

B.B.A. SEM – V (2015 CBCS Course) : SUMMER - 2019
SUBJECT: ELECTIVE-II : INTRODUCTION TO MANAGEMENT CONTROL
SYSTEM (FINANCIAL MANAGEMENT)

Day: Wednesday
Date: 24/04/2019

S-2019-1974

Time: 02.00 PM TO 05.00 PM
Max. Marks: 100

N.B.:

- 1) Answer ANY FOUR questions from Section I. Each question carries 15 Marks.
- 2) Answer ANY TWO questions from Section II Each question carries 20 Marks.
- 3) Answers to Both the sections to be written in *SAME* answer books
- 4) Draw a labeled diagram WHEREVER necessary

SECTION - I

Q.1) Answer the following: (15 Marks X 1 = 15 Marks)

Write a detailed note on 'Process of Control'.

Q.2) Answer the following: (15 Marks X 1 = 15 Marks)

Enlist and explain the difficulties in using MBO in an organization.

Q.3) Answer the following: (15 Marks X 1 = 15 Marks)

Describe the basic types of Responsibility Centers. Correlate the measurement of inputs and outputs with reference to different types of responsibility centers.

Q.4) Answer the following: (15 Marks X 1 = 15 Marks)

Explain the different methods of Transfer Pricing. Also state the drawbacks of each method.

Q.5) Answer the following: Attempt ANY ONE (15 Marks X 1 = 15 Marks)

- a) What is a Cash Budget? Explain the importance and technique of preparing a Cash Budget.
- b) State and explain the circumstances under which Management Audit is indispensable.

Q.6) Write short notes on the following: Attempt ANY THREE (5 Marks X 3 = 15 Marks)

- a) Strategic Planning
- b) Steps in ZBB
- c) Principles of Responsibility Accounting
- d) Revenue Center
- e) Distinguish between Fixed Budget and Flexible Budget
- f) Cost Audit

SECTION - II

Q.7) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) Explain the concept of management control and discuss the necessity of such control in organisations.
- b) Discuss in detail the process of setting up Management By Objectives (MBO) in an organization.

Q.8) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) What is a Profit Centre? State the pre-requisites for the successful implementation of a Profit Centre System.
- b) Supreme Ltd. fixes inter-divisional transfer prices for its products on the basis of cost plus a return on investment, in that division. The budget for 2017-18 is as under:

Investment in Division 'R'	Rs.
Fixed Assets	5,00,000
Current Assets	3,00,000
Debtors	2,00,000
Variable Cost per unit	10
Annual Fixed Cost of the Division	8,00,000
Budgeted Volume	4,00,000 units per year
Desired R.O.I.: 28%	

Determine transfer price for division 'R'.

Q.9) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) With the following data for a 60% capacity, prepare a budget for production at 80% and 100% capacity.
Production at 60% capacity: 300 units
Materials Rs.100 per unit
Labour Rs.40 per unit
Expenses Rs.10 per unit
Factory Expenses Rs.40,000 (40% Fixed)
Administrative expenses Rs.30,000 (60% Fixed)
- b) Explain the objects and areas of Cost Audit
