

GUJARAT TECHNOLOGICAL UNIVERSITY

M.B.A.- SEMESTER – IV EXAMINATION – OCTOBER 2012

Subject code: 840003

Date: 27-10-2012

Subject Name: Management Control System (MCS)

Time: 2:30 pm – 5:30 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) What is a Revenue center? What is its significance in management control? **07**
Illustrate your answer with an example.

(b) Explain similarities and differences between Expense Center and Profit Center. **07**

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

(b) Explain the concept of transfer pricing? Why and how it is used? Explain with example. **07**

OR

(b) Compare EVA and ROI. Which is the better measure? Why? Explain with examples for both. **07**

Q.3 (a) Describe preparation of financial budget for a manufacturing organisation. **07**

(b) How is budget used for planning purpose? Explain with an example. **07**

OR

Q.3 (a) What is zero-based budgeting? What is its significance? How do we use it in strategic planning process? **07**

(b) ABC Engineering Company produces several products. For product A, its budgeted and actual sales figures are as follows: **07**

Budgeted price = Rs. 500 per unit

Budgeted sales = 200 units

Actual price realized = Rs.475 per unit

Actual sales achieved = Rs.220 units

Carry out variance analysis for Product A.

Q.4 (a) Write a short note on Agency Theory. What are its advantages and disadvantages? **07**

(b) What are key success factors (KSFs)? How does one determine KSFs? How do use them in performance measurement? **07**

OR

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

Q.4 (b) How to implement a Performance Measurement System? What are the difficulties in implementation? **07**

Q.5 (a) How is Management Control different in case of an NGO compared to a commercial (profit oriented) organisation? **07**

(b) Prepare an outline of a Management Control System for a Service organisation. **07**

OR

Q.5 (a) How to take care of exchange rates in case of evaluation of a subsidiary of a multinational? What are management considerations? **07**

(b) What are the main objectives of project evaluation? How is project evaluation carried out? **07**
