



*EASWARI ENGINEERING COLLEGE*  
*DEPARTMENT OF MANAGEMENT STUDIES*  
**BA 7106 – ACCOUNTING FOR MANAGEMENT**



**Question Bank**

**Part A**

1. Define Accounting
2. What are the types of accounting
3. What are the Rules of journal?
4. What are the different types of assets?
5. What are current liabilities?
6. What are the bases of accounting?
7. Elaborate GAAP.
8. Who are the parties interested in accounting Information?
9. What are adjustment entries?
10. List the Accounting Concepts
11. What is the Accounting Equation?
12. What is revenue reserve?
13. What is Balance Sheet
14. Explain prepaid expenses
15. What is intangible assets
16. What is Business Entity Concept?
17. What are the Fundamental accounting assumptions?
18. What are preliminary expenses?
19. What is Human Resource Accounting?
20. What are current assets?
21. What is inflation accounting? (OR) . Define inflation accounting.
22. What is the position of ledger in book keeping?
23. What is money measurement concept?

24. Explain management accounting information.
25. What is profit & loss account?
26. What is a compound journal entry?
27. Define financial accounting.
28. What is Share capital ?
29. What are Capital Reserves?
30. What is called up capital?
31. What is preferential allotment?
32. What are Fixed income securities?
33. What is sweat equity?
34. What is pre incorporation profit?
35. What are Solvency ratios?
36. What are Retained earnings?
37. What are financial ratios? What is ratio analysis?
38. Define inventory turnover ratio.
39. What are financial statements?
40. Explain the Nature of financial statements
41. How is ROI computed?
42. Write the importance of analysis & interpretation of financial statements.
43. Define (a) EPS (b) Return on assets ratio (ROA)
44. What are the objectives of financial statements?
45. What does ratio analysis mean?
46. What do you mean by cash from operation?
47. What do you understand by analysis & interpretation of financial statements?
48. What is funds flow statement?
49. State the limitations of ratio analysis.
50. Give the three components of a cash flow statement.
51. What is pre incorporation profit?
52. What is marginal cost?

53. What is CVP analysis?
54. What is P/V ratio? Explain its significance.
55. What are the objectives of cost accounting?
56. Distinguish between direct and indirect cost.
57. What are incremental costs?
58. Write about activity based costing.
59. What is idle time variance?
60. What are the functions/ objectives of cost accounting?
61. Define standard costing.
62. Define process costing.
63. What is margin of safety?
64. What is material mix variance?
65. Write the advantages of computerized accounting system.
66. Write the advantages of codification.
67. What is standard integration?
68. What are the uses of accounting software?

## **PART B**

1. Explain the accounting concepts & conventions & its importance
2. What is HRA? What are the different techniques of HRA?
3. Explain the objectives of Financial Accounting.
4. Write an essay on inflation accounting
5. Distinguish between
  - (i) Current assets and fixed assets
  - (ii) Tangible assets and intangible assets
  - (iii) Current liabilities and long-term liabilities
  - (iv) Gross profit and operating profit
  - (v) Nominal, real and personal accounts
6. Explain the advantages of Human Resource Accounting.

7. Explain the purpose and uses of management accounting systems.
8. Enumerate the basic features of Accounting Principles.
9. Discuss the significance of accounting information from the viewpoint of business stakeholders. (OR) What is the nature of accounting? In what ways accounting information is useful to creditors, investors & employees of a business enterprise.
10. State the functions of accounting. Elaborate in detail.
11. Define HRA. Explain its uses & abuses.
12. Write short notes on :
  - (i) Buy back of securities
  - (ii) Employees stock option
  - (iii) Statutory books
  - (iv) Shares allotted on prorated basis
13. Explain the essential features of Financial Statements.
14. Discuss the importance of Financial Statements.
15. Explain the differences between cash flow and funds flow statement.
16. Define ratios. Explain its uses & limitations.
17. What are the different methods of financial statement analysis?
18. What are the uses & limitations of funds flow statement?
19. What are the uses & limitations of cash flow statement?
20. Compute (i) Current ratio (ii) Quick ratio (iii) Inventory to working capital (iv) Debt Equity (v) proprietary ratio from the following Balance Sheet
21. From the following Balance Sheets prepare schedule of changes in
22. From the following summary of cash account of Y Ltd., prepare cash flow statement for the year ended March 31 in accordance with AS-3 using direct method. The company does not have any cash equivalent.

Rs. in '000	Rs. in '000
Opening Balance 50	Payment to suppliers 2000
Issue of equity shares 300	Purchase of fixed assets 200
Receipts from customers 2800	Overhead expenses 200
Sale of fixed assets 100	Wages and salaries 100

		Tax		250
		Dividends		50
		Repayment of bank loan		300
		Closing balance		150
Total	3,250	Total	3,250	

23. Assume that there are two firms A and B, each having total assets amounting to Rs. 4,00,000 and average PAT of 10% on total assets. Firm A has sales of Rs. 4,00,000 whereas firm B has a sales of Rs. 40,00,000. Determine the Ros of firms A and B. Suppose firm A uses equity capital of Rs. 2 lake and B Rs. 2.5 lake in financing their total assets, what is their financial leverage? Calculate their Roe.

24. From the following particulars extracted from the financial statement of ABC and Co. compute

- (i) Current ratio
- (ii) Liquid ratio.
- (iii) Inventory turnover ratio
- (iv) Debtors turnover ratio.

Rs.		Rs.	
Opening stock	47,000	Sundry debtors	42,000
Closing stock	53,000	Cash	10,000
Sales less returns	2,52,000	Bank	8,000
Provision for bad debts	2,000	Bills receivable	15,000
Sundry creditors	32,000	Provision for taxation	15,000
Loose tools	4,000	Bills payable	29,000
Purchases	1,80,000	Marketable securities	8,000

- 25. What is Marginal costing? Explain how marginal costing is useful in decision making? What are its advantages & limitations?
- 26. Explain the differences between Job costing and Process costing
- 27. Explain the advantages of standard costing
- 28. Explain the pros and cons of ABC system

29. Describe various methods of Cost Accounting.
30. Explain the advantages and limitation of Job Order Costing
31. 'Cost accounting is an essential tool of management'. Comment.
32. What is profit volume ratio? Explain its usefulness in managerial decision making?
33. Explain the importance as well as limitations of P/V ratio.

From the following, find (a) P/V ratio (b) BEP Sales (c) Sales to earn a profit of Rs 450000  
Expenses Rs 90000.

Variable cost/unit:

Direct materials Rs 5

Direct Labour Rs 2

Variable Overheads 100% of Direct Labour

Selling price /unit Rs 12

From the following, find (a) P/V ratio (b) BEP (c) Margin of safety

Total sales Rs 3,60,000

Selling price per unit Rs 100

Variable cost per unit Rs 50

Fixed cost Rs 1,00,000

(d) If the selling price is reduced to Rs 90, by how much is the MoS Reduced?

The following data are obtained from the records of a factory

Sales 4000 units at Rs 25 each	1,00,000
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Materials consumed 40000

Variable overheads 10000

Labour charges	20000
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Fixed overheads	18000
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Profit	12000
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Calculate:

The number of units by selling which the company will neither lose nor gain anything

Sales to earn a profit of 20% on sales

The extra units to be sold to obtain present profit if selling price reduced by (a) 20% (b) 25%

Selling price to be fixed to bring down its BEP to 500 units under present conditions.

34. Discuss the significance of Computerized Accounting System
35. Explain the advantages of Prepackaged Accounting Software
36. Explain the purpose and uses of management accounting systems
37. Explain the accounting software.
38. How important is an accounting system to business? Explain