MOTHER TERASA COLLEGE OF ARTS & SCIENCE, ILLUPPUR, PUDUKOTTAI-DT
PG & DEPARTMENT OF BUSINESS ADMINISTRATION

CLASS: III-BBA

SEMESTER-VI

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2 Marks

Title of the Subject: Management Accounting

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Unit - I

1. Management Accounting - Definition

Management accounting, also called managerial accounting or cost accounting, is the process of analyzing business costs and operations to prepare internal financial report, records, and account to aid managers' decision making process in achieving business goals.

2. Financial statement analysis

Financial statement analysis is the process of analyzing a company's *financial statements* for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate *financial* performance and business value.

3. What Is a Common Size Financial Statement?

A common size financial statement displays items as a percentage of a common base figure, total sales revenue, for example. This type of financial statement allows for easy analysis between companies, or between periods, for the same company. However, if the companies use different accounting methods, any comparison may not be accurate.

4. What Is a Comparative Statement?

A comparative statement is a document used to compare a particular financial statement with prior period statements. Previous financials are presented alongside the latest figures in side-by-side columns, enabling investors to identify trends, track a company's progress and compare it with industry rivals

5. Trend Analysis – meaning?

Trend analysis provides a means to analyze company data over a period of time by focusing on the change in specific line items within the income statement and balance sheet. Changes are typically measured in dollars and percentages.

Unit - II

1. W hat is fund flow statement format?

Fund flow statement is a statement that compares the two balance sheets by analyzing the sources of funds (debt and equity capital) and the application of funds (assets) and its reasons for any differences. ... Now, we will look at the format and the example of fund flow statement.

2. Definition of Funds Flow Statement?

Fund Flow Statement implies a snapshot of the movement of funds, i.e. inflow or outflows of the firm's financial assets for a specific period. It represents, **"**from where the funds are received and where the funds are utilised**"** by the company during a particular period.

3. Definition of Cash Flow Statement?

Cash Flow Statement refers to an Analytical Reconciliation Statement, which shows the changes in the position of cash and cash equivalents between two periods. In addition to this, it emphasizes the reasons for such movement of cash. Cash equivalents are those investments which are short term as well as highly liquid in nature, that can be easily transformed into cash.

4. What is operating cash flow formula?

The Operating Cash Flow Calculation is operating income before depreciation minus taxes and adjusted for changes in working capital. ... Note: Working capital is current assets minus current liabilities on the balance sheet. This is the amount of money it takes to run the operations of the business.

5. What are the three types of cash flows?

The three categories of cash flows are operating activities, investing activities, and financing activities. Operating activities include cash activities related to net income.

Unit – III

1. What do you mean by marginal costing?

Marginal costing is the accounting system in which variable costs are charged to cost units and fixed costs of the period are written off in full against the aggregate contribution. Note that variable costs are those which change as output changes - these are treated under marginal costing as costs of the product.

2. What is absorption costing method?

Absorption costing, sometimes called full absorption costing, is a managerial accounting method for capturing all costs associated with manufacturing a particular product. The direct and indirect costs, such as direct materials, direct labor, rent, and insurance, are accounted for using this method

3. What is meant by cost volume profit analysis?

Cost-volume-profit (CVP) analysis is used to determine how changes in costs and volume affect a company's operating income and net income. In performing this analysis, there are several assumptions made, including: Sales price per unit is constant. Variable costs per unit are constant. Total fixed costs are constant.

4. What do you mean by break even analysis?

A break-even analysis is a financial tool which helps you to determine at what stage your company, or a new service or a product, will be profitable. In other words, it's a financial calculation for determining the number of products or services a company should sell to cover its costs (particularly fixed costs).

5. How do you calculate margin of safety?

In accounting, the margin of safety is calculated by subtracting the break-even point amount from the actual or budgeted sales and then dividing by sales; the result is expressed as a percentage.

Unit – IV

1. Definition of Budgetary Control?

Budgetary control refers to how well managers utilize budgets to monitor and control costs and operations in a given accounting period. In other words, budgetary control is a process for managers to set financial and performance goals with budgets, compare the actual results, and adjust performance, as it is needed.

2. What is flexible budget example?

A flexible budget is a budget or financial plan that varies according to the company's needs. Flexible budgets calculate, for example, different levels of expenditure for variable costs. These levels vary depending on the changes in revenue.

3. What does cost and production mean?

Production or product costs refer to the costs incurred by a business from manufacturing a product or providing a service. Production costs can include a variety of expenses, such as labor, raw materials, consumable manufacturing supplies, and general overhead.

4. Sales budget - Definition

A sales budget provides an estimate of the volume of goods and services that a company proposes to sell in a future period. It is usually made for the following year. Most sales budgets include monthly and quarterly figures as well. Additionally, the budget provides details in both dollars and units.

5. What is a cash budget and its purpose?

A cash budget details a company's cash inflow and outflow during a specified budget period, such as a month, quarter or year. Its primary purpose is to provide the status of the company's cash position at any point of time. Additionally, the cash budget helps in prioritizing payments in the budget period.

Unit – IV

1. **What is meaning of working capital?**

In an ordinary sense, working capital denotes the amount of funds needed for meeting day-to-day operations of a concern. This is related to short-term assets and short-term sources of financing. Hence it deals with both, assets and liabilities in the sense of managing working capital it is the excess of current assets over current liabilities.

2. **What is the working capital management?**

Working capital management is a business strategy designed to ensure that a company operates efficiently by monitoring and using its current assets and liabilities to the best effect. A company's working capital is made up of its current assets minus its current liabilities.

3. **Definition of Standard Costing**

Standard costing is an accounting system used by some manufacturers to identify the differences or variances between: The actual costs of the goods that were produced, and. The costs that should have occurred for the actual goods produced.

4. **What are the types of standard costing?**

Types of Standards:

- Current Standard: Current standard is a standard established for use over a short period of time, related to current conditions. ...
- Basic Standard: Basic standard is standard established for use over a long period from which a current standard can be developed. ...
- Ideal Standard: ...
- Attainable Standard:

5. **What is the estimating working capital requirements**

This method of estimating working capital requirements is based on the assumption that the level of working capital for any firm is directly related to its sales value. ... The individual items of current assets and current liabilities can also be estimated on the basis of the past experience as a percentage of sales.