

Unit III

6. How does cash flow statement differ from a funds flow statement ? What are their uses ? Explain. **14**
7. The standard ratios for the industry and the ratios of Company X are given. Determine the efficiency of the working of the company.

	Industry Standard	Company X
Current Ratio	2.50	1.90
Gross Profit Ratio	0.30	0.35
Fixed expenses ratio to sales	0.15	0.20
Variable expenses ratio to sales	0.10	0.08
Sales/Capital	3.00	4.00
Fixed Assets/Long-term Funds	1.00	0.90
Rate of Return on Capital	15%	22%
		14

J-0775

4

Roll No.

Exam Code : J-19

Subject Code—0775

B.B.A. (Second Year) EXAMINATION

(Batch 2018 Onwards for Lateral Entry)

BBA-204

MANAGEMENT ACCOUNTING

Time : 3 Hours

Maximum Marks : 70

Note : Attempt *Five* questions in all, selecting *one* question from each Unit in addition to compulsory Q. No. 1.

1. Describe the following : **7×2**

- “Management accounting has evolved to meet the needs of management.”
Comment
- Cost indifferent point.
- Characteristics of performance report.
- Importance of budget key factor in budgeting.

(3-83-5-0519) J-0775

P.T.O.

- (v) Limitations of accounting ratios in financial statement analysis.
- (vi) State the main headings which depict the recent trends in presenting financial statements.
- (vii) Capital budgeting.

Unit I

2. Discuss with the help of suitable illustrations the functions of management accounting. Why do you consider it as a tool of management ? Explain. 14
3. For the final assembly of a product in an engineering company, a certain component is required. The company has the options either to produce the components itself or purchase it from the market. The production department which can make the component is currently working to full capacity and earning a

contribution of ₹ 10 per hour on an order which will last for another ten months. Repeat are very likely. Variable cost of making the components is ₹ 42 and it takes one hour per unit. Market price of the components is ₹ 45 per unit.

What advice will you give to the management of the company ? Discuss. 14

Unit II

4. "Return on investment is considered to be the master ratio which reflects the overall performance of the company." Elucidate the statement and show by examples how various management decisions affect ROI. 14
5. "Flexibility in a budget is an aid to co-ordination, while the bugetary control is an instrument of co-ordination." Comment. 14

Unit IV

8. What is meant by internal rate of return of a project ? How do you calculate IRR given the initial investment on the project and the cash flows arising during the expected life of the project ? Discuss. **14**
9. How the management accounting information is used for activity and process decision ? Explain. **14**

Unit IV

8. What is meant by internal rate of return of a project ? How do you calculate IRR given the initial investment on the project and the cash flows arising during the expected life of the project ? Discuss. **14**
9. How the management accounting information is used for activity and process decision ? Explain. **14**