

**OLD**

**2015**

**MBA 3rd Semester Examination**  
**MANAGEMENT CONTROL SYSTEM AND AUDITING**  
**(Specialisation : Financial Management)**

**PAPER—F-304**

*Full Marks : 100*

*Time : 3 Hours*

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

***Write the answers to Questions of each Half in separate books.***

**( First Half )**

**[Marks : 50]**

1. Answer any *four* questions of the following : 4×5
- (a) What are the three key activities of the financial manager ?

*(Turn Over)*

(b) What are the pre-requisites of a Successful Management Control System ?

(c) A factory works on the standard costing system. The standard estimate for materials for manufacture of 100 units of a commodity is 60 kg at Rs. 4.50 per kg.

When 3000 units of the commodity are manufactured it is found that 1,850 kg of materials are consumed at Rs. 4.60 per kg.

Calculate the material variance.

(d) What do you mean by budgetary control ? Distinguish between budget and budgetary control.

(e) A factory is currently running at 50% capacity and produces 5000 units at a cost of Rs. 90 per unit as per details below :

	Rs.
Materials	50.00
Wages	15.00
Factory Overhead	15.00 (Rs. 6 fixed)
Administrative overhead	10.00 (Rs. 5 fixed)

The current selling price is Rs. 100 per unit. At 60% working materials cost per unit increases by 2% and selling price per unit falls by 20%.

Estimate profits of the factory at 60% working.

(f) What are the objectives of performance measurement ?

2. Answer any *two* questions : 2×10

(a) A company is organised into two divisions namely A and B. Division A produces three products X, Y and Z data per unit are :

	X	Y	Z
Market Price (Rs.)	120	115	100
Variable Cost (Rs.)	84	60	70
Direct Labour Hours	4	5	3
Maximum Sales Potential (units)	1,600	1,000	600

Division B has a demand of 600 units of product Y for its use. If division A cannot supply the requirement, division B can buy a similar product from market at Rs. 112 per unit.

What should be the transfer price of 600 units of Y for division B, if the total direct labour hours available in division A are restricted to 1,500 ?

- (b) A gang of workers normally consisting of 30 men, 15 women and 10 boys. They are paid at standard hourly rates as under :

Men	Re. 0.80
Women	Re. 0.60
Boys	Re. 0.40

In a normal working week of 40 hours, the gang is expected to produce 2,000 units of output. During the week ended 31st March 2015 the gang was consisted of 40 men, 10 women and 5 boys. The actual wages paid were @ Re. 0.70, 0.65 and Re 0.30 respectively. Four hours were lost due to abnormal idle time and 1,600 units were produced. Calculate relevant variances.

- (c) What is standard costing and how would you distinguish it from budgetary control ?

**[ Internal Assessment : 10 ]**

( *Second Half* )

[Marks : 50]

3. Answer any *four* questions : 4×5

- (a) What do you mean by Audit Committee ?
- (b) What do you mean by 'Report with disclaimer' ?
- (c) What are the two types of criminal liabilities of an auditor under the Companies Act 1956.
- (d) What is auditing in Depth ?
- (e) 'Internal audit cannot replace internal check' — Explain.
- (f) Write a note on Test checking.

4. Answer any *two* questions : 2×10

- (a) "Information and means of Information are by no means equivalent terms" — Explain.
- (b) What are the statutory provisions with regard to the appointment and remuneration of the auditor of a limited

company ? What persons, if any, disqualified from holding the office of auditor ?

(c) What are the limitations of 'Management Audit' ?

**[ Internal Assessment : 10 ]**

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