1. Define Cost accounting.

Cost accounting is the reporting and analysis of a company's cost structure. Cost accounting involves assigning costs to cost objects that can include a company's products, services, and any business activities.

2. What do you mean by cost centre.

A cost centre is defined as a function or department within a company which is not directly going to generate revenues and profits to the company but is still incurring expenses to the company for its operations. The contributions made by the cost centres in terms of profits is indirect.

3. What is Stores ledger card?

The materials ledger card is also known as the store ledger card. It provides a continuous record of materials received and issued, as well as the balance of materials, at any time, both in terms of quantity and value.

4. Expand the terms FIFO and LIFO.

FIFO ("First-In, First-Out") assumes that the oldest products in a company's inventory have been sold first and goes by those production costs. The LIFO ("Last-In, First-Out") method assumes that the most recent products in a company's inventory have been sold first and uses those costs instead.

5. Mention any two merits of management accounting.

Increased revenue By understanding the organization's costs, you can make decisions that generate more revenue. Management accounting provides accurate information about costs and revenues. ...

Better financial control It simplifies financial statements and helps you understand where the organization spends its money. ...

Improved decision making ...

Future forecasting ...

Better strategic planning ...

6. What are the tools of management accounting?

Management accounting is a very important branch of accounting. It is an important decision-making tool used internally by the management. Tools like budgeting, variance analysis, cost-volume-profit analysis, and BEP are prominent tools used in management accounting.

7. Define Funds flow statement.

Definition of fund flow statement A fund flow statement is a statement prepared to analyse the reasons for changes in the financial position of a company between two balance sheets. It portrays the inflow and outflow of funds i.e. sources of funds and applications of funds for a particular period.

8. What is Net working capital?

Net working capital (NWC) is current assets minus current liabilities. It’s a calculation that measures a business’s short-term liquidity and operational efficiency. It’s also important for predicting cash flow and debt requirements.

9. What is Marginal costing?

Marginal cost is the cost of one additional unit of output. The concept is used to determine the optimum production quantity for a company, where it costs the least amount to produce additional units. It is calculated by dividing the change in manufacturing costs by the change in the quantity produced.

10. What is PVR?

Post-void residual volume (PVR) is the amount of urine retained in the bladder after a voluntary void and functions as a diagnostic tool. A post-void residual volume helps in the evaluation of many disease processes, including but not limited to neurogenic bladder, cauda equina syndrome, urinary outlet obstruction, mechanical obstruction, medication-induced urinary retention.

11. What is a budget centre?

A budget centre is that part of the organization for which the budget is prepared. A budget centre may be a department, section of a department or any other part of the department. The establishment of budget centres is essential for covering all parts of the organization.

12. What is Ratio analysis?

Ratio analysis is a quantitative method of gaining insight into a company's liquidity, operational efficiency, and profitability by studying its financial statements such as the balance sheet and income statement. Ratio analysis is a cornerstone of fundamental equity analysis.

13. State the meaning of Cost sheet.

A cost sheet is a formal document that helps in price discovery. A cost sheet contains various cost details relating to the production cost, allowing businesses to determine a selling price. The cost sheet is usually linked to manufacturing-related businesses.

14. What do you mean by Economic Order Quantity?

Economic order quantity (EOQ), refers to the optimum amount of an item that should be ordered at any given point in time, such that the total annual cost of carrying and ordering that item is minimized. EOQ is also sometimes known as the optimum lot size.

15. Expand the term VED and ABC.

ABC analysis and VED analysis are two tools that can be used to classify inventory items and optimize inventory management. While both tools are useful for prioritizing inventory management efforts, there are some key differences between the two:

Criteria	ABC Analysis	VED Analysis
Focus	Value and usage frequency	Criticality and urgency
Categorization	Classifies items into three groups: A, B, C	Classifies items into three groups: V, E, D
\		
Inventory	Based on item value and usage frequency	Based on item criticality and urgency
Decision-making	Used for ordering and stocking decisions	Used for prioritization and availability checks
Example	High-value items such as electronics	Life-saving drugs and medical equipment

16. Mention the three methods of labour turnover.

There are three principal methods of measurement of labour turnover which may be summarised as follows:

1. Separation Rate Method: This method takes into consideration the number of workers left or discharged during the period. ...

2. Replacement Rate Method: This method takes into consideration the number of workers replaced during the period irrespective of the number of workers left or discharged. ...

3. Labour Flux Rate Method:

17. What is Semi-variable overhead?

Semi-variable overhead is a combination of fixed and variable overhead where some costs are incurred regardless of business activity but may also increase if business activity grows. Examples of semi-variable overhead include commissions and utility costs. For utilities, a base amount is charged and the remainder of the charges are based on usage.

18. What do you understand the term over absorption?

If overhead is over absorbed, this means that fewer actual overhead costs were incurred than expected, so that more cost is applied to cost objects than were actually incurred. This means that the recognition of expense is reduced in the current period, which increases profits.

19. What is Fund from operations?

Funds from operations (FFO) is a measure of the amount of cash flow generated by a company's business operations. FFO is commonly used to evaluate the operating performance of a real estate investment trust (REIT), a business that primarily operates income-producing real property.

20. State any two limitations of Cash flow statement.

The limitations of cash flow statement are as follows: Fails to Present Net Profit: The cash flow statement fails to present the net income of a firm for the period as it ignores non-cash items which are considered by Profit and Loss Statement. The cash flow statement does not help to assess profitability as it neither considers cost nor revenues.

21. Define budgetary control.

Budgetary control refers to a budget-based control. When the budget is used as a tool of planning and control to carry out all of the functions of the business correctly, and the actual results are regularly compared with the budget and remedial control orders are issued as needed, this method is called budgetary Control.

22. What is Break Even analysis?

Break-even analysis is an accounting technique used to determine a no-profit and no-loss threshold for a business. It uses total and variable fixed costs compared to sales revenue to determine an amount that shows the business has made neither a profit nor loss, also known as the break-even point.

23. Define Management Accounting.

Management accounting definition is the provision of financial and non-financial information to managers for decision making. It involves professional knowledge, techniques and concept in preparing and presenting accounting and economic data. It is only used by the internal team of the organization and helps them in formulating plans and policies, controlling the operations, optimising the use of resources, evaluating performance, making comparisons, budgeting, forecasting, etc.. It can also be known as cost accounting or accounting for management.

24. Expand the terms ABC and LIFO.

ABC stands for Activity-Based Costing which is a method of assigning costs to products or services based on the resources that they consume while LIFO stands for Last-In-First-Out which is an inventory valuation method that assumes that the last items placed in inventory are the first sold

25. What do you mean by Inventory control?

Inventory control means managing your inventory levels to ensure that you are keeping the optimal amount of each product. Proper inventory control can keep track of your purchase orders and keep a functional supply chain. Systems can be put in place to help with forecasting and allow you to set reorder points, too.

26. Give any two examples of selling and distribution overhead.

Accounting Treatment of Selling and Distribution Overheads

* Advertisement Advertisement is a sales promotion expenditure. Hence, it is a selling overhead. ...
* After-sales Services Goods sold usually contain a clause pertaining to after-sales services.

* Selling overheads include the cost of after-sales services. ...
* Warehouse Rent ...
* Royalties ...
* Transit Insurance ...
* Remuneration of Salesmen ...
* Bad Debts ...
* Market Research Cost ...

27. What is machine hour rate?

n short, machine hour rate means the factory expenses incurred in running a machine for an hour. The machine hour rate is calculated by dividing the total amount of factory overheads incurred in running a machine during a particular period by the total number of working hours of that machine during that period.

28. Define ratio.

A ratio is a relationship or comparison between two quantities of the same units, expressed as a quotient, a proportion, or two numbers. Ratios can be of two types: part to part or part to whole

29. What are the current assets?

The Current Assets account is a balance sheet line item listed under the Assets section, which accounts for all company-owned assets that can be converted to cash within one year. Assets whose value is recorded in the Current Assets account are considered current assets.

30. What is flexible budget?

A flexible budget is a type of budgeting that adjusts or flexes with changes in volume or activity of a company or a department. It accounts for variable costs and revenue, and can be changed according to the company's needs. It is more sophisticated and useful than a static budget, which does not change from the amounts established when the budget was created. It also helps companies anticipate potential increases or decreases in monetary needs.

31. Write the meaning of break even point.

The Break-even point is the level of production where the company's total revenues and expenses are equal. At the BEP, the revenue of the company by the sale of manufactured products is equal to the total costs incurred in manufacturing the product. In accounting terms, at this point, the company's total profit is zero.

32. What is fund flow statement?

The fund flow statement is a Financial Statement that reveals the sources and application of funds for an enterprise over a period of time. It shows changes in capital during an accounting period, including cash inflows and outflows related to financing activities, investment activities, and operating transactions.

33. What is Unit costing?

Unit costing is also known as single costing. It provides useful information to trace wastages, losses and inefficiencies and thus affect economics. It acts as a guide to the producer and helps him in formulating a definite production policy. It discloses the total cost and cost per unit.

34. What do you mean by Profit centre?

A profit center is a freestanding business sector or unit in the company responsible for producing gains and returns. There may be single or multiple profit centers in a company with a designated profit center manager for each one of them.

35. State the meaning of Perpetual Inventory System.

What is a perpetual inventory system? A perpetual inventory system is a way to track a company's stock of products in real time. These systems ordinarily rely on point-of-sale software to tabulate sales of particular items and compare those sales to the company's expected overall product base.

36. Mention any two advantages of Simple average price method.

Advantages:

1. It is simple to operate, as it avoids calculation of issue price after every receipt. ADVERTISEMENTS:

2. This method can usefully be employed in costing continuous processes where each individual order is absorbed into the general cost of producing large quantities of articles.

37. What is Idle time?

Idle time is paid time that an employee, or machine, is unproductive due to factors that can either be controlled or uncontrolled by management. Idle time can be classified either as normal or abnormal. Minimizing idle time is key if a business wants to maximize efficiency over long periods of time.

38. What is Indirect Labour cost?

Indirect labor cost is the cost of labor that is not directly related to the production of goods and the performance of services. It refers to the wages paid to workers whose duties enable others to produce goods and perform services.

39. What is Semi-variable overhead?

Semi-variable overhead is a combination of fixed and variable overhead where some costs are incurred regardless of business activity but may also increase if business activity grows. Examples of semi-variable overhead include commissions and utility costs. For utilities, a base amount is charged and the remainder of the charges are based on usage.

40. Indicate the basis of apportionment of Power and Repairs.

Apportionment is a common term used in accounting to describe the way a business separates and distributes a portion of its gross income. This usually applies to a company’s overheads as a method to calculate the correct costs, especially when the business is spread across various departments, subsidiaries or countries of operation.

41. What is Ratio analysis?

Ratio analysis is an accounting method that uses financial statements, like balance sheets and income statements, to gain insights into a company's financial health. Ratio analysis will help determine various aspects of an organization including profitability, liquidity and market value.

42. Give the meaning of Working capital.

Working capital, also called net working capital, represents the difference between a company's current assets and current liabilities. Working capital is a measure of a company's liquidity and short-term financial health.

43. What do you understand the term Key factor?

Key factors means all relevant elements or reasons adversely affecting a specific credit score assigned to a consumer, listed in the order of importance, based on the respective effects on the credit score.