

B.B.A. SEM – V (2015 CBCS COURSE) : SUMMER - 2018

**SUBJECT: Elective-II 2) INTRODUCTION TO MANAGEMENT CONTROL SYSTEMS
(FINANCIAL MANAGEMENT)**

Day : **Friday**

Date : **04/05/2018**

S-2018-1620

Time : **02.00 PM TO 05.00 PM**

Max. Marks: 100

N.B.

- 1) Answer any **FOUR** questions from Section - I and **TWO** questions from Section - II.
- 2) Answers to each section should be written in the **SEPARATE** answer books.
- 3) Figures to the right indicate the **FULL** marks.

SECTION - I

- Q.1** Define the term “Management Control System”. Explain the characteristics of “Management Control System” (15)
- Q.2** Explain the concept of “Management by Objective” (MBO). What are the merits of establishing MBO in an Organisation? (15)
- Q.3** What is “Zero Base Budgeting”? Explain its process and advantages. (15)
- Q.4** Explain the concept of Cost Centre, Profit Centre, Revenue Centre and Investment Centre (15)
- Q.5** Write short notes on any **THREE** (15)
- i) Area of Control.
 - ii) Management Audit.
 - iii) Strategic Planning Process.
 - iv) Objectives of Transfer Pricing.
 - v) Effectiveness of Control.

SECTION - II

- Q.6** ABC Company Ltd. has two departments viz. (1) Machining and (2) Assembly. Following data is extracted from the cost ledger of the company. (20)

Particulars	Machining Dept. (Rs.)	Assembly Dept. (Rs.)
Direct Material	60,000	20,000
Direct Labour	30,000	30,000
Direct Expenses	10,000	10,000

The Machining department transfers its output to Assembly department by loading 25% on its cost. You are required to find out:

- i) The amount at which the output of Machining Dept is transferred to Assembly Dept.
 - ii) The total cost for the output of the Assembly Dept.
- Q.7** The expenses budgeted for production of 10,000 units in a factory are given below: (20)

Particulars	Per unit (Rs.)
Materials	100
Labour	25
Variable overheads	25
Variable Expenses	15
Selling Expenses (10% fixed)	20
Distribution Expenses (20% fixed)	7
Administrative Expenses (100% fixed)	8
Total cost of sales per unit	200

Prepare a flexible budget for production of 7,000 units and 9,000 units.

- Q.8** What is Cost Audit? State and explain its objectives and advantages giving suitable examples. (20)