

(Unit- 1) 1.



Karanjia Auto College, Karanjia, Mayurbhanj

Management Accounting

Discuss in detail the functions of management accounting. Explain the nature and scope of management accounting.

2. Discuss fully the nature of financial accounting and also explain the functions of financial accounting.
3. Explain the term 'management accounting' and state the objectives of management accounting.
4. How can financial accounting be made useful for the management?
5. 'Management accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and in the day to day operations of the undertaking'. Elucidate this statement.
6. 'Management accounting is nothing more than the use of financial information for management purposes'. Explain this statement and clearly distinguish between financial accounting and management accounting.
7. What do you understand by 'Management Accounting'? How does it differ from Cost Accounting ?
8. 'The managerial objectives of accounting are to provide data to help the management in planning. Decision-making, coordinating and controlling operations.' Discuss.
9. How does management accounting differ from financial accounting? What are the limitations of management accounting?
10. Management accounting aims at providing financial results of the business to the management for taking decisions.' Explain by bringing out advantages of management accounting.
11. What do you understand by a 'financial controller'? What are his functions?
12. How does management accounting differ from cost accounting.
13. Describe fully the limitations of financial accounting and point out how management accounting helps in overcoming them.
14. What are accounting concept and conventions ? Explain them clearly.

(Unit- 2) 1.

15. "Management accounting is essentially a staffing function". Explain this statement and give a suitable organisational chart for a large - scale concern.
16. What do you consider by the objectives of Management Accounting ? Support your answer with suitable illustrations.
17. "Management Accounting is Financial Accounting belt at its elastic point." How far do - you agree with this statement ?
18. Explain the characteristic features of management accounting. What are the tools which make it useful for the management ?
19. "Accounting provides information to various users." Discuss accounting as an information system. 20. Discuss various steps required for installing management accounting system.

Financial Statements

What is meant by ratio analysis? Discuss its objects and limitations.

2. "Ratio analysis is a tool to examine the health of business with a view to make financial results more intelligible." Explain.
3. (a) What is the significance of ratios ?
(b) What are the limitations of ratio analysis?
4. "Ratios are indicators—sometimes pointers but not in themselves powerful tools of management." Explain.
5. "Ratio analysis is only a technique for making judgements and not a substitute for judgements." Examine.
6. What are liquidity ratios ? Discuss their significance.
7. Describe the various ratios that are likely to help the management of a manufacturing unit forming an opinion on the solvency position of business.
8. Examine the relationship between solvency, liquidity and profitability.
9. Describe any five accounting ratios and briefly explain their significance.
10. Describe the principle ratios which you consider significant while interpreting the published accounts of a company and explain the inferences which may be drawn from them.
11. Describe with illustrations any three of the following :
(i) Current Ratio. (ii) Inventory Turnover Ratio. (iii) Operating Ratio. (iv) Interest Coverage Ratio. (v) Debt to Equity Ratio.
12. Explain and illustrate the following terms used in Management Accounting:
a) Price Earning Ratio, (b) Capital Gearing, (c) Inventory Turnover Ratio, (d) Net Income Debt Service Ratio.
13. Explain and illustrate any three of the following :
(i) Gearing on capital, (ii) Return on Investment, (iii) Debt Service Ratio, (iv) Turnover Ratio, (v) Operating Ratio.

(Unit- 3) 1.

14. What are the important profitability ratios ? How are they worked out ? Explain and illustrate.
15. The Directors of General Cloth Mills Limited are concerned at the persistent decline in their gross profit rates for the last three years. You are required to list the possible reasons for the decline.
16. "Return on investments is considered to be the master ratio which reflects the overall performance of the company." Elucidate and show by examples how various managerial decisions affect ROI.

Absorption and Marginal Costing

1. Define 'marginal cost' and 'marginal costing'. How variable costs and fixed costs are treated in marginal costing.
2. Explain the concept of 'marginal costing'. What are the characteristics and assumptions of marginal costing
3. What is the main difference between absorption costing and marginal costing ? Discuss.
4. What do you understand by contribution ? How does it help management in solving various problems ?
5. What is Profit Volume Ratio ? Describe its importance.
6. What is meant by break-even analysis ? Discuss the assumptions and the limitations of this technique.
7. Explain the term 'break-even point'. How is it determined and what is its use ?
8. What is a break-even chart ? What is a profit graph ? State the purposes of constructing such charts.
9. "Break-even chart must be applied with an intelligent discrimination, with an adequate graph of assumptions, underlying the technique and of the limitations surrounding its practical applications." Elucidate the statement giving illustrations.
10. Discuss the importance of following terms in relation to marginal costing :
(a) Break-even point (b) P/V ratio (c) Angle of incidence (d) Margin of safety.
11. Explain and bring out in a comparative form the method of income determination under marginal and traditional costing system.
12. "The technique of marginal costing can be a valuable aid to management". Discuss.
13. What do you mean by marginal costing? Enumerate the circumstances under which reduction of selling prices below total cost could be justified.
14. "Marginal costs are primarily used in guiding decisions yet to be made." Explain the statement giving examples.
15. "Marginal costing is essentially a technique of cost analysis and cost presentation". Discuss the statement with reference to the application, merits and limitations of marginal costing.

(Unit- 4) 1.

16. "The effect of a price reduction is always to reduce the P/V ratio, to raise breakeven point, and to shorten the margin of safety." Explain and illustrate by numerical examples.
17. Explain the advantages and limitations of marginal costing.
18. What do you understand by the term "cost-volume-profit" relationship? Why is this relationship important in business management?

Budgeting for Profit Planning and Control

What do you understand by the term budget ? What are the characteristics of a good budget ?

2. What is meant by budgetary control system
3. What do you understand by Budgetary Control ? What are the advantages of this system
4. Describe the essential steps of a Budgetary Control System.
5. Explain in detail the classification of budgets according to (a) time (b) functions and (c) flexibility.
6. "Budgetary control means worrying before work rather than after Its keynotes are planning, co-ordination and control." Explain this statement
7. Discuss the procedures for preparing the following budgets (a) Sales budget (b.) Production budget (c) Materials budget.
8. Describe the organisation for the preparation of budgets Bring out clearly the role of key factor in budgeting.
9. What is a Sales Budget ? Discuss the principal factors that should be considered in developing the sales budget.
10. What is meant by the term 'Budgeting' ? Mention the type of budgets normally prepared by a big industrial undertaking.
11. "A cash budget is the plan of the receipts and payments of cash for the budget period. drawn up so that the balance can be forecast at regular intervals." Explain this statement.
12. What is meant by Zero-Base Budgeting ? What are the different steps involved in it and how is it useful to the business ?
13. What do you understand by 'Zero Based Budgeting' ? How is it different from traditional budgeting ? What benefits accrue from it.
14. Write short notes on .
 - (a) Performance Budgeting
 - (b) Master Budget
 - (c) Budgeting Vs. Forecasting.

Budgeting for Profit planning and Control

What is meant by Standard Costing ? Distinguish between Standard Cost and Estimated Cost ?

2. What are the advantages of Standard Costing ? Also discuss. the limitations of standard costing.

(Unit- 5) 1.

3. Distinguish between Standard Costing and Budgetary Control.
4. Discuss the preliminary steps for establishing a system of standard costing.
5. Write short notes on the following :
 - (a) Current Standard (b) Basic Standard (c) Normal Standard.
6. Describe the managerial uses of variance analysis.
7. Explain in brief the various types of variances used in standard costing.
8. Write notes on :
 - (a) Material Cost Variance
 - (b) Idle Time Variance
 - (c) Calendar Variance (d) Sales Mix Variance
 - (e) Material Yield Variance.
9. Describe the accounting treatment of variances.
10. Explain and illustrate (a) Labour Efficiency Variance (b) Wage Rate Variance.
11. Variance accounts are basically a device of standard costing, yet overhead cost variance and overhead variance do occur in historical cost system. Illustrate these concepts.
12. What are 'standard cost' ? What are the principal advantages and management reasons for developing and using standard cost system ?
13. What do you understand by Standard Costing ? How is it related to Budgetary Control ?
14. Explain the relationship between Standard Costing and Budgetary Control. How are the standards for material and labour cost determined ?
15. What is variance analysis ? What is its significance in decision-making ?
16. "Standard Costing is always accompanied by a system of budgeting, but budgetary control may be operated in business where standard costing would be impracticable". Discuss giving objectives and limitations of both.
17. What is the meaning and importance of standard costing ? Discuss the preliminary steps for establishing a system of standard costing.
18. Differentiate between standard costs and budgeted costs. Explain their practical utility and applications.
19. Explain controllable variances and non-controllable variances giving appropriate examples. How this distinction helps management in controlling cost ?.