

TYBAF –Sem VI
Management Control Systems
Sample Questions -MCQs

1. Government of India has signed a MoU with the government of following country to enhance co-operation on energy security, clean energy and climate change
 - a. USA
 - b. Spain
 - c. Canada
 - d. Australia

2. It is a broad statement that tells why the organization exists
 - a. Purpose
 - b. Plan
 - c. Goals
 - d. Objectives

3. A divisionalized company lead to creation of these units
 - a. Responsibility centers
 - b. Departments
 - c. Divisions
 - d. Business Units

4. Economic Value added can be enhance by increasing
 - a. Net operating profit after tax
 - b. Capital employed
 - c. Cost of capital
 - d. Net profit after tax

5. Following is an important disadvantage of Enterprise Resource Planning and it can affect smooth functioning of business
 - a. Customization
 - b. Training requirement
 - c. Costly
 - d. User interface

6. Use of Kanban card is an important feature of following method:
 - a. Total Quality Management
 - b. Inventory management
 - c. Just in Time
 - d. Inventory Control

7. Following is the formula for computing Incremental return on invested capital
 - a. $(\text{Incremental EBIT} / \text{Incremental Share capital}) / 100$
 - b. $(\text{Incremental NPAT} / \text{Incremental invested capital}) / 100$
 - c. $(\text{Incremental EBIT} / \text{Incremental invested capital}) / 100$
 - d. $(\text{Incremental NOPAT} / \text{Incremental invested capital}) / 100$

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8. Sensitivity factor for different variables is as follows: Project Cost – 8.0%, Savings – 7.5%, Plant running cost -4.0% and Discount rate – 3.5%. Identify which factor is most sensitive
- a. Project Cost
 - b. Plant Running cost
 - c. Saving
 - d. Discount rate
9. Following factor influences the establishment of transfer price
- a. Location
 - b. Taxation
 - c. Product category
 - d. Competitors
10. Internal failure cost includes the following cost
- a. Cost of rework
 - b. Quality education
 - c. Cost of inspection
 - d. In process acceptance
11. In inflation accounting - Cash, debtors, creditors etc are classified as following
- a. Current Account components
 - b. Monetary items
 - c. Working capital
 - d. Non –monetary items
12. Modifying production process is a technique used in the following process
- a. Process improvement
 - b. Process re-engineering
 - c. Waste reduction
 - d. Quality Improvement
13. A piece of land was purchased in the year 2001 when the index was 375. The conversion factor that will be used to re instate the value of this land in 2015 when the index is 500 will be
- a. 1.33
 - b. 0.75
 - c. 75%
 - d. 0.33
14. MBO has its root in following stream of science
- a. Behavioral
 - b. Neuro
 - c. Medical
 - d. Computers

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15. It is a system of accounting under which cost and revenue are accumulated, classified, measured and reported for each responsibility centre
- a. Cost accounting
 - b. Financial accounting
 - c. Responsibility Accounting
 - d. Statutory accounting
16. Goals should be set using following rule
- a. SMART
 - b. PERT
 - c. SWOT
 - d. MBO
17. This measure refers to the profit left after meeting the cost of capital invested in the division
- a. Incremental return on investment
 - b. Departments
 - c. Return on investment
 - d. Economic Value added
18. Unrealistic profit is one of the short coming of this accounting method
- a. Historical accounting
 - b. Cost accounting
 - c. Financial accounting
 - d. Inflation accounting
19. Under this method of transfer pricing, the selling unit is allowed to recover full cost of sales along with an element of profit
- a. Absorption cost pricing
 - b. Market price
 - c. Full cost pricing
 - d. Variable cost price
20. If the selling price is INR 45 per unit and the variable cost incurred by the company is INR 15 per unit, calculate the contribution per unit
- a. INR 50 per unit
 - b. INR 60 per unit
 - c. INR 30 per unit
 - d. INR 45 per unit