financial year: [10 Marks]

The company purchased a machinery worth Rs 10,00,000.

1. The amount collected from Mr A against credit sales amounting to Rs 3,20,000
2. Operating expenses paid in cash amounting to Rs 80,000.
3. Outstanding expenses amounting to Rs 50,000.
4. Depreciation charged on fixed assets was Rs 22,000.

Q. 12: a) Explain the demand curve and its types

[5 Marks]

b) Explain the importance of ratio analysis in any organization.

[5 Marks]

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