

FM02/eFM02
MANAGEMENT CONTROL SYSTEMS

Time: Three Hours

Maximum Marks: 100

NOTE: The paper is divided into three sections: Section A, Section B and Section C. There are seven questions in Section A. Students are required to attempt any four questions from Section A. Section B has 5 questions, out of which student has to attempt any 3. Section C is compulsory.

SECTION – A (10 Marks each)

1. What is 'Balanced Score Card? What are the steps in implementing 'Balanced Score Card?
2. "What most often consultants do to solve the organizational structure problem is to simply convert the organization into Strategic business units" Do you agree? Give reasons for your answer.
3. How is the different types of responsibility centers useful?
4. Why is the budgets main skeleton of any good strategic plan implementation?
5. Which performance parameters are important to evaluate the performance of MNC's like IBM (International Business Machine) which is present in more than 170 countries?
6. Is (MVA Market value addition much better than the (EVA) Economic value addition? Give reasons with examples?
7. What measures are important in evolving a good transfer pricing method?

SECTION – B (15 Marks each)

8. Define and elaborate the management control system with its processes?

9. How is the employee satisfaction related to the better management control system?
10. How is the variance analysis used in the control system for strategic purpose?
11. What issues should be kept in mind while preparing the performance parameters of a fully integrated manufacturing plant, like steel and paper?
12. Device a management control system for an online retail organization like flipkart.com or for Delhi metro.

SECTION – C (15 Marks)

13. A company estimates that it will operate for manufacturing facilities at 800,000 direct labour hours for the year. The estimate for total budgeted overhead is Rs 20,00,000. The standard variable overhead rate is estimated to be Rs 2 per direct labour hour or Rs.6 per unit. The actual data for the year are presented below:

| | | |
|----------------------------|---|--------------|
| Actual finished units | : | 250,000 |
| Actual direct labour hours | : | 764,000 |
| Actual variable overheads | : | Rs.16,10,000 |
| Actual fixed overhead | : | 3,92,000 |

Calculate:

- (i) Variable overhead spending variance
- (ii) Variable overhead efficiency variance
- (iii) Fixed overhead spending variance
- (iv) Fixed overhead volume variance