Seat No.:	Enrolment No.
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GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER-IV • EXAMINATION - SUMMER 2013

Subject Code: 2840007 Date: 16-05-2013

Subject Name: Management Control Systems

Time: 14:30pm – 17:30pm 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) Explain complex features of oranisation and management . Explain various elements of management control system What are initiatives taken by McNerney , CEO of 3M? Explain .

(b) Solve following transfer pricing problem division A of a company manufactures product x , which is sold to division B as component of product Y .Prodct Y is sold to division C , which uses it as a component in product Z . Product Z is sold directly in to the market . The intra company's transfer price is to transfer goods amongst divisions at the standard cost plus a 10 per cent return inventories and fixed assets . Calculate the transfer price for the product X and product Y and calculate standard cost for product Z from the following information :

Standard cost per unit	Product X	Product Y	Product Z
Materials purchased	3	4	5
outside (Rs)			
Direct Labour (Rs)	1	1	2
Variable overhead (Rs)	1	1	2
Fixed over head per unit	3	4	1
(Rs)			
Standard volume	10,000	10,000	10,000
Inventories average (Rs)	70,000	15,000	30,000
Fixed assets (net) (Rs)	30,000	45,000	16,000

- Q.2 (a) Explain fundamental principle underlying transfer pricing and ideal 07 situation for implementing transfer pricing and constraints of sourcing
 - (b) Why should we link controls to strategy? What are implications for organisational structure? Indicate different categories of corporate strategies and Implications of organisational structure:

OR

(b) Explain in detail about responsibility centre and types of responsibility 07 centres

	(b)	of business managers . Discuss merits and demerits of each of methods of evaluation methods . A manufacturing concern furnished the following information:			
		Standard (Budgeted)			
		Material for 70 kg finished product 100 k Price of materials Re 1 per kg			
		1	210 MT 280 MT		
	Cost of materials Rs.252000		00		
		Calculate material variances:			
Q.3	(a)	OR From the following particulars compute (a) materials cost	variance (b)	07	
		materials price variance : (c) materials usage variance :	2000 units		
		Quantity of materials purchased	3000 units		
		Value of materials purchased Standard (Budgeted) quantity of materials required Per tonne of output	Rs.9000 30 units		
		Standard (Budgeted) rate materials	Rs.2.50 per unit		
		Opening stock of materials	Nil		
		Closing stock of materials	500 units		
		Output during the period	80 tonnes		
	(b)	What are limitations of financial related control performance evaluation systems are better? Explain balance score card.	•	07	
Q.4	(a)	Distinguish between strategic planning and strategic formulation, Explain advantages and pitfalls of strategic planning from view point of management control.			
	(b)				
Q.4	(a)				
	(b)	of variance analysis and standards. "People are influenced by both positive and negative incentives"			
	(b)	Validate the statement from research findings.	anve incentives	07	
Q.5	(a) (b)	*			
Q.5	(a)	Explain procedure of implementing performance measurement system in detail and difficulties in implementing the same . List out			
	(b)	measurement practices . Explain difficulties in measurement of performance ociting examples .	of research centers	07	

Q.3 (a) Explain in detail of objectives and methods of performance evaluation 07
