Mock Examination : CAT Paper MA1
Management Information

Session : December 2012
Set by : Mr Veeramani

Your Lecturer
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Your Mailing Address : ______________________________________
____________________________________

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I wish to have my script marked by my lecturer and
❑ collect the marked script at the SAA-GE Reception Counter
❑ have the marked script returned to me by mail

(Please submit your script latest by 12th November 2012 for marking)
(Mock Test)

Instructor: Mr Veera
Name: ____________________________
Class: ____________________________
Period: ____________________________
Date: ____________________________

The students are to carefully read each question and then circle the letter of the correct answer.

1. Which of the following is an example of computer hardware?
   a. Compiler
   b. Internal modem
   c. Operating system
   d. Spreadsheet

2. Two statements follow about the purpose of a computer.
   1. The purpose of a mouse is to control the cursor on the computer screen.
   2. The purpose of a mouse is to let people play computer games quickly and cheaply.
   Are the above statements true or false?
   a. Both statements are false
   b. Both statements are true
   c. Statement 1 is false but statement 2 is true
   d. Statement 1 is true but statement 2 is false

3. The main piece of computer equipment is called the central processing unit (CPU).
   What is the best definition of a central processing unit?
   a. It contains all the computer programmes
   b. It is created by a computer programmer
   c. It is a programmed computer unit
   d. It is the piece of computer equipment for processing data
Global Inc manufacturers of a single product P1. The following figures relates to P1 for a one-year period.

<table>
<thead>
<tr>
<th>Activity Level</th>
<th>50%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and production units</td>
<td>400</td>
<td>800</td>
</tr>
<tr>
<td>Sales</td>
<td>8,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Production costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>variable</td>
<td>3,200</td>
<td>6,400</td>
</tr>
<tr>
<td>Fixed</td>
<td>1,600</td>
<td>1,600</td>
</tr>
<tr>
<td>Sales and distribution costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable</td>
<td>1,600</td>
<td>1,600</td>
</tr>
<tr>
<td>Fixed</td>
<td>2,400</td>
<td>2,400</td>
</tr>
</tbody>
</table>

The level of activity for the year is 800 units. Fixed costs are incurred evenly throughout the year and actual fixed costs are the same as budgeted. There were no inventories of P1 at the beginning of the year. In the first quarter, 200 units were produced and 160 units sold.

The above information relates to questions 5 to 8.

4. Calculate the fixed production costs absorbed by P1 in the first quarter if absorption is used.

5. Calculate the profit using absorption costing.

6. Calculate the profit using marginal costing.

7. Explain why there is a difference between the answers in (b) and (c).

8. Why are PINs used?
   a. To ensure employees perform their work correctly
   b. To increase the capacity of the computer
   c. To restrict access by unauthorised personnel
   d. None of the above reasons
9. A network PC system is backed up each evening and the minimum size of the backed-up data is 80Mb?

**What is the most likely back-up medium?**

a. A floppy disk  
b. A high speed printer  
c. A separate part of the file server’s hard disk  
d. A zip disk cartridge

10. What term is applied to the practice of retaining computer files no longer required on a daily basis in their original form for storage elsewhere?

a. Archiving  
b. Microfiching  
c. Microfilming  
d. Shredding

11. Your work in your firm’s computerised payroll section. Back-ups of confidential and important computer master files containing payroll information need to be securely stored within the office.

**Where should such files be kept?**

a. Box file on the office shelf  
b. Fire-proof locked cabinet  
c. Locked filing cabinet  
d. Payroll clerk’s desktop drawer
12. An employee believes that incorrect information about himself on his company’s human resources system has contributed to him not being promoted. The company has acknowledged that the information was incorrect and has now corrected it. However, the employee is now seeking compensation for the loss of income that he feels this error has caused him over the years.

**Under what legislation could the employee seek such compensation?**

a. Computer Misuse Act  
b. Computer Protection Act  
c. Data Misuse Act  
d. Data Protection Act

13. What is the scientific term for facts, figures and information?

a. Consultancy  
b. Data  
c. Referencing  
d. Statistics

14. Which is true of management information?

a. It is the same as operating information  
b. It must be produced by a computer  
c. It should be completely accurate  
d. It should be produced if its cost is less than the increased revenue it leads to

15. Which is NOT an attribute of effective communication?

a. Clarity  
b. Completeness  
c. Complexity  
d. Relevance
16. Which is an example of internal information for the wages department of a large company?
   a. A Code of Practice issued by the Institute of Directors
   b. A new national minimum wage
   c. Changes to tax coding arrangements issues by Inland Revenue
   d. The company’s employees’ schedule of hours worked

17. Which would be included in the financial accounts, but may be excluded from the cost accounts?
   a. Bank interest and charges
   b. Depreciation of storeroom handling equipment
   c. Direct material costs
   d. Factory manager’s salary

18. What term is applied to systematic arrangement of numerical data in order to provide a logical account of analytical results?
   a. Computerisation
   b. Pictorialisation
   c. Quantification
   d. Tabulation

19. The phrase ‘Linda bought a loaf of bred’ is contained in a word processed documents. It contains a mistake because bred should really read bread.

   What is the most likely way of the author finding this error?
   a. Ask a colleague to carefully proof-read the document and indicate any mistakes
   b. Check the document with the grammar checker in the word processing software
   c. Check the document with the spell checker in the word processing software
   d. Use a document imaging system to identify incorrectly used words
20. When communicating information, which of the following determine the choice of method used?

1. Comparative cost
2. Degree of confidentiality
3. Speed of delivery

a. 1 only
b. 3 only
c. 1 and 2 only
d. 1, 2 and 3

21. Two statements follow about the purpose of an e-mail system:

1. The purpose of an e-mail system is to send and receive data a computer can work with.
2. The purpose of an e-mail system is to send and receive messages quickly and cheaply.

Are the statements true or false?

a. Both statements are false
b. Both statements are true
c. Statement 1 is false and statement 2 is true
d. Statement 1 is true and statement 2 is false

22. What is the most appropriate definition of an office?

a. A centre for exchanging information between businesses
b. A centre for information and administration
c. A place where information is stored
d. A room were many people using IT work

23. Which is an advantage of office manuals?

a. Strict interpretation of instructions creates inflexibility
b. The quality of service received from suppliers is reduced
c. They create bureaucracy and demonstrative staff
d. They do not facilitate the induction and training of new staff
24. Which function is LEAST likely to be carried out by an Accounts Department?
   a. Arrangement of payments of creditors
   b. Calculation of wages and salaries to be paid
   c. Dispatch of customer orders
   d. Preparation of company financial records

25. What is the main purpose of prime entry records?
   a. Calculate the cash received and spent by a business
   b. Prevent a large volume of unnecessary details in the ledgers
   c. Provide a monthly check on the double-entry bookkeeping
   d. Separate the taxable and exempt VAT transactions

26. The following relate to the use of order processing software in a company:
   1. Legislative changes may be incorporated automatically in periodic updates
   2. Rival companies will be able to use the same software
   3. The company controls development of the software
   4. There may be a large user group to share experiences

   **What are advantages of the company of implementing a software package solution to manage order processing?**
   a. 1 and 3 only
   b. 1 and 4 only
   c. 2 and 4 only
   d. 1,3 and 4 only
27. The following relate to batch processing or real-time processing data:
   1. Audit trails are easily made since the processing of data occurs at pre-determined times.
   2. Customer queries can be responded to immediately.
   3. Processing can be performed during the evening when the computer is not being used interactively.
   4. The data is always up-to-date.

   **What are advantages of real-time processing?**
   
   a. 1 and 2 only
   b. 1 and 3 only
   c. 2 and 4 only
   d. 1, 3 and 4 only

28. Which of the departments listed is NOT a service cost centre in a manufacturing company?
   
   a. Accounting
   b. Assembly
   c. Maintenance
   d. Personnel

29. A company operates a retail supermarket chain selling a range of grocery and household products. It has branches throughout the country and is reviewing the range of goods to be stocked in each of these branches.

   **How might the company best analyse its profitability for this purpose?**
   
   a. By area of the country
   b. By contract with each supplier
   c. By customer payment method
   d. By product line stocked
30. A large hotel has bars, restaurants and banqueting. They are used by hotel residents and outside users. The manager of the hotel is responsible for encouraging residents to use the hotel’s catering facilities.

**Which report will show how effective the manager has been in achieving this objective?**

a. A report analysing the utilization of hotel services per room occupied
b. A report showing the amount of money spent in the hotel’s catering facilities
c. A report showing the amount of residents in the hotel at any given time
d. A report showing the occupancy of the various catering facilities

31. Which description best fits the above cost curve?

a. Direct labour cost per unit  
b. Direct material cost per unit  
c. Fixed production cost per unit  
d. Variable production cost per unit

32. Which item would most likely be treated as an indirect cost by a furniture manufacturer?

a. Fabric to cover the seat of a chair  
b. Metal used for the legs of a chair  
c. Staples to fit the fabric to the seat of a chair  
d. Wood used to make the frame of a chair
33. A company employs 20 direct production operatives and 10 direct staff in its manufacturing department. The normal operating hours for all employees is 38 hrs per week and all staff are paid basic rate of $5 per hour. Overtime hours are paid at the basic rate + 50%. During a particular week all employees worked for 44 hours to meet the company's general production requirements.

**What amount would be charges to production overhead?**

a. $300  
b. $450  
c. $2,350  
d. $2,650

34. With which costs is absorption costing concerned?

a. Direct labour cost only  
b. Direct material cost only  
c. Fixed costs only  
d. Variable and fixed costs

35. How is total contribution calculated?

a. Total revenue less fixed costs  
b. Total revenue less production costs  
c. Total revenue less total costs  
d. Total revenue less variable costs
36. Aspects of payroll include:
   1. Employer’s national insurance contribution
   2. Employee’s national insurance contribution
   3. Income Tax (PAYE)
   4. Salaries

Which of the above are costs to an employer?
   a. 1 and 4 only
   b. 2 and 4 only
   c. 2, 3 and 4 only
   d. 1, 2, 3 and 4

37. An employee is paid on a piecework basis. The scheme is as follows:
   1–100 units per day £0.20 per unit
   101–200 units per day £0.30 per unit
   > 200 units per day £0.40 per unit

Only the additional units qualify for the higher rates. Rejected units do not qualify for payment. An employee produced 210 units in a day of which 17 were rejected as faulty.

What did the employee earn for the day?
   a. £47.90
   b. £54.00
   c. £57.90
   d. £84.00

38. It is possible for an item of overhead expenditure to be shared amongst several cost centres. It is also possible that an item of overhead expenditure may relate to just one specific cost centre.

What term is used to describe charging an item of overhead to just one specific cost centre?
   a. Absorption
   b. Allocation
   c. Apportionment
   d. Re-apportionment
39. What would be the most appropriate basis for apportioning machinery insurance costs to cost centers within a factory?
   a. Floor area occupied by the machinery
   b. Number of machines
   c. Operating hours of machinery
   d. Value of machinery

40. A firm uses a unique code to identify each customer: the first four letters of each name are followed by four digits.

   **Which will appear first when customers are sorted into descending order?**
   a. ADAM0001
   b. ADAA0099
   c. ADDA0100
   d. ABAB0999

41. A firm maintains a stock control database?

   **What is most likely to occur when suppliers cannot deliver goods on time?**
   a. Customer demand will rise accordingly
   b. Customer orders will not be satisfied
   c. Stock levels will become too high
   d. Suppliers’ delivery quantities will be lowered

42. What is the sequential flow of documents to complete the purchase of goods on credit?
   a. Goods received not, purchase order, cheque requisition, invoice, delivery note
   b. Purchase order, delivery note, goods received note, invoice, cheque requisition
   c. Purchase order, goods received note, delivery note, cheque requisition, invoice
   d. Purchase order, invoice, goods received note, cheque requisition, delivery note
43. Which member of staff is most likely to raise a goods received note?
   a. Delivery note
   b. Finance director
   c. Sales ledger clerk
   d. Store clerk

44. The following statements relate to the application of feedback and feed forward control:
   1. Feedback and feed forward are both applied in budgetary planning and control.
   2. Feedback is used in the analysis of variance.
   3. Feed forward enables budgeted data for a period to be amended for the next period.
   4. Feed forward related to the setting of performance standards

   **Which of the above statements are true?**
   a. 1 and 2 only
   b. 3 and 4 only
   c. 1, 2, and 4 only
   d. 1, 3 and 4 only

45. Which is the correct description of a flexible budget?
   a. A budget that can be changed according to circumstances
   b. A budget that is adjusted according to actual activity
   c. A budget that is open to negotiation
   d. A budget that is used for planning purposes only

46. A product has a budgeted direct material of cost £5 per unit. In a period production of the product was:
   
   **Budget** 9,000 units
   **Actual** 8,800 units
   £44,380 was incurred on direct materials for the period’s production.

   **What was the direct material variance, comparing actual with the flexed budget?**
   a. £380 Adverse
   b. £380 Favourable
   c. £620 Adverse
   d. £620 Favourable
47. Which of the following is NOT a factor that should affect a decision whether to investigate a variance?

a. Controllability of variance
b. Cost of investigation
c. Personnel involved
d. Trend of variance

48. A company has sold 11,300 units of its single product for a total sales revenue of £88,140. Variable costs and fixed costs £4.29 and £2.73 per unit respectively.

**What is the contribution sales ratio?**

a. 10%
b. 45%
c. 55%
d. 65%

49. Which of the following is NOT an assumption used in break-even analysis?

a. Selling price depends upon quantity sold
b. Total variable costs increase in proportion to activity
c. Unit fixed costs increase with a decrease in activity
d. Unit variable costs are a constant

50. The following information is available:

- Sales £103,200 (@ £12 per unit)
- Variable costs £54,180
- Fixed costs £38,000

**What level of sales is required to break-even?**

a. 6,032 units
b. 8,600 units
c. £72,381
d. £80,000