

MAY 2011

P/ID 6005/MBE

Time : Three hours

Maximum : 80 marks

PART A — (8 × 5 = 40 marks)

Answer any EIGHT questions.

1. Explain the scope of management accounting.
2. What is absorption costing?
3. What are the objectives of reporting?
4. How do you analyse the flow of funds?
5. What is capital expenditure control?
6. Explain break-even analysis.
7. What is job and process costing?
8. Explain balance sheet and its importance.
9. What are the objectives of cash forecasting?
10. Define profit-volume ratio (p/v ratio).
11. What is flexibility budget?
12. Explain the difference between financial accounting and management accounting.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

13. Discuss the various steps required for installing management accounting system.
14. From the following details, compute
 - (a) current assets
 - (b) quick assets and
 - (c) stock.current liabilities Rs. 9,00,000
current ratio 2.5
acid test ratio 2
(without prepaid expenses)
15. What is performance budgeting? What are the elements involved in it? Explain its purpose.
16. “Liquidity and profitability are the reconcilable goals of a firm” do you agree?
17. A manufacturing concern which has adopted standard costing furnishes the following information.
Standard ; Materials for 140 kgs of
Finished products : 200 kgs price of material
Rs. 2 per kg.

Actual : output 2,10,000 kg

Material used : 2,80,000 kg

Cost of materials : Rs. 2,52,000

Calculate :

- (a) Material price variance
- (b) Material usage variance
- (c) Material cost variance.

18. Explain in detail about ratio analysis and funds statements importance in management accounting.
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