

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics Management

Paper 1
Management Principles and Business Finance

Date: 11. 12. 2010
 Time: 10.00AM to 1.00PM

Max Marks: 100
 Duration: 3 Hours

Instructions:

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| 1) Part A1 and A2 are compulsory | Total Marks=32 |
| 2) Part B: Answer any three questions with a maximum of two from part B1 or B2 | Total Marks=48 |
| 3) Part C Compulsory | Total Marks=20 |

Part A1 -Management principles

- Q.1.** Indicate whether following statements are **True or False**
1. A goal is a state of affairs or a state of concrete activity domain which a person or a system tends to achieve .
 2. Forecasting is the estimation of an unknown situation which provides a basis for planning course of action .
 3. Written communication is better than non verbal communication because it is . less time consuming and cheaper
 4. The findings of a court of enquiry are binding on both the parties to the depute.
 5. In case of Management by Objectives the Key Result Areas are identified by top Management in their concerned business environment.
 6. Break even analysis is done to identify the point of operation when the company makes no profit and no loss
 7. The Job enrichment which is increasing responsibility and control of an employee leads to decrease in employee Motivation
 8. Compound social indicator of human welfare is called Life Quality Index

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

A	B
1. Conventional reward / punishment to gain compliance from followers	a) Exchange of facts, ideas, emotions, & opinions between two or more persons
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. Collective Bargaining	f) Successful Exploitation of new ideas
7. Communication Process	g) Insecure, uninformed & afraid of boss
8. Cross functional Team	h) People with different skills & expertise

Part A2-Finance

Q.3. Select the most appropriate alternative

1. Equity represents the residual interest of the owners in the assets of the firm .
2. Accounting is normally based on the premise that the business entity will remain a going concern for a limited period of time.
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. The difference between the present value of future cash benefits and initial outlay represents the net present value or NPV of the proposal.
6. A private limited company can have a single member owner where as a public limited company must have at least two shareholders.
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 reduced proportionately and the par value of all the shares are increased.

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. Variance Analysis	e. Securities Exchange Board of India
6. Manufacturing cost	f. Present value of future streams of dividends
7. Regulates the business of stock exchanges & capital market operators	g. Functions as Banker' bank regulates foreign exchange transactions and credit institutions
8. Weighted average of all returns multiplied by respective probabilities	h. Direct Materials cost plus direct Labour plus Overhead cost

Part B1-Management principles

- Q.5.** Explain the Management Function of Control.. What are the requirements of an effective Control system.
- Q.6.** What do you understand by the term Business Process Re - Engineering? State in detail the Business Processes, its features and limitations
- Q.7.** Short notes-(**any four**)
1. Difference between Problem Solving and Decision Making
 2. Authority and Responsibility
 3. Herzberg' theory of motivation
 4. Corporate Social Responsibility
 5. Managerial Grid and Leadership Styles
 6. Performance Appraisal and Rewards
 7. Employee Counseling

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- **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 2010.
- 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/- & yet to receive an amount of Rs. 350 000/-
 - 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/-

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