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Total No. of Pages: 03

Total No. of Questions: 10

M.Com. (Sem. – 4)

MANAGEMENT CONTROL SYSTEM

Subject Code: MCOP401-18

M Code: 77939

Date of Examination:13-12-2022

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS TO CANDIDATES:

1. **SECTION-A is COMPULSORY** consisting of EIGHT questions carrying TWO marks each.
2. **SECTIONS-B** consists of FOUR Sub-sections : Units-I, II, III & IV. Student has to attempt any ONE question from each Sub-section carrying EIGHT marks each.
3. **SECTION-C is COMPULSORY**, consists of a Case Study carrying TWELVE marks.

SECTION-A

1. Write briefly:
 - a) Distinguish between formal and informal systems.
 - b) What are the prerequisites of a successful management control system?
 - c) Why is ROI classified as a composite performance measures?
 - d) Define international transfer pricing.
 - e) What do you understand by management audit?
 - f) Discuss the importance of activity based management.
 - g) Explain major problem in administration of control system.
 - h) Give examples of benefit and perquisite.

SECTION-B

UNIT-I

2. "A MCS is a set of interrelated communication structures that facilitates the processing of information for the purpose of assisting managers in coordinating the parts and attaining the purpose of an organization on a continuous basis." Elaborate.
3. Identify and explain behavioural aspects of management control.

UNIT-II

4. "If there are high points, then there also are loopholes in Responsibility Accounting". Substantiate
5. Analyse methods for determining transfer price. How inter-departmental conflicts related to transfer pricing are managed?

UNIT-III

6. "In a company that operates on a calendar-year basis, the programming process is completed just prior to the preparation of the annual budget." Can you describe the process?
7. Explain with the help of diagram the Balance Score Card. Explain, why it is called a Balance Score Card and what are its limitations.

UNIT-IV

8. What role management compensation plays in a management control system? Discuss the principles of management compensation.
9. Write a detailed note on control in non-profit organisations. What are the distinctive characteristics of non-profit institutions as compared to profit seeking institutions, while designing control systems?

SECTION-C

10. Case Study

Founded in early 1940s, Roxy Company is in the business of laying wall-to-wall carpeting. The company was the brainchild of three persons, who became partners in the company. The company's innovation lay in changing the method of laying carpets, it broke the traditional practice of tacking carpets down. This idea was a great success, and in no time Roxy became the world leader in producing the tools for laying and stretching carpeting. Roxy developed and marketed a special adhesive for carpet laying. In course of time, the product line was expanded to the production of adhesive for plastic, materials to be fixed in kitchens, bathrooms, on furniture and elsewhere. The company also expanded its operations by introducing special products such as steel folding doors for closets and wardrobes, steel door frames, and other items. The company went global and penetrated several foreign markets. All the products were developed in US and were marketed in other countries. At this point, Roxy decided to move to a strategy of designing new products and making corporate acquisitions. Before embarking on the strategy, the company took stock of its position the company had very strong marketing abilities on a national and international basis in the field of carpet accessories. Its overseas subsidiaries in Sweden, Australia, Japan, New Zealand, etc., were managed well. Since the product was unique, Roxy faced little competition from other small companies. The company, therefore, felt that it could spend more than its small competitors in marketing and investing in specialized capital equipment. The specialized capital equipment used by the company was designed and

built by its own engineers. While the company was leader in some of its products, like floor-covering accessories, it was subject to small and vigorous local competition in some areas. While the adhesives in relation to floor covering accessories were extremely marketable and had a large presence in the market, the marketability of its adhesive applications was limited. In order to pursue the new product strategy and acquisition program effectively, the board of directors asked the president to take a decision on the product strategy for the company at the next meeting.

Questions

- a) What steps should the President take to develop a suitable strategy for Roxy?
- b) Suggest a strategy to the Roxycompany in the lights of facts and circumstances given.

NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student.