

**BACHELOR OF BUSINESS ADMINISTRATION (C.B.C.S.) (2015 COURSE)**  
**B.B.A. Sem-V : WINTER : 2021**  
**SUBJECT: INTRODUCTION TO MANAGEMENT CONTROL SYSTEMS**

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**Day :** Thursday  
**Date :** 13-01-2022

**W-13886-2021**

**Time :** 10:00 AM-01:00 PM  
**Max. Marks:** 100

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**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 SEPARATE answer books
  - 4) Draw a labeled diagram WHEREVER necessary
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**SECTION - I**

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

What is 'Management Control System'? Enlist and explain the characteristics of Management Control System.

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

Explain the concept and working of Zero Base Budgeting (ZBB) in detail.

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

Explain the following concepts:

- a) Cost Centre
- b) Profit Centre

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

Write a detailed note on Cost-Based Transfer Prices.

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

- a) "Budgetary control is an important technique used in MCS." Discuss.
- b) Explain the term Management Audit. Explain the importance of Management Audit in MCS.

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

- a) Management Control in Marketing Area
- b) Management by Objective
- c) Cost Audit
- d) Objectives of Transfer Pricing
- e) Importance of a good Budget Report
- f) Strategic Planning

**SECTION - II**

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

- a) Write a detailed note on the pre-requisites of a successful and effective management control system.
  - b) State and explain the various steps involved in setting up Management By Objectives (MBO) in an organization.
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Q.8) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- Write a detailed note on the mechanics of setting up Profit Centre Controls.
- Galaxy 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:

<b>Investment in Division 'T'</b>	<b>Rs.</b>
Fixed Assets	20,00,000
Current Assets	12,00,000
Debtors	8,00,000
Variable Cost per unit	40
Annual Fixed Cost of the Division	32,00,000
Budgeted Volume	4,00,000 units per year
Desired R.O.I.: 25%	

Determine transfer price for division 'T'.

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

- For production of 10,000 units of an article, following are the budgeted expenses:

<b>Particulars</b>	<b>Cost per unit (Rs.)</b>
Direct Material	140
Direct Labour	50
Variable Factory Overheads	40
Fixed Factory Overheads (Rs.2,00,000)	20
Variable Expenses (Direct)	10
Selling Expenses (10% Fixed)	26
Administrative Expenses (Rs.1,00,000)	10
Distribution Expenses (20% Fixed)	14
<b>Total Cost of Sale per unit</b>	<b>310</b>

Prepare a Flexible Budget for production of 8,000 and 12,000 units.

- State and explain the various steps involved in preparation of a Management Audit Report.

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