(101) Managerial Accounting
Multiple Choice Questions (MCQ)

Sr. No	Question	A	B	C	D	Answer
1	Managerial accounting information is generally prepared for ……	Shareholders	Creditors	Managers	Regulatory Agencies	C
2	Which of the following is not an internal user of management information?	Creditors	Department Manager	Controller	Treasurer	A
3	Management accounting is applicable to	Service entities	Manufacturing entities	Non profit entities	All of these	D
4	Creating Provision against fluctuation in the price of investment is an example of which accounting convention	Convention of conservatism	Convention of full disclosure	Convention of materiality	Convention of consistency	A
5	The work of factory employees that can be physically associated with converting raw material into finished goods is classified as-	Manufacturing overhead	Indirect Materials	Indirect Labour	Direct Labour	D
6	Which one of the following would not be classified as manufacturing overhead?	Indirect Labour	Direct Materials	Insurance on factory building	Indirect Materials	B
7	In manufacturing a product, prime costs are:	Raw materials and manufacturing overhead	Indirect materials and manufacturing overhead	Indirect labour and manufacturing overhead	Direct materials and direct labour	D
8	The system of recording based on dual aspect concept is called:	Double Account System	Double Entry System	Single Entry System	All of these	B
9	The practice of appending notes regarding contingent liabilities in accounting statements is in pursuance to:	Convention of Consistency	Money Measurement Concept	Convention of Conservatism	Convention of disclousre	D
10	Sales are equal to:	Cost of goods sold + gross profit	Cost of goods sold - gross profit	Gross profit- Cost of goods sold	None of these	A
11	All direct & indirect expenses related to business are charged:	Profit & Loss account	Trading Account	Trading A/c & Profit & Loss a/c	Directly to Balance sheet	C
12	Variable cost per unit	Remains Fixed	Fluctutates with volume of production	Varies in consideration with total expenses	None of these	B
13	Cost of asset should always be equal to the cost of the liabilities. This concept is	Double entery book keeping	Matching concept	Consistency	Money Measurement concept	B
14	Which of the following is not a fixed asset?	Building	Bank balance	Plant Patents	Goodwill	B
15	The basic concepts related to P& L a/c are:	Realization concept	Matching concept	Object Concept	Both A & B	D
16	P& L a/c is prepared for a period of one year by following:	Consistency concept	Conservation concept	Accounitng Period Concept	Cost Concept	C
17	Insurance prepaid is shown as:	Current Assets	Current Liabilities	Fixed Assets	Fixed Liability	A
18	Outstanding salary is shown as:	An Asset in the Balancesheet	A Liability	By ajdusting in the Profit & Loss a/c	Both B & C	D
19	According to which concept business is treated as a unit apart from owner	Dual Concept	Divider Concept	Entity Concept	Landlord Concept	C

20	Under which concept it is assumed that the enterprises has neither the intention nor the necessity of liquidation or of curtailing materiality the scale of operation	Revenue Realization Concept	Matching cost concept	Going Concern concept	None of these	C
21	Making the provision for doubtful debts and discount on debtors in anticipation of actual bad debts and discount is an example for which concept	Conservatism Concept	Continuity Concept	Realization Concept	All of these	A
22	Financial accounting use data	Projected Data	External data only	Historic Data	Manager data only	C
23	Bookkeeping is an……of correctly recording of business transition.	Art & Science	Art	Science	Art or Science	B
24	Journal Entries are known as book of ……Entry.	Original	Dulicate	Personal	Nominal	A
25	The purpose of financial accounts is reporting to	Management only	Government only	Investor only	All of these	D
26	Accounting does not record non-financial transactions because of:	Accrual concept	Cost concept	Continuity concept	Money Measurement concept	D
27	Fixed assets and current assets are categorized as per concept of:	Separate Entity	Going Concern	Consistency	Time Period	B
28	Which financial statement represents the accounting equation ASSETS = LIABILITIES + OWNER'S EQUITY	Income Statement	Cash flow Statement	Balancesheet	Fund Flow Statement	C
29	Which of the following best describes a trial balance?	It is a list of balances on the books	It is a special account	Shows the financial position of a business	Shows all enteries in the books	A
30	Management accounting is usually associated with_____ reporting	External	Internal	Both A & B	None of these	B
31	Fixed, mixed, and variable are terms used to describe how_____ behave within a reasonable or relevant range of volume or activities	Costs	Revenue	Both Cost & Revenue	All of these	A
32	Present and future costs that will differ among alternatives are considered to be_____ costs for making decisions.	Fixed	Relevant	Variable	None of these	B
33	Costs that are traceable to a product without allocation are described as_____ product costs.	Assigned	Indirect	Direct	Sunk	C
34	The salary of the manager of the factory maintenance department will be a direct cost to that department, and will be_____ product cost.	a direct	an indirect	a prime	All of these	B
35	Burden is used when referring to which of the following costs?	administrative	conversion	Both A & B	manufacturing overhead	D
36	Manufacturing overhead is which type of cost?	administrative expens	direct product	indirect product	None of these	C
37	A cost that exists,but is not explicitly stated is best described as	an imputed	a relevant	a variable	All of these	A

38	The head of the accounting department in a very large manufacturing firm usually has the title of	CEO	CFO	CIO	Controller	D
39	The budget that changes for ncreases or decreases in volume or activity is a _____	Capital	Flexible	Static	Zero based	B
40	The relevant costs for a business decision are the ____costs.	differential	common	fixed	past	A
41	The cost to manufacture one unit of a product is likely to be	known with precision	reasonable approximation	Unkown approximation	None of these	B
42	Freight-out is best classified as a _____	manufacturing overhead	non-manufacturing overhead	Differential	All of these	B
43	A relevant cost could include some fixed costs.	TRUE	FALSE	Neither True or False	None of these	A
44	The lubricants used to operate a factory's production equipment is_____	an indirect product	a direct product	a period expenses	office expenses	A
45	The annual depreciation of the factory building is a cost for the plant manager	controllable	non-controllable	Both A & B	None of these	B
46	The accountants' term incremental cost is related to the economists' term_____	elasticity	equilibrium	marginal	None of these	B
47	Interest on a loan for operations is classified as a _____ cost.	capitalized	prime	period	product	C
48	Selling and delivery expenses are examples of _____ costs.	inventoires	prime	product	non-inventories	D
49	For decision making, _____ costs are likely to be more useful.	historical	replacement	Sunk	scrap	B
50	A variable cost is likely to remain the same____as volume changes	per unit	in total	Both A & B	None of these	A
51	The_____ is defined as revenues minus variable costs.	contribution margin	gross profit	opportunity cost	All of these	A
52	_____ the term which refers to the combination of direct materials & direct labour costs	object	sunk	drivers	Prime	D
53	_____This term refers to the combination of direct labour costs & manufacutring overhead costs.	mixed	object	Conversion	opportunity	C
54	_____ The cost defined as a benefit foregone by having selected and taken an alternative action.	Oppotrunity	prime	Variable	fixed	A
55	_____the term for past, irrelevant cost	mixed	Sunk	opportunity cost	standard	B
56	_____ these costs consists of direct materials, direct labour and manufacturing overhead.	sunk	dirvers	Product	None of these	C
57	_____ A cost term used instead of semivariable	sunk	scrap	opportunity cost	Mixed	D
58	_____these cost do not change in total within a relevant range of volume or activity.	Fixed	Variable	prime	All of these	A
59	_____the total of these costs will change in proportion to the change in activity or volume.	Fixed	Variable	prime	All of these	B

60	A manufacturer's indirect product costs are also to as manufacturing _____ costs.	Overhead	sunk	opportunity cost	Mixed	A
61	A cost that is not a product a product cost is likely to be a _____ cost.	Oppotrunity	Period	Sunk	None of these	B
62	Realistic, predetermined costs for direct materials, direct labor, & factory overhead describes_____ cost.	Fixed	Variable	Standard	Sunk	C
63	A product, department, service, customer, etc. to which a cost is assigned is a cost___	Static	fixed	Variable	Object	D
64	raw materials, work-in-process, and finished goods are the three_____ accounts usually used by manufacturers.	Invetory	scrap	fixed	dirvers	A
65	Costing is a technique of	Inventory control	Ascertainment of cost	Management control	None of these	B
66	Cost accounting has been developed because of _____ of financial accounting.	Expenditure	Statutory requirement	limitations	None of these	C
67	Cost accountancy is the science, art & _____of cost accountant.	administration	profession	management	practice	D
68	In automobile industry cost unit is	Automobile quality	number	number of automobile industry	All of these	A
69	_____costing is suitable for mines, quarries, cement works etc.	Process	Contract	Batch	Operation	D
70	Cost accounting is based on _____figures.	Approximated	Estimated	Historical	None of these	B
71	The total of all direct expenses is known as	Total cost	Overhead	Prime cost	None of these	C
72	An opportunity cost is a	Direct expenes	Indirect expense	Variable	semi variable	A
73	Work cost is the total of	Direct costs	Indirect cost	Conrollable cost	All of these	C
74	Depreciation is _____ expenditure	variable	semivariable	direct	indirect	B
75	Re-ordering level is= maximum consumption X____	Minimum consumption	Maximum reorders period	Minimum reorders period	None of these	B
76	The quantity of material to be ordered at one time is known as	EOQ	BOQ	EBQ	All of these	A
77	The two aspects of material control are accounting aspect and _____ aspect.	Financial	social	operational	Economical	C
78	Material control aims at achieving effective____ management.	Marketing	Production	Organization	Material	D
79	Stores ledger is maintained in the_____ department.	Cost accounting	Financial accouting	Markeing department	All of these	A
80	With regard to break even charts & break even analysis, which of the following is true?	It is assumed that variable cost fluctuates in direct proportion to output	A break even chart shown the maximum profit possible	A break even chart is capable of dealing with any change of product mix	All of these	A
81	Break-even analysis assumes that over the relevant range:	Total cost are unchanged	Unit variable cost are unchanged	Variable cost are non-linear	None of these	B

82	ABC Ltd. Has fixed costs of Rs. 6,000 p.a. It manufactures a single product, which it sells for 20 per unit. Its contribution to sales ratio is 40%. BC Ltd‘s break-even point in units is :	0	3000	5000	7500	D
83	Sun Ltd. Makes a single product which it sells for 10 per unit . ixed costs are 48000 per month & the product has a contribution to sales ratio of 40%. In a period when actual sales were 1,40,000. Sun Ltd's margin of safety in units was:	2,000	6,000	8,000	12,000	A
84	A company produced 500 units of a product and incurred the following costs: Direct materials - Rs. 8,000, Direct wages -Rs.10,000, Overheads (20% fixed)-	44%	47%	53%	74$	B
85	if fixed costs increased by Rs.31,500 with no other cost or revenue factors changing, the break - even sales in units would be :	34,500	94,500	80,500	69,000	C
86	Which of the following is not a relevant cost information in a make or buy decision?	Variable cost of making	General fixed cost	Purchase price	Loss of contribution to make the product	B
87	Which of the following factors are not qualitative factors in a make or buy decision ?	Doubt as to the ability of the subcontractor to meet delivery dates	Doubt as to ability of the subcontractor to maintain quality	The case with which improvements can be made to the product	The effect of redundancy on labour relations	D
88	The basic research cost should be treated as :	Product cost	Production cost	Production overhead	Period cost	C
89	A material loss during production or storage due to evaporation or shrinkage is called:	Scrap	Waste	Spoliage	Material Loss	B
90	The process of distribution of overheads allotted to a particular department or cost center over the units produced is called:	Allocation	Apportionment	Absorption	Departmentalization	C
91	Angle of incidence defines:	Systematic risk in CAPM model	Post BEP relationship between total cost and	Incidental factors in investments	Marginal cost of production	B
92	If an item of overhead expenditure is charged specifically to a single department this would be an example of:	Apportionment	Allocation	Re-apportionment	Absorption	B
93	Objectives of research and development costs include:	Maintaining present competitive position	Improving enterprise‘s competitive position	Exploring new market/products	All of these	D
94	Under Marginal costing:	All costs are classified into two groups- variable & Fixed cost	Variable costs form part of the product cost and inventory valuation	Fixed costs are treated as period costs	All of these	D

95	Which of the following definitions describe marginal cost?	The variable cost of one unit of product or service	A principle whereby variable costs are charged to cost units and the fixed costs attributable to the relevant period are written-off in full against the contribution for that period	Costs appropriate to aiding the making of specific management decisions	The price at which material identical to that which is used up could be replaced on the date of usage	A
96	Which of the following is not an assumption underlying the accountant‘s break-even chart?	Fixed costs remain fixed throughout the range charted	Selling prices do not change	Variable costs fluctuate inversely with volume	Unit variable costs remain constant throughout the range charted	C
97	Analysis of selling and distribution overheads is done by:	Nature of expenses and functions	Areas, products and salesmen	Types of customers and channels of distribution	All of these	D
98	Depreciation is a:	Measure of consumption of assets	Process of allocation and not of valuation	Wear and tear due to use and/or lapse of time	All of these	D
99	Which of the following does not influence the useful life of an asset?	Expected physical wear and tear	Cost of the asset	Obsolescence	Legal or other limits on the use of the asset	B
100	Depreciation on plant and machinery is :	Not a cash cost, so is ignored in the cost accounts	Part of manufacturing overheads	Part of prime cost	Always calculated using the straight-line method	B
101	Which of the following methods of depreciation results in fixed per unit cost of depreciation?	Straight line	Reducing balance	Sinking fund	Production unit	D
102	Types of maintenance include the following except:	Routine	Overhaul	Emergency	Periodic	B
103	Which of the following is not included in the objectives of maintenance of plant and machinery?	Reducing idle time	Reducing breakdown	Maintaining efficiency	Increasing life	D
104	Regular maintenance expenses are :	Capitalized	Part of manufacturing overheads	Written-off to costing profit and loss account	Part of prime cost	B
105	Obsolescence is the measure of the loss of value of an asset due to :	Technological innovation	Changes in market conditions	Both A & B	None of these	C
106	Which of the following is not a possible method of accounting for administration overheads?	Direct wages	Works cost	Conversion cost	Sales value	A
107	The treatment of idle time in cost includes the following:	Cost of normal and controllable idle time is charged to factory overheads	Cost of normal but uncontrollable idle time is treated as prime cost	Cost of abnormal and uncontrollable idle time is charged to costing profit and loss account	All of these	D
108	Avoidable causes of labour turnover include the following except:	Redundancy	Low wages	Bad working conditions	Marriage	D

109	The unavoidable causes of labour turnover include the following except:	Personal betterment	Dissatisfaction with the job	Illness	Retirement	B
110	Labour turnover can be measured by the following methods except:	Attrition method	Separation method	Replacement method	Flux method	A
111	Cost of labour turnover may be treated as :	Direct wages	Prime cost	Overhead	None of these	C
112	Which of the following techniques is not meant for labour cost control?	Budgetary control	Standard costing	ABC analysis	Ratio analysis	C
113	Cost of production is equal to	Prime costs+ other manufacturing costs.	Production costs + Administration expenses.	Prime costs + Manufacturing costs + Opening W.I.P – Closing W.I.P.	None of these	D
114	The cost of goods sold is equal to	Total Purchases - Total Sales.	Opening stock + Total Purchase.	Opening stock - Total Purchases +Closing Stock+ Direct Costs.	Opening stock + Total Purchases – Closing Stock + Direct Costs.	D
115	Which of the following is false regarding the LIFO method of inventory valuation?	The material issue will be priced at the price of the material that is purchased last.	The pattern of cash flow does not necessarily coincide with the actual flow pattern of materials.	It permits management to influence net income by timing the purchases.	LIFO determines closing inventory at recent costs.	D
116	Which of the following is NOT a reason for carrying inventory?	To maintain independence of operations	To take advantage of economic purchase-order size	To make the system less productive	To meet variation in product dem	C
117	Contribution margin contributes to meet which one of the following options ?	Variable cost	Fixed cost	Operating cost	Net profit	B
118	Which of the following inventory valuation methods shows higher profits during the period of rising prices?	FIFO method.	LIFO method.	Weighted average method.	Simple average method.	A
119	Which of the following systems of inventory valuation computes cost of goods sold as a residual amount?	Weighted Average.	Last-in-First-out.	Periodic Inventory System.	Specific Identification.	C
120	Overhead expenses can be classified according to:	Functions	Elements	Behavior	All of these	D
121	Some overhead charges tend to vary almost directly, some tend to remain constant while some again vary in part with the volume and in part remain constant. This statement describes sequentially the following:	Variable, fixed and semi-variable overheads	Fixed, semi-variable and variable overheads	Semi-variable, variable and fixed overheads	Variable, semi-variable and fixed overheads	A
122	Example of semi-variable items include the following except:	Telephone	Repairs and	Depreciation of plant	Insurance of plant and	D
123	Direct Labor is an element of:	Prime cost	Conversion cost	Total production cost	All of these	D
124	Which of the following is not a production department?	Power department	Machining department	Refining department	Finishing department	A
125	(1) Departmentalization of items of costs is known as primary distribution. (2) Redistribution of service departments, costs is known as secondary distribution. True or false?	(1) and (2) true	(1) and (2) false	(1) False; (2) True	(1) True; (2) False	A
126	Which of the following bases would be most appropriate to apportion the cost of electric power to factory departments?	Number of outlet points	Amount metered out	Cubic capacity of premises	Kilowatt capacity of machines in department	B

127	A method of dealing with overheads involves spreading common costs over cost centres on the basis of benefit received. This is known as	Overhead absorption	Overhead apportionment	Overhead identification	Overhead analysis	B
128	The process of cost apportionment is carried out so that :	Costs may be controlled	Cost units gather overheads as they pass through cost centres	Whole items of cost can be charged to cost centres	Common costs are shared among cost centres	D
129	An overhead absorption rate is used to :	Share out common costs over benefiting cost	Find the total overheads for a cost centre	Charge overheads to products	Control overheads	C
130	Which of the following is not a means whereby factory overheads can be charged out to production?	Direct labour rate	Overtime rate	Machine hour rate	Blanket rate	B
131	Annual requirement is 7800 units; consumption per week is 150 units. Unit price 5, order cost 10 per order. Carrying cost 1 per unit and lead time is 3 week, The Economic order quantity would be.	395 units	300 units	250 units	150 units	A
132	Which of the following is/are not associated with ordering costs?	Interest	Insurance	Opportunity costs	All of these	D
133	The short run is a time period in which:	All resources are fixed.	The level of output is fixed.	The size of the production plant is variable.	Some resources are fixed and others are variable	D
134	The components of factory overhead are as follows:	Direct material + indirect material + direct expenses	Indirect material + Indirect labor + others indirect cost	Direct material + indirect expenses + indirect labor	Direct labor + indirect labor + indirect expenses	B
135	The term Maximum level represents:	The maximum stock level indicates the maximum quantity of an item of material which can be held in stock at any time.	The maximum stock level indicates the maximum quantity of an item of material which cannot be held in stock at any time.	The average stock level indicates the maximum quantity of an item of material which can be held in stock at any time.	The available stock level indicates the maximum quantity of an item of material which can be held in stock at any time.	A
136	The FIFO inventory costing method (when using a perpetual inventory system) assumes that the cost of the earliest units purchased is allocated in which of the following ways?	First to be allocated to the ending inventory	Last to be allocated to the cost of goods sold	Last to be allocated to the ending inventory	First to be allocated to the cost of goods sold	D
137	A firm Uses its own capital or Uses its owner's time and/or financial resources both are examples of	Implicit Cost	Explicit Cost	Sunk Cost	Relevant Cost	A
138	Wage, Rent & Materials are examples of :	Implicit Cost	Explicit Cost	Direct Cost	Manufacturing Cost	B
139	It is possible for an item of overhead expenditure to be shared amongst many departments. It is also possible that this same item may relate to just one specific department. If the item was not charged specifically to a single department this would be an example of:	Apportionment	Allocation	Re-apportionment	Absorption	A
140	When prices are rising over time, which of the following inventory costing methods will result in the lowest gross margin/profits?	FIFO	LIFO	Weighted Average	Cannot be determined	B

141	Which of the following is NOT an assumption of the basic economic-order quantity model?	Annual demand is known	Ordering cost is known	Carrying cost is known	Quantity discounts are available	D
142	Which of the following cost is used in the calculation of cost per unit?	Total production cost	Cost of goods available for sales	Cost of goods manufactured	Cost of goods Sold	C
143	The first in, first out method of pricing raw material issues, exhibits which one of the following features?	The issue price is recalculated each time new deliveries are made into stock.	The issue price is always at the latest price.	The goods are always issued strictly in the physical order in which they are received.	The issue price is always at the earliest price.	C
144	Which of the following is not a method of pricing raw material issues from stock?	Standard costing.	Unit cost.	Marginal cost.	Continuous weighted average.	C
145	The margin of safety can be defined as:	The excess of budgeted or actual sales over budgeted or actual variable expenses	The excess of budgeted or actual sales over budgeted or actual fixed expenses	The excess of budgeted sales over the break-even volume of sales	The excess of budgeted net income over actual net income	C
146	The contribution margin ratio is calculated by using which one of the given formula?	(Sales - Fixed Expenses)/Sales	(Sales - Variable Expenses)/Sales	(Sales - Total Expenses)/Sales	None of these	B
147	Sales- Rs. 15,00,000, Variable Cost- Rs. 9,00,000, Fixed Cost- Rs.4,00,000 Break Even Sales is___	1, 00,0000	2,00,000	13,00,000	50,000	A
148	The break-even point is the point where:	Total sales revenue equals total expenses (variable and fixed)	Total contribution margin equals total fixed expenses	Total sales revenue equals to variable expenses only	Both A & B	D
149	The break-even point in units is calculated using_____	Fixed expenses and the contribution margin ratio	Variable expenses and the contribution margin ratio	Fixed expenses and the unit contribution margin	Variable expenses and the unit contribution margin	C
150	Marginal costing is also known as:	Indirect costing	Direct costing	Variable costing	Both B& C	D
151	The difference between total revenues and total variable costs is known as:	Contribution margin	Gross margin	Operating income	Fixed costs	A
152	Percentage of Margin of Safety can be calculated in which one of the following ways?	Based on budgeted Sales	Using budget profit	Using profit & Contribution ratio	All of these	D
153	Which of the following represents a CVP equation?	Sales = Contribution margin (Rs.) + Fixed expenses + Profits	Sales = Contribution margin ratio + Fixed expenses + Profits	Sales = Variable expenses + Fixed expenses + profits	Sales = Variable expenses –Fixed expenses + profits	C
154	The cost expended in the past that cannot be retrieved on product or service	Relevant Cost	Sunk Cost	Product Cost	Irrelevant Cost	B
155	The combination of direct material and direct labor is :-	Total production Cost	Prime Cost	Conversion Cost	Total manufacturing Cost	B
156	_____ method assumes that the goods received most recently in the stores or produced recently are the first ones to be delivered to the requisitioning department.	FIFO	Weighted average method	Most recent price method	LIFO	D

157	Fixed cost per unit decreases when:	Production volume increases.	Production volume decreases.	Variable cost per unit decreases.	Variable cost per unit increases.	A
158	Prime cost + Factory overhead cost is:	Conversion cost.	Production cost.	Total cost.	None of these	B
159	Contribution margin contributes to meet which one of the following options?	Variable cost	Fixed cost	Operating cost	Net profit	B
160	Which of the following is a direct labour cost?	Supervisors‘salaries in the factory.	Costs of the payroll accounting section.	A bonus paid to the store man.	The wages of an operative paid on the basis of output achieved.	D
161	Production overheads are absorbed into production units by the use of an overhead absorption rate. Which one of the following best describes how the absorption rate is calculated?	Total number of units produced divided by the total cost centre overheads.	Total number of units produced multiplied by the unit overhead cost.	Total cost centre overheads divided by the cost centre activity level.	Total indirect costs for the business divided by the total number of units produced.	C
162	A variable cost is?	One which varies in proportion to the level of fixed cost incurred.	One which tends to vary with the level of activity.	One which changes over time.	One which cannot be estimated with any great degree of accuracy.	B
163	the term Contribution‘ refers to?	The actual amount of profit made per unit.	The budgeted profit per unit.	The amount of profit which goes towards meeting the overheads of the business.	The difference between sales revenue and variable costs per unit.	D
164	The break-even point is that at which:	The level of activity at which the business operates most economically.	The level of activity at which the business makes neither a profit nor a loss.	The fixed costs are lowest.	The variable cost per unit is minimized.	B
165	A flexible budget:	is another name for management by exception	is developed at the end of the period	provides favorable operating results	All of these	B
166	A variance is:	the gap between an actual result and a benchmark amount	the required number of inputs for one standard output	the difference between an actual result and a budgeted amount	the difference between a budgeted amount and a standard amount	C
167	An unfavorable variance indicates that:	the actual amount decreased operating income relative to the budgeted amount	actual revenues exceed budgeted revenues	actual costs are less than budgeted costs	None of these	A
168	A favorable variance indicates that:	budgeted costs are less than actual costs	actual revenues exceed budgeted revenues	the actual amount decreased operating income relative to the budgeted amount	All of these	B
169	What is the term used to describe the difference between a planned result and the actual outcome?	Flexible budget	Analysis	Variance	Financial budget	C

170	What is the term used to describe a budget that indicates revenues, costs, and profits for different levels of activity?	Static budget	Master budget	Production budget	Flexible budget	D
171	Flexible budget amount is added to flexible budget variance to calculate	static result	actual result	secondary result	primary result	B
172	Flexible budget amount is Rs.57000 and flexible budget variance is Rs.14000 then actual result amount will be	71000	61000	43000	24000	A
173	Budgeted sales in unit is 50 and breakeven sales in unit is 12 then margin of safety in units will be	62	38	48	58	B
174	Relationship is based on unrelated level of activity and past data of cost is measured with the help of	Cost Estimation	Price estimation	Unit estimation	Production estimation	A
175	Cost that has elements of variable and fixed costs at same time is considered as	Variable cost	mixed cost	semi-variable cost	Both B& C	D
176	Component of total cost which never changes with change in level of production is classified as	Fixed cost	variable cost	semi variable cost	All of these	A
177	A manager who is responsible for only cost of company is classified as	Cost Center	Revenue center	profit cener	investment center	A
178	Product which requires large amount of resources but incur low per unit cost is classified as	product over costing	product under costing	expected under cost	expected over cost	B
179	Contribution margin is Rs. 13000 and total variable cost is Rs. 7000 then total revenue will be	Rs. 13,000	Rs. -6,000	Rs. 6,000	Rs. 20,000	C
180	An actual result is Rs. 25000 and flexible budget amount is Rs. 11000 then flexible budget amont is	Rs. 36,000	Rs. 46,000	Rs. 56,000	Rs.14,000	D
181	Which of the following is not a function of budgeting?	Planning	Decision making	Motivating	Controlling	B
182	The term 'budgetary period' relates to:	The subdivisions of the main budget	The period in which the budget is finalised	The period for which the budget is prepared	A specific year for which the budget has been prepared	C
183	A budget is 'accepted' by managers when they:	Agree to it verbally	Relates it to their own personal objectives	Are consulted by top management	Receive the budget in writing	B
184	What functional role do management accountants play in the budgeting process?	They decide what bonuses should be paid to the staff	They set targets for other managers	They audit the financial statements	They facilitate and co-ordinate the budgeting process	D
185	A fixed budget is:	A budget that ignores inflation	A budget that never changes	A budget that is set for a specified level of activity	A budget that itemises the fixed costs of a department	C
186	A flexible budget is:	A budget that will be changed at the end of every month in order to reflect the actual costs of a department	A budget that is constantly being changed	A budget that is adjusted to reflect different costs at different activity levels	A budget that comprises variable costs only	C
187	Which of the following will not appear in a cash budget?	Sales revenue	Machinery bought on hire purchase	Wages	Depreciation of machinery	D

188	If actual output is lower than budgeted output which of the following costs would you expect to be lower than the original budget?	Total fixed costs	Variable costs per unit	Fixed costs per unit	Total variable costs	D
189	A budget is a plan of action expressed in_____	Financial terms	Non-Financial terms	Subjective matter	Both A & B	D
190	Budget is prepared for a_____	Indefinite period	Definite period	Period of one year	Six months	B
191	A budget is tool which helps the management in planning & control of_____	All business activities	Production activities	Purchase activities	Sales activities	A
192	Budgetary control system act as a friend, philosopher & guide to the____	Shareholders	Management	Creditors	Employees	B
193	The success of budgetary control system depends upon the willing cooperation of:	Shareholders	Management	Creditors	All the functional areas of management	D
194	Budget period depends on:	The type of budet	The nature of business	The length of trade cycle	All of these	D
195	The budget are classified on the basis of_____	Time	Function	Flexibility	All of these	D
196	The main objective of budetary control is	To plan to achive its goals	To define the goal of the firm	To coordinate different departments	None of these	A
197	Fixed budet is useless for comparisions when the level of activity_____	Increases	Fluctuate both ways	Decreases	Constant	B
198	A budet center is_____	Department or part of the department	Meeting place for budet committee	Office of the budget officer	None of these	A
199	The budet committee consists of:	Managers	Budet officers	Creditors	Both	B
200	The revenue recognition principal dictates that all types of incomes should be recorded or recognized when	a) Cash is received	At the end of accounting period	When they are earned	When interest is paid	C