

MANAGEMENT CONTROL SYSTEM

(For Students admitted in 2011, 2012 & 2013)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Explain the process of management control systems and also brief about informal controls.
- 2 (a) Describe the concept of responsibility centre and responsibility accounting.
(b) Brief about revenue centers.
- 3 Explain the objectives and methods of transferring prices.
- 4 (a) What do you understand by the term "Break-even point? Mention the types of problems which an accountant can expect to solve with the help of such analysis.
(b) You are required to calculate the break-even point in the following case:
 - (i) The fixed costs per year Rs 80,000
 - (ii) Variable costs per unit Rs 4.
 - (iii) Selling price per unit Rs 20.
 - (iv) Estimated sales for the period Rs 2, 00,000.

- 5 ABC company manufactures two products A and B and the budgeted data for the year are as follows:

	Product A	Product B
	Rs	Rs
Sales price per unit	100	75
Direct material per unit	20	10
Direct wages per unit	5	4
Total works overhead	10105	9009
Total marketing overhead	1200	1100

The sales manager forecast the sales in units as follows:

	Product A	Product B
	Units	Units
January	28	10
February	28	12
March	24	16
April	20	20
May	16	24
June	16	24
July to January (next year) per month	18	20

It is assumed that: (i) There will be no work-in-progress at the end of any month.

(ii) Finished units equal to half the sales for the following month will be kept in stock.

Prepare: (i) A production budget for each month. (ii) A summarized profit and loss statement for the year.

- 6 Variance analysis is an integral part of standard cost accounting. Explain the statement.
- 7 Why should inventory be held? Why is inventory control important? Explain the objectives of inventory control.
- 8 Explain the role and significance of Non-profit organizations in management control.
