



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

June 2014

Paper 1
Management Principles and Business Finance

Date: 14.06.2014
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. State True or False

1. A wide span of management is associated with many organisational levels.
2. The assessment centre is a location and not a technique for selecting and promoting managers.
3. Objectives are the end points towards which activities aimed.
4. The essence of leadership is followership.
5. The concept of Ombudsman originated in USA.
6. Teleconferencing is a very good substitute for face-to-face meetings.
7. Communication is the transfer of information from a sender to a receiver with the information being understood by the receiver
8. Whistle blowing makes known to outside agencies unethical company practices.

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

A

1. Frederick Herzberg
2. Frederick Taylor
3. Fast food
4. Henri Fayol
5. ASEAN
6. Creativity
7. Grapevine
8. Jack Welch

B

- a. trading block
- b. developing new ideas
- c. informal organisation
- d. General Electric
- e. motivation
- f. scientific management
- g. Mc Donalds'
- h. modern management

Part A2-Finance (16 x1= 16 marks)

Q.3. State true or false .

1. Liquidity refers to the ability of the firm to meet its obligations in the short-term usually 1 year.
2. Cash Budget is .a component of operating budget of a firm.
3. Typically, Corporate bonds have a maturity of 3 to 10 years.
4. Total assets turnover ratio is net sales divided by total liabilities.
5. There are two concepts of working capital, gross working capital and net working capital.
6. The balance sheet and profit and loss account focus on cash flows.
7. Risk of a fully diversified portfolio is its market risk.
8. Term loans represent a source of debt finance which is generally repayable in less than 10 years.

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

Statement A

1. Useful life
2. Commercial banks
3. Public issue
4. Trading of currency
5. MVA
6. EVA
7. Bonus shares
8. Deep discount bonds

Statement B

- a. debt instruments
- b. capitalisation of reserves
- c. flow measure
- d. stock measure
- e. foreign exchange market
- f. primary market
- g. financial intermediaries
- h. depreciation

Part B

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

Part B1-Management principles

Q.5 Explain Planning and the various steps in Planning.

Q.6 Define Leadership. Discuss the ingredients of Leadership.

Q 7. Short notes-(any four)

4 x4 = 16

- 1 Self-motivation
- 2 Social responsibility of managers
- 3 Whistle blowing
- 4 Teleconfering
- 5 E-Training
- 6 Strategic Business Units

Part B2-Finance

Q 8 Discuss the key steps involved in Project Appraisal

Q.9. Explain Equity Capital .What are advantages and disadvantages of Equity Capital.

Part C

20 marks

Case study (Compulsory)

Q 10.

Based on the following entries in the books of account of AB & Co prepare the P& L A/c for the year ended 31st March 2013

	Rs.
Gross profit for the year	11500
Salaries	4200
Rent & Taxes	1200
General expenses	2145
Brokerage expenses	210
Bad debts	180
Discount allowed	345
Commission received	90
Interest receivable	430
Depreciation	840
Bank charges	25
