

JC-104

January-2025

MBA-II, Sem.-III & V

Management Control Systems (MCS)

Time : 2:30 Hours]

[Max. Marks : 70

1. What do you mean by Management Control System ? What are the elements of control process ? “Responsibility Centers constitute the structure of management control system and it functions as performance measurement tool of the Managers.” – Discuss. **14**
2. Product of Ram Enterprises is sold to Shyam Enterprises as it is to be used as component of its products. Product of Shyam Enterprises is sold to Krishna Enterprises which uses it as a component of its products. Product of Krishna Enterprises is sold to customer outside of the company. The intra-company pricing rule is that products are transferred between divisions at standard cost plus a 10 percent return on inventories and fixed assets. From the information provided below, calculate the transfer price for Product of Ram and Shyam Enterprises : **14**

Standard cost per unit	Product of Ram Enterprises	Product of Shyam Enterprises	Product of Krishna Enterprises
Material Purchase Outside	2	3	1
Direct Labour	1	1	2
Variable Overhead	1	1	2
Fixed Overhead per unit	3	4	1
Standard Volume	10,000	10,000	10,000
Inventories (Average)	70,000	15,000	30,000
Fixed Assets (Net)	30,000	45,000	16,000

OR

2. Explain Engineered Cost Centre and Discretionary Cost Centre and discuss the implications that they create for management control system. **14**

3. Budget is an important tool for effective planning and control in an organization. Explain considering the quantitative techniques used in budgeting. **14**

4. How is the control system different for service based, project based and manufacturing organization ? Differentiate and discuss. **14**

OR

4. What is Responsibility Centre ? Explain the major types of responsibility centers with examples. **14**

5. Write a note on : **14**

(i) Advantages of Profit Centers

(ii) EVA v/s ROI
