

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER-IV • REMEDIAL EXAMINATION-WINTER 2013

Subject Code: 2840007

Date: 17-09-2013

Subject Name: Management Control System (MCS)

Time: 15:00pm To 18:00pm

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) “Transfer Pricing for international business is more complex than transfer pricing for domestic business product” Explain. **07**

(b) “The scope of Management control System is not limited to the Top level Management but it affects the whole organization” Are you agree with this statement? Why? **07**

Q.2 (a) “The primary idea behind creating responsibility centers is to encourage ‘intra-preneurship’ amongst business managers” Discuss. **07**

(b) Design control system for first ranked NGO working for orphan child education located at Ahmedabad **07**

OR

(b) Write a Brief Note (Any Two) **07**

1. Goal Congruence
2. Direct Cost Variances
3. Difference between EVA and ROI

Q.3 (a) Explain process of formulating corporate level Strategy in detail. **07**

(b) Would you prefer more than one profit center in a business? Why? How it is different from revenue and cost centers? **07**

OR

Q.3 (a) The Nishiv Ltd. manufactures and sells music system. The Assembly Division assembles the music system sets. It buys the accessories for sets from the Accessory Division. The Accessory Division is operating at full capacity. The incremental cost of manufacturing the accessories is Rs. 70 per unit. The Accessory division can sell as many accessories as it wants in the outside market at price Rs. 110 per unit. If it sells in the outside market, the Accessory division will incur variable marketing and distributing cost of Rs. 4 per unit. Similarly, if the assembly division purchases accessories from outside market, it will incur variable purchasing cost Rs. 2 per unit. Suppose division managers act autonomously to maximize their own division’s operating income, and they were to negotiate a transfer price, what is the range of acceptable transfer price? **07**

(b) Explain behavioral aspects of budgeting in detail. **07**

Q.4 (a) Write a brief note on Agency theory in Compensation Management **07**

(b) Explain the strategic planning process in detail. **07**

OR

Q.4 (a) What are the types of expense center? How they are different from each other? **07**

(b) What is Balance Score Card? Explain it in detail with suitable example. **07**

Q.5 (a) Explain different control issues in detail. **07**

(b) Discuss R and D center as responsibility center. **07**

OR

Q.5 (a) What is controller? What are the major functions of controller. **07**

(b) What is formal control system? What is the process of establishing formal control system. **07**
