COSTING AND FINANCIAL MANAGEMENT : IMPORTANT THEORY QUESTIONS FOR CA IPCC/PCC – Nov.'12 EXAM

1) *Differentiate between cost reduction and cost control*

2) *Discuss essential features of a good cost accounting system*

3) *Differentiate cost centre vs. cost unit*

4) *Define :*

- *Responsibility centre*
- *Differential cost*
- *Opportunity cost*
- *Out-of-pocket cost*
- *sunk costs*
- *Discretionary costs*
- *Conversion cost*
- *Uncontrollable costs*
- *Retention money*
- *Escalation clause*
- *split off point*
- *Debt securitization*
- *Zero Coupon Bonds*
- *External Commercial Borrowings (ECB)*

5) *Differentiate:*

- *Product costs & period costs*
- *Implicit costs& explicit costs*
- *Bin Cards & Stores Ledger*
- *Perpetual inventory & continuous stock taking*
- *Time Keeping and Time Booking*
- *Job Evaluation & Merit Rating*
- *Allocation and apportionment*
- *Blanket overhead rates & departmental rates*
- *Job & contract costing*
- *Operation cost & operating cost*
- *Job costing & process costing*
- *Joint-product and by-product*
- *Marginal costing and absorption costing*
- *Fixed and flexible budget*
- *Profit maximization vs. wealth maximization*
- *Implicit vs. Explicit cost of capital*
- *Business risk & financial risk*
- *Bridge finance and seed capital assistance*
- *ADR Vs. GDR*

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6) Explain ABC analysis

7) Differentiate between Defective and SPOILAGE and its cost accounting treatment

8) Discuss the concept of overtime premium & its accounting treatment

9) Identify the causes of labour turnover & costs which are associated with labour turnover

10) Treatment of under-absorbed overheads in cost accounting

11) Discuss General ledger adjustment account

12) Enumerate the concept integrated accounting system and pre-requisites for integrated accounts

13) Identify the causes for differences between Income under cost and financial accounts

14) List down the advantages of cost plus contract

15) Discuss the accounting treatment of by-product

16) Discuss cost-volume-profit analysis

17) Discuss basic aspects of financial management

18) List down the assumptions in capital structure theories

19) List down characteristics of source of funds

20) Discuss the role of Chief Financial officer.

21) Briefly discuss the working capital cycle

22) List down the functions of the treasury department:

23) Discuss the types of floats in the context of cash management

24) Difference between funds flow statement & cash flow statement

25) Discuss the lock box system

26) Discuss miller – Orr cash management model

27) Discuss the procedure for factoring

28) List down the features of commercial papers

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29) Methods of computation of time value of money

30) List down methods of Venture Capital Financing

31) Discuss Modified internal rate of return method

32) Define optimum capital structure.

33) List down the assumptions under Modigliani and miller approach

34) Brief on concept of trading on Equity

35) Briefly discuss lease financing

36) Discuss on ploughing back of profit

37) Need for debt service coverage ratio

38) Discuss Du Pont chart for calculating return on equity