

- (b) Assume that an outside supplier has offered to supply the product to Division B at Rs. 40 per unit, should Division A cut its price to sell to Division B at Rs. 40 per unit ? Give analysis with proper computation. [5+5=10]

UNIT-IV

8. Explain the key control variables in non-profit organisations and discuss the important management control techniques that can be used for control in non-profit organisations. [10]
9. Compare the types of management control systems used in multinational companies and the control systems used in domestic companies. What are the adaptations required in control systems in a multinational company? [10]

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Question Paper Code : 1702

M.B.A. (Semester-IV) Examination, 2018

FINANCE & CONTROL

(Management Control System)

[FC-043]

Time : Three Hours]

[Maximum Marks : 70

Note : Answer **five** questions in all. Question **No.1** is **compulsory**. Besides this, **one** question is to be attempted from each unit.

1. Write short notes on the following : [3x10=30]
- (a) Elements of control system
 - (b) MCS Vs. Strategic Planning
 - (c) Significance of Culture in MCS
 - (d) Formal Control process in organisations
 - (e) Functions of Controller in a business Concern
 - (f) Limitations of budgetary control
 - (g) Cost based transfer pricing
 - (h) EVA Vs. ROI
 - (i) Financial Vs. behavioral control systems

(j) Balanced score card

UNIT-I

2. What are the objectives of Management Control Systems ? How would you design and implement a management control system for a business concern ? [10]
3. Elaborate the relative features and objectives of Robert Simon's 4 levels of control. What should be an appropriate mix of all the 4 systems of control in order to have the best results in organisations ? [10]

UNIT-II

4. Name the responsibility centres that are created under responsibility accounting and explain their relative significance, merits and limitations for a business concern. [10]
5. Compute the values in the following table : [10]

Particulars	Div. A	Div. B	Div. C
Sales (Rs.)	60,000	75,000	1,00,000
Operating Income (Rs.)	?	25,000	?
Operating Assets (Rs.)	30,000	?	50,000
ROI	15%	10%	20%
Cost of Capital	10%	?	18%
EVA	?	5,000	?

UNIT-III

6. Why is transfer pricing system needed in an organisation ? Explain the various methods of transfer pricing and discuss the considerations for an optimum transfer pricing system. [10]
7. Division A of an international company has product that can be sold either to division B or to outside customer in the open market. The cost and revenue structure of two divisions are given below :

Division A :

Market Selling Price : Rs. 50 per unit
(Variable cost Rs. 30 per unit).

Division B :

Final Market Price Rs. 200 per unit

Transfer Price from Div. A Rs. 50 per unit.

VC added in Div. B Rs. 80 per unit

Required :

- (a) What transfer price range would you suggest between two divisions ?