1. For the board of directors of the company, the entire company is a __________
   a. Profit center
   b. Expense center
   c. Responsibility center
   d. None of the above

2. __________ is a monetary measurement of the amount of resources used by a responsibility center.
   a. Sale
   b. Cost
   c. Revenue
   d. Profit

3. Which of the following is used for performance measurement in absolute sense?
   a. Efficiency
   b. Effectiveness
   c. Both efficiency and effectiveness
   d. None of the above

4. Efficiency is the ratio of __________.
   a. Output to input
   b. Input to output
   c. Sales to cost
   d. Cost to sales

5. Classification of responsibility center is based on the nature of the monetary __________.
   a. Inputs and/or outputs
   b. Inputs and outputs
   c. Inputs only
   d. Outputs only
6. In case of a manufacturing function the optimal relationship is established in terms of input and output as-
   a. Input in cost and output in cost
   b. **Input in cost and output in physical units.**
   c. Input in physical units and output in revenue
   d. All of the above

7. A marketing function is an example of
   a. Expense center
   b. **Revenue center**
   c. Profit center
   d. Discretionary expense center

8. The criterion for a responsibility center to be an Investment center is -------
   a. Input should be related to capital employed
   b. Both input and output should be related to capital employed
   c. Output should be related to quality aspect
   d. **Output is related to capital employed**

9. In case of revenue center the output is measured in -------- terms, but no formal attempt is made to relate -----------------.
   a. Physical, quantity and quality
   b. Monetary, efficiency and effectiveness
   c. **Monetary, input and output**
   d. None of the above

10. The responsibility center whose inputs are measured in monetary terms, but whose output is not is -------.
    a. Revenue center
    b. **Expense center**
    c. Profit center
    d. Investment center

11. Which of the following is true for an engineered expense center?
    a. Their inputs can be measured in monetary terms
    b. Their outputs can be measured in physical terms
    c. The optimal rupee amount of input required to produce one unit of output can be determined.
12. If each organizational unit is a responsibility center then every organizational unit’s objective should be the same as that of the entire organization.
   a. True
   b. False
13. In a revenue center the primary measurement is ---
   a. Output in physical terms
   b. Input in cost terms
   c. Revenue
   d. Cost incurred by center
14. Management by objective is the process in which:
   a. Top management sets objectives for the sub-ordinate managers.
   b. Budgetee proposes to accomplish specific jobs and prepares budget for it.
   c. A manager decides his own area of operations and prepares budget for it
   d. Budget is not prepared at all.
15. In case of discretionary expense center, the financial center is primarily exercised at --- stage.
   a. Implementation
   b. Quality control
   c. Output
   d. Planning
16. Total control over discretionary expense center is achieved primarily through ------ performance measures.
   a. Financial
   b. Non-financial
   c. Objective based
   d. Output based
17. The objective of measuring assets of a business entity is to ---
   a. Provide information for strategic planning
   b. Providing information regarding financial soundness of the entity
c. To measure the performance of the business unit as an economic activity
d. For future planning

18. Which of the following is not true?
Asset employed is equal to
a. Non-current liabilities + shareholder’s equity
b. Total assets – current liabilities
c. Non-current assets + working capital
d. Shareholder’s equity – current liabilities.

19. Which of the following is correct?
ROI =

a. Income / Asset employed
b. Revenue / Asset employed
c. Cost / Revenue
d. Profit / No. of shares outstanding

20. Which of the following is not a component of MVA.
a. Invested capital
b. Current operations value
c. Future growth Value
d. Net Present Value

21. A strategic business unit is..

a. Cost center
b. Revenue center
c. Profit center
d. Investment center

22. Which of the following is not a customer-related performance measure?
a. Market Share
b. Customer volume
c. Customer satisfaction
d. New Customers

23. Which one of the following is an example of lead indicator?
a. Market share
b. Net profit
24. There are four elements of Anthony's model. Which one does not belong to the group?
   a. Detector
   b. Assessor
   c. Effecter
   d. Rejecter

25. _____ costs are not easily changed and are often fixed, for ex, once a company has decided to rent a place.
   a. Committed
   b. Discretionary
   c. Engineered
   d. None of the above

26. The price of one sub-unit charges for a product or service supplied to another sub unit of the same organization is called as _____.
   a. Revenue pricing
   b. Transfer pricing
   c. Over the counter pricing
   d. None of the above

27. When the managers at each sub-unit attempt to achieve the goals set by the top management, this results into _____.
   a. Planning and control
   b. Responsibility accounting
   c. Goal congruence
   d. Delegation and decision making

28. Which of the following is not typical cash flow related to equipment purchase and replacement decision?
   a. Increase operating costs
   b. Overhaul of equipment
   c. Salvage value of equipment when project is complete
   d. Depreciation expense
29. The primary capital budgeting method that uses discounted cash flow techniques is the ----- 
   a. **Net present value method**
   b. Cash payback technique
   c. Annual rate of return method
   d. Profitability index method

30. The Non-profit Organization focus more on ----
   a. **Social welfare/interests**
   b. Surplus generation
   c. Funds mobilization
   d. Governance

31. Which of the following area is not covered by management audit?
   a. System and Procedures
   b. Board’s / Directors Analysis
   c. Research and development
   d. **New product development cycle time**

32. Which of the following is responsible for establishing a private company’s internal control?
   a. **Management**
   b. Auditors
   c. Management and auditors
   d. Committee of Sponsoring Organizations

33. The essence of an effective controlled organization lies in the ----
   a. Effectiveness of its independent auditor
   b. Effectiveness of its internal auditor
   c. Attitude of its employee
   d. **Attitude of its management**

34. Which of management’s concerns with respect to implementing internal controls is the auditor primarily concerned?
   a. Efficiency of operations
   b. **Reliability of financial reporting**
   c. Effectiveness of operations
d. Compliance with applicable laws and regulations

35. To be effective, an internal audit department must be independent of -----
   a. Operating departments
   b. the accounting departments
   c. Both a and b
   d. either a or b, but not both

36. MNCs set transfer prices considering
   a. Manufacturing units profitability
   b. Buying centers requirement
   c. Tax structure in two countries involved
   d. All of the above

37. Performance management is ---
   a. Strategic tool
   b. Re-engineering tool
   c. Business process
   d. Strategic management tool

38. Which of the following is not one of the methodologies used for ensuring effective Enterprise Performance Management?
   a. Six sigma
   b. Activity based control
   c. Total quality management
   d. Control by exception

39. Strategy implementation is done by----
   a. Corporate office
   b. SBU
   c. Both corporate office and SBU
   d. None of them

40. Which of the following is not one of the steps for installing responsibility accounting system?
   a. Create a set of financial performance goals
   b. Measure and report actual performance goals
   c. Evaluate based on comparison of actual with budgets
d. **Initiate corrective actions**

41. Which of the following is not a typical cash flow related to equipment purchase and replacement decisions?
(a) Increased operating cost
(b) Overhaul of equipment
(c) Salvage value of equipment when project is complete
(d) **Depreciation expense**

42. Which of the following ignores the time value of money?
(a) Internal rate of return
(b) Profitability Index
(c) Net present value
(d) **Cash payback**

43. If project A has a lower payback period than project B, this may indicate that project A may have a ....
(a) Lower NPV and be less profitable
(b) Higher NPV and be less profitable
(c) **Higher NPV and be more profitable**
(d) Lower NPV and be more profitable

44. A disadvantage of the cash payback technique is that it.....
(a) Ignores obsolescence factors
(b) Ignores the cost of an investment
(c) Is complicated to use
(d) **Ignores the time value of money**

45. If a company’s required rate of return is 10% and, in using the net present value method, a project’s net present value is zero, this indicates that the
(a) Project’s rate of return exceeds 10%
(b) Project’s rate of return is less than the minimum rate required
(c) **Project earns a rate of return of 10%**
(d) Project earns a rate of return of 0%

46. The primary capital budgeting method that uses discounted cash flow techniques is the.....
(a) **Net present value method**  
(b) Cash payback technique  
(c) Annual rate of return method  
(d) Profitability index method

47. When a capital budgeting project generates a positive net present value, this means that the project earns a return higher than the.....  
(a) Internal rate of return  
(b) Annual rate of return  
(c) **Required rate of return**  
(d) Profitability index

48. Intangible benefits in capital budgeting would include all of the following except increased.....  
(a) Product quality  
(b) Employee loyalty  
(c) **Salvage value**  
(d) Product safety

49. The strategic Business Unit evolved from -----  
   a) Hierarchy- based structure of organization  
   b) Function based structure of organization  
   c) Territorial structure of organization  
   d) **Divisional structure of organization**

50. The Strategic Business Unit evolved during the ----  
   a) **1970s & 1980s**  
   b) 1990s  
   c) 1960s  
   d) 21st Century

51. Which of the following statement about the Strategic Business Unit is true?  
   a) SBUs are not tightly controlled  
   b) SBUs are not separate business setup  
   c) **SBUs are held responsible for their own results / Performance**  
   d) SBUs are evolved from matrix structure  

52. A strategic business unit is a ----
53. Which of the following is not a financial performance measure?
   a) Opening cash flow
   b) Return on assets
   c) Market Cap
   d) **Market share/growth**

54. Find the odd statement out---
   a) The Strategic Business Units are the “Natural groupings” of part of a corporation
   b) **The Strategic Business Units strategy is the same as the corporate strategy**
   c) The Strategic Business Units have an external market focus
   d) The Strategic Business Units allow corporate to respond quickly to changes taking place

54. Which of the following is not a customer related performance measure?
   a) **Market share**
   b) Customer value
   c) Customer satisfaction
   d) New customers

55. “A projected state of affairs that a person, a system or an organization, plans or intends to achieve is ....”
   a) Strategy
   b) Mission
   c) Vision
   d) **Goal**

56. A process where the actions people are led to take in accordance with their perceived self interest are also in the best interest of the organization is known as ---
   a) Synergy
   b) Synchronization
c) Congruence
d) Integration

57. Enterprise Performance Management consists of a set of management and analytic processes supported by ----- that enable business to define strategic goals and then measure and manage performance against these goals.
a) Structure  
b) Technology  
c) Environment  
d) Human resource

58. Which of the following does not belong to the category of quantitative performance indicators?
a) Number of  
b) Proportion of  
c) Levels of  
d) Amount of

59. Which of the following is an example of lead indication?
a) Market share  
b) Net profit  
c) Gross margin  
d) ROI