Code: 14E00304

MBA III Semester Regular Examinations January 2016

MANAGEMENT CONTROL SYSTEM

(For students admitted in 2014 only)

Time: 3 hours Max. Marks: 60

All questions carry equal marks

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SECTION – A

Answer the following: (05 X 10 = 50 Marks)

1 What is a management control systems? Explain in detail the basic elements of a control process.

OR

2 Explain the scope of management control system.

3 What do you mean by revenue centers and expenditure centre? Briefly describe about them.

OR

4 Enumerate the objectives of transferring price.

5 What are the essential of successful budgeting control system? Explain.

OR

6 For the production of 2000 electric automatic irons, the following are the budget expenses.

Particulars	Per unit (Rs)
Direct material	160
Direct labour	130
Fixed overhead (Rs 1,50,000)	75
Variable expenses (Direct)	115
Selling expenses (10% fixed)	25
Administrative expenses (Rs 50,000 rigid for all levels)	25
Distribution expenses	25
Variable overhead	35
Total	590

Prepare a budget for the production of 5000, 8000 and 9000 iron boxes, showing distinctly the marginal cost, cost per unit and the total cost.

7 Explain the elements of standard costing system.

OR

8 From the following data compute the material cost variances:

Name of the material	Standard		Actual	
	Qty (units)	Qty (units)	Qty (units)	Qty (units)
Zee	3500	10	3700	12
Wee	1500	21	1650	20
Tee	1000	33	1250	36

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9 Illustrate different techniques in inventory control.

OR

10 A firm purchases 2000 units of a particular item per year at an unit cost of Rs 20. The ordering cost is Rs 50 per order and the inventory carrying cost is 25%. Determine the optimal order of quantity and the minimum total cost including purchase cost, If a 3% discount is offered by the supplier for purchases in lots of 1000 or more. The firm accept the offer?

SECTION – B

(Compulsory Question) 01 X 10 = 10 Marks

11 **Case study:**

Karna and Aparna are two divisions manufacturing same grade and quality products. The details are:

Particulars	Karna	Aparna
Annual output	6000 tones	7000 tones
Working capacity	(80% capacity)	(60% capacity)
Raw material available	3000 tones @ 900 per ton	8000 tones @ 1000 per ton
Other variable costs Fixed cost	78 Lakhs 50 Lakhs	96 Lakhs 60 Lakhs

The basic raw material is available at two places but limited to use price as mentioned above. Any additional requirement has to brought @ 1150 per ton, for at the division. Variable costs are constant per ton of output. For every 100 tones of output 80 tone of basic raw material is used.

You are required to:

(a) Determine raw material cost, other variable cost and total cost per ton of output in each division.

(b) Work out the quantity of production that could be transferred between two divisions, if it is desired to use locally available raw materials.

(c) Revised schedule of production to indentify cost saving.

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