



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

Dec 2013

Paper 1
Management Principles and Business Finance

Date: 14.12.2013
Time: 10.00 AM to 1.00 PM

Max Marks: 100
Duration: 3 Hours

Instructions:

- 1) Part A1 and A2 are compulsory
- 2) Part B: Answer any three questions with a maximum of two from part B1 or B2
- 3) Part C Compulsory

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

Part :A: 1

(16 x1 = 16 marks)

Q.1. Indicate whether following statements are True or False

- a) Management by Objectives refers to the identified Key Result Areas by top Management in their company in the business environment.
- b) The findings of a court of enquiry are binding on both the parties to the dispute.
- c) In Manpower development the first step is to identify training needs.
- d) Job Rotation is one of the technique to develop individuals.
- e) Line function do not have direct responsibility for achieving results.
- f) The process of delegation does not involve determination of expected results.
- g) Departments are formed on the basis of customers of the organization.
- h) Educational Qualifications are indicators but not determinants of knowledge and skills of workers.

Q.2. Match A & B from the following-

A	B
1. Collective Bargaining for the conducive atmosphere	a) People with different skills & expertise are deployed to achieve goals
2. Autocratic /authoritative Style	b) Standing Orders
3. Innovative approach	c) Management & Worker's Union
4. Joint management councils	d) Transactional Leadership
5. Internal Change Agent	e) Link between company & consultants
6. . Cross functional Team	f) Successful Exploitation of new ideas
7. Communication Process	g) Insecure, uninformed & afraid of boss
8 Conventional reward / punishment to gain compliance from followers	h) Exchange of facts, ideas, emotions, & opinions between two or more persons

Part A2-Finance (16 x1= 16 marks)

Q.3. State true or false .

1. The difference between the present value of future cash benefits and initial outlay represents the net present value or NPV of the proposal.
2. . A private limited company can have a single member owner where as a public limited company must have at least two shareholders.
3. Acid test ratio of public limited company can be calculated by dividing current assets excluding inventories with current liabilities.
4. Working capital management refers to long term financial management and availability of funds for arranging plant and machinery .
5. Equity represents the residual interest of the owners / shareholders in the assets of the business organization .
6. Accounting is normally based on the premise that the business entity will remain a going concern for a limited period of time
7. Accounting deals with uncertainties and is based on cash flow principle with value maximizing where as Finance is concerned with score keeping under certain conditions relying on accrual principle ,
8. In case of stock split the number of shares of a company available in the market are increased proportionately and the par value of all the shares are reduced.

Q.4. Match Statement A & B from the following-

Statement A	Statement B
1. Fundamental accounting model	a. Difference between actual & standard cost
2. Return on capital employed	b. Expected Rate of return
3. Reserve Bank Of India	c. Assets equals liabilities & Owners Equity
4. Intrinsic Value of an equity	d. Measure of profitability of a company
5. . Weighted average of all returns multiplied by respective probabilities	e. Stock exchanges & capital market regulator / authority
6. Manufacturing cost	f. Present value of future streams of dividends
7. Securities Exchange Board of India	g. Banker' bank to regulate foreign exchange transactions and credit institutions
8 Variance Analysis	h. Direct Materials cost plus direct Labour plus Overhead cost

Part B

(Answer any three from Part B1 and B2) 16x 3= 48 marks

Part B1-Management principles

Q.5. Explain the concept of Leadership and Leadership Styles which are needed to deal with different situations arising out of different groups of people.

Q.6. What do you understand by the term Corporate Social Responsibility ? List down the CSR activities of the company in which you are working or any well known and diversified company

Q.7. Short notes-(any four)

1. Life Quality Index
2. Performance Appraisal and Rewards
3. Problem Solving and Decision Making
4. Herzberg' theory of motivation
5. Employee Counseling
6. Business Process Re - Engineering

Part B2-Finance

- Q.8.** What do you understand by the term working Capital Management . Explain the factors influencing working capital requirements and its ten commandments.
- Q.9.** Explain the following Financial Statements with examples from any manufacturing company of your choice.
- a) Balance sheet
 - b) Profit and loss Account
 - c). Statement of cash flows.

Part C

20 marks

Case study (Compulsory)

- Q.10.** The following information was collected from the books of accounts of M/s International Manufacturing and Suppliers India limited New Delhi for the accounting period ending 31st March 2012.
- 1) The company is owning a cold storage plant whose value is Rs. 300 000/- a delivery truck Rs. 150 000/- and office buildings at various locations Rs. 570 000/-
 - 2) The Equity capital Rs. 800 000/- and the company paid dividends to the shareholders Rs. 80 000/-
 - 3) The operating revenue Rs. 500 000/- and operating expenses Rs. 90 000/-.
 - 4) The company is liable to pay Rs.560 000/- .
 - 5) The accounts department is having a cash amount of Rs. 65 000 /- .
 - 6) The interest expenses are Rs. 75 000/- and depreciation amount Rs. 180 000/-.
 - 7) The company is yet to receive an amount of Rs. 350 000/- .

You are required to prepare a trial balance with above details .
