



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM

Post Graduate Diploma in Materials Management - 2 years

PAPER No 7 (enrolment code –PGMM, PGSM) Financial Accounting

June 2025

Date : 16.06.2025
Time : 10.00 a.m to 1.00 p.m

Max. Marks: 70
Duration : 3 Hrs.

Instructions:

- From Part A, contains 4 main questions (with 5 sub-questions) each question carries 1 mark Total of 20 marks
- From part B answer any5 questions out of 5 questions. Each question carries 10 marks – A total of 50 marks
- Graph Sheet will be provided if required.
- Use of standard calculator is permitted.

PART – A (compulsory) [20 marks]

(Compulsory- each sub-question carries one mark)

Q 1. Expand the following: { 5 Marks}

- a. GAAP
- b. PBIT
- c. ROE
- d. ABC
- e. ASB

Q 2. Match the following: { 5 Marks}

	Column A		Column B
a	Statement of Profit & Loss	1	Product needs to pass through multiple processes
b.	Personal a/c rule of Credit	2	Crediting all the incomes
c	Cash Book	3	Credit the Giver
d	Process Costing	4	Revenues equal to Costs
e	Break-Even Point	5	Payments made in cash and by cheque

Q 3. State True or False: { 5 Marks}

- a. The Master Budget includes all aspects of an organisation.
- b. The Audit Committee is responsible for preparing company's financial statements.
- c. Conversion Cost = Direct Labour Cost + Material Cost.
- d. Double - sided errors in financial accounting affect at least two accounts simultaneously.
- e. Return on assets is also known as profit – to – asset ratio.

Q 4. Fill in the blanks: { 5 Marks}

- a. Ledgers help in preparing a
- b. The left-hand side of an account is known as side.
- c. The auditor's responsibility is restricted from his opinion on the of the enterprise
- d. Proceeds from sale of the property, plant, and equipment are classified under cash flows from activities.
- e. Every managerial decision-making process starts with

PART B

(Total 50 Marks)

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

Q 5. Explain Accounting Model with at least five transactions proving that Assets = Capital+Liability.

Q 6. Journalise following transactions in the books of M/s Zenith Corporations:

- a) Purchased Furniture for cash Rs 60,000.
- b) Sold Goods for Rs 1,30,000 in cash.
- c) Sold Goods for Rs 1,50,000 to M/s Yash on credit.
- d) Cash payment of Rs 80,000 to M/s Raj.
- e) Cash received from M/s Yash Rs 1,20,000 as full and final payment

Q 7. Prepare Trading, Profit & Loss a/c and Balance Sheet of M/s Murgans Pvt Ltd from following Trial

Balance as at 31 March 2024

Opening Stock	46,000	Bad Debts	5,000
Salaries	82,000	Repair	1,600
Commission paid	2,000	Cash in Hand	2,000
Freight	3,000	Debtors	40,000
Purchase	1,13,500	Income Tax	10,500
Sales	3,49,000	Drawings	6,500
Trade Expenses	200	Capital	50,000
Bills Receivable	6,000	Bills Payable	5,000
Rent	2,000	Loan	9,000
Plant	1,20,000	Discount received	4,000.
Creditors	23,300		

- 1. Closing Stock as at 31st March 2024 was Rs 55,000/.
- 2. Outstanding Salary was Rs 18,000/.
- 3. Prepaid Rent was Rs 500/.

Q 8 a. Describe Accounting Standards, its types and applicability.

b. Describe the Identification of Errors and their rectification.

Q 9. Describe Accounting process/cycle with necessary formats of Journal, Ledger and Cash Book.

Q 10 a. Explain Cost, Objectives and classification

b. Explain meaning, objective and limitations of Cash Flow Statement.

Q 11 . Calculate the net cash flows from following financing activities of M/s ABC Ltd:

Proceeds from the issue of equity shares = Rs 5,00,000

- 1. Proceeds from the issue of preference shares = Rs 3,00,000
- 2. Proceeds from long -term loans = Rs 2,50,000
- 3. Redemption of preference shares = Rs 1,50,000
- 4. Redemption of debentures = Rs 1,00,000
- 5. Payment of dividend = Rs 30,000
- 6. Payment of interest = Rs 40,000

Q 12. Prepare Capital Budget of a big manufacturing house incorporating sources and utilisation of funds duly supported with note of justification, where ever seems appropriate.