

**M.B.A. (GEN.) / M.B.A. (HR) / M.B.A. (IT) / SEMESTER - IV (2012
COURSE)(CHOICE BASED CREDIT SYSTEM)/ M.B.A. (FM)
SEMESTER - IV (2013 (CHOICE BASED CREDIT SYSTEM) :
WINTER - 2017**

**SUBJECT : ELECTIVE – VI: MANAGEMENT CONTROL SYSTEMS
(Finance Management)**

02.00 PM TO 05.00 PM

Day : **Saturday**
Date : **02/12/2017**

W-2017-1804

Time :
Max. Marks : 100

N.B.:

- 1) Attempt **ANY FOUR** questions from Section – I and **ANY TWO** questions from Section – II.
- 2) Answers to both the sections should be written in the **SAME** answer book.
- 3) Use of non programmable **CALCULATOR** is allowed.
- 4) Figures to the right indicate **FULL** marks.

SECTION – I

- Q.1** Define the term ‘Management Control System’ and explain the Nature and Characteristics of Management Control System in detail. **[15]**
- Q.2** Explain the Role of Responsibility Centers in Exercising Control in an organization. **[15]**
- Q.3** What is Budgetary Control? Explain the Advantages and Limitations of Budgetary Control. **[15]**
- Q.4** “Management Audit helps to Exercise Control”. Justify the statement. **[15]**
- Q.5** Write short notes on **ANY THREE** of the following: **[15]**
- a) Process of Control
 - b) Goal congruence
 - c) Transfer Pricing
 - d) Variance Analysis

SECTION – II

- Q.6** For production of 20,000 units the following are the budgeted expenses. **[20]**

| Particulars | Per unit (Rs.) |
|---|-------------------|
| Direct Materials | 120 |
| Direct Labour | 60 |
| Variable Overheads | 50 |
| Fixed Overheads (Rs. 1,50,000) | 30 |
| Variable Expenses (Direct) | 10 |
| Selling Expenses (10% Fixed) | 30 |
| Administrative Expenses (Rs. 1,00,000 fixed for all levels of production) | 10 |
| Distribution Expenses (20% Fixed) | 10 |
| Total Cost of Sales Per Unit | 320 |

Prepare a flexible budget for production of 24,000 and 28,000 units showing distinctly Marginal Cost and Total Cost.

P.T.O.

Q.7 From the following information calculate labour variances.

[20]

| Labour | Standard | | Actual | |
|-------------|----------|---------------|--------|---------------|
| | Hours | Rate per hour | Hours | Rate per hour |
| Skilled | 100 | Rs. 50 | 95 | Rs. 52 |
| Semiskilled | 120 | Rs. 30 | 125 | Rs. 32 |
| Unskilled | 150 | Rs. 20 | 155 | Rs. 21 |

Calculate :

- a) Labour Cost Variance
- b) Labour Rate Variance
- c) Labour Efficiency Variance

Q.8 There are Two Profit Centers of Company Department. A makes Part No. A – 10 and supplies to Dept. B. Monthly production is 10,000 units @ 50% capacity. Presently Transfer Price fixed at Rs. 20 per unit. P/V ratio on this price is 40%. Fixed costs are Rs. 20,000.

[20]

- a) How much profit Dept. A earns at present?
- b) If Dept. B is ready to purchase all units at 100% capacity, how much profit dept. A would earn?
- c) If fixed cost is increased by 100%, what should be the Transfer Price to maintain current profits?
- d) If Dept. A sells 10,000 units in open market at Rs. 25 per unit and transfer 10,000 units to Dept. B at Rs. 18 per unit how much profit it shall earn?

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