

2008

MASTER OF BUSINESS ADMINISTRATION

[Third Semester]

Full Marks : 100

Time : 3 hours

The figures in the right-hand margin indicate 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**

(Specialisation : Financial Management)

**PAPER—F-304 [Financial Management as Major]
& M-308 [Marketing Management as Minor]**

(Turn Over)

(Management Control System and Auditing)

FIRST HALF

[Marks : 50]

1. Answer any *four* of the following: 5×4

(a) What do you understand by 'Management Control'? How does it differ from operational control?

(b) Explain five accounting ratios that are likely to help the management of a manufacturing unit in forming an opinion on the efficiency of business.

(c) Explain the essentials of responsibility accounting.

(d) The following particulars are given below in respect of a company which is maintaining two divisions—A and B:

	(In Rupees)	
	Division	Division
	A	B
Net operating Income (Rs.)	20,000	10,000
Operating assets (Rs.)	2,00,000	?
Sales (Rs.)	5,00,000	?
Margin	?	4%
ROI	10%	16%
Turnover Ratio	?	?

Calculate the missing data.

(e) From the following information draw up a flexible budget for 70% and 80% capacities

showing total fixed costs and variable costs per unit at each capacity level:

Capacity	60%	100%
Units	9,000	15,000
<u>Costs</u>	<u>Rs.</u>	<u>Rs.</u>
Indirect wages	18,000	30,000
Consumable stores	9,000	15,000
Power and fuel	4,500	6,000
Maintenance	6,000	8,000
Depreciation	10,000	10,000
Interest	6,000	6,000
	<u>53,500</u>	<u>75,000</u>

(f) Compute the return on capital employed (Total Assets basis) from the following information relating to companies A and B :

	A	B
Net Sales for the year	Rs. 5,50,000	Not known
Total Assets	Not known	Rs. 85,000
Net Profit on Sales	4%	19%
Turnover on Total Assets	6 times	Not known
Gross Margin	38%	Rs. 9,360 (25%)

2. Answer any *two* of the following questions: 10×2

(a) The following data have been collected from the cost records of a unit for a period. Compute various fixed overhead variances. 10

	<u>Budget</u>	<u>Actual</u>
No. of working days	25	27
Man-hours per day	6,000	6,300
Output per man-hour (units)	1	0.9
Fixed overhead cost (Rs.)	1,50,000	1,56,000

(b) (i) Explain the various uses of transfer pricing.

(ii) Your company fixes the inter-divisional transfer prices for its products on the basis of cost plus return on investment in the

division. The budget for Division A for 2008-09 appears as under :

	<u>Rs.</u>
Investment in Division A	5,00,000
Current assets	3,00,000
Debtors	2,00,000
Annual fixed cost of the Division	8,00,000
Variable cost per unit of product	10
Budgeted volume	4,00,000 units per year
Desired ROI	28%

Determine the transfer price for Division A. 4 + 6

(c) The following particulars are available in respect of two divisions of a company :

	Division X	Division Y
Annual turnover (Rs.)	3,00,000	4,00,000
Operating assets (Rs.)	2,00,000	3,00,000
Net operating income (Rs.)	50,000	60,000
Cost of capital	14%	14%

- (i) On the basis of ROI, which division is performing better ?
- (ii) Calculate Residual Income for each division.
- (iii) What management behaviour can be expected if ROI is used to gauge performance of a division ?
- (iv) What management behaviour can be expected if Residual Income (RI) is used to gauge performance of a division ?

3 + 3 + 2 + 2

[*Internal Assessment* : 10 Marks]

SECOND HALF

[Marks : 50]

3. Answer any *four* questions of the following: 5×4

(a) State the objectives of independent financial audit.

(b) Discuss the primary concepts of auditing as propounded by R. K. Mautry and H. A. Sharaf.

(c) Discuss the basic principles governing an audit as explained in AAS-1 of the ICAI.

(d) Write short note on 'auditing-in-depth'.

(e) Discuss the need for management audit.

(f) What are the specific matters that are required to be inquired by company auditor as per section 227 (1A) of the Companies Act, 1956.

4. Answer any *two* questions of the following: 10 × 2

(a) Explain the modern concept of internal auditing.

Discuss in brief the scope of modern internal auditing. 3 + 7

(b) What are the disqualifications of company auditor as per section 226(3) of the Companies Act, 1956? Also, discuss the procedure for appointment of company auditor as per section 224 of the Companies Act, 1956. 3 + 7

(c) What do you understand by independence of an auditor? Discuss in brief the potential threats to independence of auditor as identified by the IFAC. 3 + 7

[*Internal Assessment* : 10 Marks]

(Specialisation : Marketing Management)

PAPER—M-308 [Marketing Management as Major]
& HR-304 [HRM as Minor]

(Human Resource : Planning & Utilisation)

FIRST HALF

[Marks : 50]

1. Answer any *four* of the following questions: 5 × 4
- (a) Define: Job description and job specification.
What is the difference between the two?
 - (b) Write a short note on Markov Analysis.
 - (c) Discuss any two uses of job analysis.
 - (d) What are the benefits of HRP?
 - (e) Explain the meaning and use of Job Analysis.
 - (f) Discuss in brief the relationship between HRP and strategic planning.

2. Answer any *two* of the following questions: 10 × 2
- (a) Define HRP. Discuss the process of HRP. 2 + 8
- (b) What is Role analysis ? Discuss the techniques of role analysis. 2 + 8
- (c) Discuss any two job analysis methods used in an organisation. 5 + 5

[*Internal Assessment* : 10 Marks]

SECOND HALF

[*Marks* : 50]

3. Answer any *four* of the following questions: 5 × 4
- (a) What are the objectives of HRIS ?
- (b) What is Succession Planning ?
- (c) Discuss the balanced scorecard method of performance appraisal.
- (d) Write a note on Competency Mapping.

(e) What is stress interview ?

(f) What are the advantages of human resource accounting ?

4. Answer any *two* of the following questions: 10 × 2

(a) Define selection. Discuss the steps followed in the selection process. 2 + 8

(b) What is Career Planning ? Discuss the career stages of an individual. 2 + 8

(c) Discuss the process of conducting HRM Audit. 10

[*Internal Assessment* : 10 Marks]