

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY

M.B.A. Sem - IV Examination May 2011

Subject code: 840003

Subject Name: Management Control System

Date: 19/05/2011

Time: 02.30 pm – 05.30 pm

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1 (a) Define a responsibility center and describe its significance in management control. 07

(b) Explain similarities and differences between a Revenue Center and an Expense Center. 07

Q.2 (a) What is a profit center? What are the advantages of establishing organisation units as profit centers? What are the difficulties? 07

(b) What is transfer pricing? Why and how it is used? Explain with example. 07

OR

(b) What is depreciation? What is amortization? Give examples for both. What role do they play in measurement and control of assets? 07

Q.3 (a) Briefly explain how an operating budget is prepared in case of a manufacturing organisation. What would be the impact of inventory policy on the budget? 07

(b) What is value chain analysis? How it is useful in management control? Explain with an example. 07

OR

Q.3 (a) What is activity based costing? How do we use it in strategic planning process? 07

(b) For XYZ company budgeted and actual figures for product A are given as below: 07

Budgeted price = Rs.100/- per unit,

Budgeted sales = 250 units,

Actual price realized = Rs.90 per unit,

Actual sales achieved = 300 units.

Carry out variance analysis for product A.

Q.4 (a) What is a standard? How are budgetary standards determined and used? 07

(b) What are key success factors? How do we use them in performance measurement? Explain with an example. 07

OR

Q.4 (a) Describe Balanced Scorecard method. What are its advantages? 07

(b) Write a short note on Management Compensation with brief description of various components and their significance. 07

Q.5 (a) How is Management Control different in case of a Service Organisation compared to a manufacturing organisation? 07

(b) Prepare an outline of a Management Control System for Projects. 07

OR

Q.5 (a) How is transfer pricing used in Multinationals? What are additional considerations? 07

(b) Prepare an outline of a Management Control System for an NGO (a non-profit organisation). What are important considerations which are different from a commercial organisation? 07
