

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –IV–EXAMINATION – WINTER–2023

Subject Code:4549286

Date: 01-12-2023

Subject Name: Management Control Systems

Time:02:30 PM TO 05:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1 Explain following terms in brief** **14**
1. Goal Congruence
 2. Sensitivity analysis
 3. Engineered Cost Center
 4. EVA V/s. ROI
 5. Variance analysis
 6. Phantom shares
 7. Carryovers
- Q.2 (a)** Discuss various elements of control system and also explain the boundaries of MCS **07**
- Q.2 (b)** “Management control is also essential for Non Profit Organisation”. Justify the statement by preparing an outline of the MCS for Non Profit Organisation. **07**
- OR**
- Q.2 (b)** What is Goal Congruence? Discuss the Factors Influencing the Goal Congruence with suitable example **07**
- Q.3 (a)** Discuss the various tools for evaluation of performance of various responsibility Centres in corporate world. **07**
- Q.3 (b)** Describe the types of responsibility centres. Correlate the measurement of inputs and outputs with reference to different types of responsibility centres. **07**
- OR**
- Q.3 (a)** “Corporate level strategy is all about being in the right mix of businesses and its strategies.” – Justify your answer with suitable example. **07**
- Q.3 (b)** Which kinds of control issue faced by different organization at the time of developing the control system. **07**
- Q.4 (a)** What is Balanced scorecard? How it can be used as framework to measure the performance of any organisation. **07**
- Q.4 (b)** What is strategic planning? Narrate the process of it with suitable example. **07**
- OR**
- Q.4 (a)** How Budget is different from Forecast? Discuss advantages & disadvantages of Zero Based Budgeting. **07**
- Q.4 (b)** Suppose you are Chief Marketing Manager of a Hirva Pharma Pvt. Ltd, design the suitable incentive compensation plan for your managers by which they will motivate for the work. **07**

Q.5

CASE STUDY
Transfer Pricing- A Case Study of SHELL

Shell India Markets Pvt Ltd had issued 867 million shares to its parent Shell Gas BV in 2008-09 at Rs 10 per share. The I-T department claimed that the shares should have been valued at Rs 183 each.

It further claimed that this undervaluation of Rs 173 per share (total value Rs 15,000 crore) was a disguised value transfer to the parent company, and imposed a tax demand on the same.

In 2009-10, the Indian tax authorities imposed another tax demand for an alleged Rs 3,000 crore that Shell India had undervalued shares transferred to its parent company and therefore evaded taxes.

Shell India challenged the allegations in court.

Bombay HC rules in favour of Shell, ruled that Shell India was not liable to pay income tax in a long pending Rs 18,000-crore dispute. This is expected to ease foreign investors' concerns about tax predictability in India, and boost the country's investment climate.

The court said issue of shares does not give rise to income and, hence, there can be no case for applying transfer pricing rules.

Shell welcomed the verdict, "Shell has always maintained that equity infusion by a foreign parent company into an Indian subsidiary cannot be taxed as income. This is a positive outcome which should provide a further boost to the Indian government's initiatives to improve investment climate," it said in a statement.

Q.5 (a) Explain fundamentals principles of Transfer pricing and ideal situation for implementing transfer pricing with respect to above case. 07

Q.5 (b) Why Bombay HC rules in favour of Shell in transfer pricing case? Justify your answer with suitable points. 07

OR

Q.5 (a) Evaluate the impact of transfer pricing on tax policy with reference to this case 07

Q.5 (b) Highlights the core points of above case. 07
