The financial status of a company at any given time is shown by a ..........

 Balance Sheet

 Profit and Loss Account

 Cash Book

 Trial Balance

***1 point***

........... is a type of job costing.

 Batch

 Unit

 Multiple

 Operating

***1 point***

Cost accounting is based on ......... figures.

 Approximated

 Estimated

 Historical

 Standard

***1 point***

A cost incurred in the past that is not relevant to any current decision is classified as a(n) ........

 Sunk cost

 Differential cost

 Period cost

 Opportunity cost

***1 point***

Goodwill, Copy rights and Patents are known as .........

 Current assets

 Intangible assets

 Investments

 None of the above

***1 point***

The cost that tends to remain constant irrespective of change in level of output is ..........

 Variable cost

 Fixed cost

 Differential cost

 None of the above

***1 point***

.......... is also known as overheads cost.

 Direct material

 Direct labour

 Indirect expense

 Direct expense

***1 point***

.......... is the cost of direct materials.

 Cotton waste

 Grease

 Freight charge

 Coolant

***1 point***

Which of the following is an example of variable cost?

 Direct materials

 Salaries

 Rent

 Depreciation

***1 point***

Which of the following is likely to be a fixed cost?

 Direct labour

 Office rent

 Sales commission

 Direct material

***1 point***

........ is used for cost control.

 Standard cost

 Marginal cost

 Historical cost

 All of the above

***1 point***

........ are called elements of cost.

 Materials

 Labour

 Overheads

 All of the above

Basic objective of cost accounting is..........

 Tax compliance

 Financial audit

 Cost ascertainment

 Profit analysis

***1 point***

Conversion cost excludes ..........

 Labour costs

 Factory overheads

 Direct expenses

 Direct material costs

***1 point***

Imputed cost is a ........

 Notional cost

 Real cost

 Abnormal cost

 Variable cost

***1 point***

Management Accounting maintains ..........

 Journal

 Ledger

 Journal and Ledger

 None of the above

***1 point***

Management Accounts analyses accounting data with the help of .........

 Tools and techniques

 Statutory forms

 Auditors

 None of the above

***1 point***

Management accounts is suitable for ........

 Small businesses

 Cooperative societies

 Non-profit organisations

 Large industrial and trading concerns

***1 point***

Operating costing is suitable for..........

 Job order businesses

 Contractors

 Processing industries

 Service industries

***1 point***

Process costing is suitable for .........

 Hospitals

 Transport firms

 Oil refining firms

 Brick laying firms

***1 point***

The statement of revenues and expenses for a given period of time is known as ........

 Profit and Loss Account

 Trading Account

 Trial Balance

 Balance Sheet

***1 point***

........ cost is to be incurred even when a business unit is closed.

 Shut down

 Sunk

 Imputed

 Replacement

***1 point***

Balance sheet is a statement showing ..........

 Assets

 Liabilities

 Capital

 All of the above

***1 point***

The main purpose of financial accounting is .........

 To provide financial information to stakeholders

 To minimize the tax liability

 To keep track of company expenses

 None of the above

***1 point***

Management accounting assists the management ..........

 In control

 In direction

 In planning

 In planning, direction and control

***1 point***

Management accounting deals with ...........

 Quantitative information

 Qualitative information

 Qualitative and Quantitative information

 None of the above

***1 point***

Management accounting is designed for use of........

 Internal users

 Customers

 External users

 Brokers

***1 point***

Management accounts are prepared for ........ stakeholders.

 Internal

 External

 Budget

 Financial

***1 point***

The emphasis and focus of management accounting is.........

 Future oriented

 Bank oriented

 Past oriented

 Communication oriented

***1 point***

Tools and techniques of management accounting include .........

 Financial planning

 Decision making

 Reporting

 All of the above

***1 point***

The management accounting can be stated an extension of...........

 Cost and Financial Accounting

 Financial and Responsibility

 Responsibility Accounting

 Cost, Financial and Responsibility Accounting

***1 point***

The objective of management accounting is to.......

 Measure the business results

 Facilitate the managerial decisions

 Classifying the accounts

 None of the above

***1 point***

The purpose of Management Accounting is............

 Managers take decisions

 Banks make decisions

 Investors make decisions

 Concerned with past performance

***1 point***

The role of management accountant focuses on .......

 Profit planning

 Capital budgeting

 Financing

 All of the above

***1 point***

Which of the following does not describe a focus of management accounting?

 External

 Decision making

 Planning

 Control

***1 point***

Which of the following is not the goal of management accounting?

 Information to creditors

 Information for planning

 Information for control

 Information for decisions

***1 point***

Comparison of financial statements highlights the trend of the .......... of the business.

 Financial Position

 Performance

 Profitability

 All of the above

***1 point***

Trend percentages and trend ratios are used in........

 Static Analysis

 Dynamic Analysis

 Horizontal Analysis

 Vertical Analysis

The assessment of financial statements by a shareholder is an example of ..........

 Vertical Analysis

 Horizontal Analysis

 Internal Analysis

 External Analysis

***1 point***

Interpretation of accounts is ...........

 Art and science of translating the figures

 To know financial strengths and weaknesses of a business

 To know the causes for the prevailing performance of business

 All of the above

***1 point***

Vertical analysis is made on the basis of........

 Single set of financial statements

 Multiple sets of financial statements

 Different schedules attached to financial statements

 None of the above

***1 point***

Trend analysis is significant for...........

 Forecasting and budgeting

 profit planning

 Working capital management

 Capital rationing

***1 point***

Horizontal analysis is done by analysing ...........

 Financial statements of a particular year

 Half yearly statements

 Financial statements of a several years

 None of the above

***1 point***

Financial statement are meaningful and useful only when they are....

 Verified

 Presented to owners

 Analysed and interpreted

 Published

***1 point***

The process of explaining the meaning, significance and relationship between two financial factors is called .........

 Summarisation

 Analysis

 Interpretation

 Reporting

***1 point***

The first step in an analysis of financial statements is to .....

 Check the auditor's report

 Check references containing financial information

 Specify the objectives of the analysis

 Do a common-size analysis

***1 point***

The process of comparing various financial factors of a company over a period of time is known as .........

 Inter-firm comparison

 Ratio analysis

 Intra-firm comparison

 Inter-industry comparison

***1 point***

Which report gives a review on the profitability of a business?

 Statement of changes in equity

 Cash flow statement

 Balance sheet

 Income statement

***1 point***

Which one of the following ratios is the indicator of the long-term solvency of the firm?

 Acid test ratio

 Debt equity ratio

 Time interest earned ratio

 Working capital turnover ratio

***1 point***

All profitability ratios are expressed in terms of.......

 Proportion

 Times

 Percentages

 Numbers

***1 point***

The liquid ratio should be around......

 4

 5

 2

 1

***1 point***

All solvency ratios are expressed in terms of.......

 proportion

 Times

 Percentages

 Numbers

***1 point***

The ideal current ratio is..........

 2

 5

 4

 3

***1 point***

The 'Safe level' for proprietary ratio is...........

 0.50

 2

 1

 3

***1 point***

The net profit ratio is the ratio of net profit to .............

 Net total sales

 Net cash sales

 Net credit sales

 Capital employed

***1 point***

Proprietory ratio indicates the relationship between proprietor's funds and .........

 Reserves

 Total assets

 Share capital

 Debentures

***1 point***

Gross profit ratio establishes the relationship between .............

 Gross profit and Total sales

 Gross profit and Credit sales

 Gross profit and Cash sales

 Gross profit and Cash purchases

***1 point***

Current ratio:2.5; Working capital:Rs.60,000; Calculate the amount of current assets and current liabilities.

 Rs.40,000 and Rs.1,00,000

 Rs.90,000 and Rs.30,000

 Rs.1,00,000 and Rs.40,000

 Rs.30,000 and Rs.90,000

***1 point***

From the following particulars, Calculate Stock turnover ratio. Opening stock: Rs.40,000; Closing stock: Rs.44,000; Sales:Rs.4,15,000 and Gross profit ratio:20%

 7.90

 7.91

 7.19

 7.09

***1 point***

Net profit before tax:Rs.1,00,000; Tax:50% of net profit; 10% Preference share capital(Rs.10 each):Rs.1,00,000; Equity share capital(Rs.10 each):Rs.1,00,000

 Rs.5

 Rs.4

 Rs.2.50

 Rs.4.50

Earnings per share is a.......

 Profitability ratio

 Turnover ratio

 Liquidity ratio

 Fixed assets ratio

**1 point**

….. is used to measure the operational and managerial efficiency.

 Return on investment

 Investment in inventory

 Capital gearing ratio

 Debt equity ratio

**1 point**

Net operating profit ratio determines........while net profit ratio determines..........

 Overall efficiency of the business, working efficiency of the management

 Working efficiency of the management, overall efficiency of the business

 Overall efficiency of the external market, working efficiency of the internal management

 None of the above

**1 point**

Operating ratio is calculated by.......

 (Operating Cost/Gross sales)\*100

 (Operating Cost/Credit sales)\*100

 (Operating cost/Net sales)\*100

 None of the above

**1 point**

The term capital employed means .......

 Total fixed assets

 Total fixed and current assets

 Net working capital and fixed assets

 All of the above

**1 point**

Higher the ratio, the more favourable it is, doesn’t stands true for....

 Operating ratio

 Liquidity ratio

 Net profit ratio

 Stock turnover ratio

**1 point**

Calculate Average collection period from the following: Credit sales for the year:Rs.30,000; Debtors:Rs.2,500; Bills Receivable:Rs.3,000

 67.5 days

 67 days

 65.7 days

 66.5 days

**1 point**

Calculate Debt Equity ratio: Long term debt: Rs.5,00,000; Share capital:Rs.8,00,000 and Retained earnings: Rs.2,00,000

 6.5

 0.5

 0.875

 1.15

**1 point**

If Inventory turnover ratio is 5 times, Gross profit ratio is 20% and Sales is Rs.10,00,000. Calculate Average stock.

 Rs.1,10,600

 Rs,1,00,600

 Rs.1,06,000

 Rs.1,60,000

**1 point**

The ratio which shows the ability to pay short tern obligations out of short term resources known as.............

 Liquidity ratio

 Leverage ratio

 Profitability ratio

 Activity ratio

**1 point**

What is the serious limitation of ratio analysis?

 Window dressing

 Price level changes not considered

 Personal bias

 All of the above

**1 point**

Sales:Rs.40,00,000; Debtors turnover ratio: 8 times.Closing Bills receivable:Rs.40,000. Calculate closing debtors.

 Rs.4,06,000

 Rs.4,61,000

 Rs.4,60,000

 Rs.4,16,000

The term fund refers to...........

 Reserves

 Working capital

 Profits

 Capital employed

**1 point**

Gross Working Capital is the.........

 Total value of current assets

 Total value of fixed assets

 Total value of liabilities

 Total value of all assets

**1 point**

Funds from operation is a/an............

 Gross Profit

 Net Profit

 External source of funds

 Internal source of funds

**1 point**

Depreciation is..........

 An external source of funds

 An application of funds

 A Non-fund item

 A fund item

**1 point**

Sale of a fixed asset is ......

 An external source of funds

 An item of funds from operation

 An application of funds

 An internal source of funds

**1 point**

Short term investment is.......

 A current asset

 A current liability

 An application of funds

 A source of funds

**1 point**

Payment of dividend is........

 An application of funds

 A source of funds

 A non-fund item

 Neither source nor application

**1 point**

Income tax paid is a/an .......

 Current liability

 Current asset

 Application of funds

 Trading expense

**1 point**

Funds inflow from operations is .........

 An internal source of funds

 An application of funds

 An external source of funds

 A change in working capital

**1 point**

Purchase of fixed asset by issue of shares is .........

 A source of funds

 An application of funds

 An item to be ignored in fund flow analysis

 An item to be considered in fund flow analysis

**1 point**

Purchase of long term investment is..........

 A current asset

 An application of funds

 A source of funds

 A fixed asset

**1 point**

Redemption of preference shares is.........

 An increase in working capital

 An application of funds

 A source of funds

 An decrease in working capital

Repayment of Long-term loans is........

 A use of funds

 A non-fund item

 A source of funds

 A part of Funds from operations

**1 point**

Cash flow includes..........

 Cash receipts only

 Cash payments only

 Cash receipts and payments

 Cash and non-cash incomes and expenses

**1 point**

Payment of bonus to employees is a/an .......

 Operating activity

 Financing activity

 Investing activity

 Growth activity

**1 point**

Payment for the buy-back of equity shares of the company is a/an .....

 Operating activity

 Financing activity

 Investing activity

 Growth activity

**1 point**

Cash flows from operating activities predominantly result from the.........

 Main revenue-generating activities of an enterprise

 Supplementary revenue-generating activities of an enterprise

 Finance generating activities of an enterprise

 Administrative activities of an enterprise

**1 point**

Net increase or decrease in cash and cash equivalents includes .......

 Cash flows from operating activities

 Cash flows from investing activities

 Cash flows from financing activities

 Cash flows from operating,investing and financing activities

**1 point**

Cash from operations is the result of .....

 Profit from business activities

 Cash from business activities and changes in current assets and liabilities

 Sale of fixed assets

 Borrowings from outside sources

**1 point**

The closing balance worked out under cash flow statement in any year must be equal to.....

 The cash balance in the balance sheet of that year

 The profit after tax of that year

 The reserves and surplus of that year

 The profit before tax of that year

**1 point**

Either direct method or indirect method will result in a .......... of net cash flow from operations

 Negative amount

 Positive amount

 Same amount

 Different amount

**1 point**

As per AS-3, cash flow statement is mandatory for...........

 All enterprises

 Companies listed on a stock exchange

 Business enterprises whose turnover exceeds Rs. 50 crores

 Companies listed on a stock exchange and Business enterprises whose turnover exceeds Rs. 50 crores

**1 point**

Under indirect method,....... is taken as the base.

 Operating profit after working capital changes

 Net Profit after tax and extradinary items

 Net Profit before tax and extradinary items

 Operating profit before working capital changes

**1 point**

Cash flows arising from transaction in a foreign currency should be recorded in ..........

 Enterprise’s reporting currency

 Foreign currency

 Currency specified by RBI

 Currency specified by SEBI

Find out the Provision for Income Tax made during the financial year 2017-2018: Opening balance of Provision for Tax- Rs.2,65,000; Closing balance of Provision for Tax - Rs.2,90,000 and Tax paid during the year-Rs.3,00,000

 Rs.3,25,000

 Rs.2,55,000

 Rs.3,52,000

 Rs.3,00,000

**1 point**

Proposed dividend on 1.4.2015 - Rs.50,000; Proposed dividend on 31.3.2016- Rs.40,000 and Dividend paid during the year- Rs.70,000. Find out the amount of Proposed dividend to be debited in Profit and Loss Appropriation A/c?

 Rs.60,000

 Rs.80,000

 Rs.1,10,000

 Rs.1,20,000

**1 point**

Ascertain the amount of Profit or Loss on sale of machinery: Cost of machinery - Rs.1,00,000; Accumulated depreciation on machinery - Rs.30,000; Sale value of machinery -Rs.80,000.

 Profit Rs.10,000

 Loss Rs.10,000

 Loss Rs.20,000

 Profit Rs.20,000

**1 point**

Find out the Net Cash from Investing activities: Sale of Fixed assets- Rs.2,00,000; Purchase of fixed assets - Rs. 1,00,000; Issue of shares for cash - Rs.2,00,000.

 Rs.2,00,000

 Rs.1,00,000

 Rs.3,00,000

 Rs.5,00,000

**1 point**

Find out the amount of depreciation charged on fixed assets during the year 2015: Opening balance of provision for depreciation- Rs.90,000; Closing balance of provision for depreciation- Rs.1,00,000 and Depreciation on fixed assets sold during the year-Rs.25,000.

 Rs.25,000

 Rs.35,000

 Rs.15,000

 Rs.10,000

**1 point**

Find out the amount of transfer to Reserve from Profit and Loss A/c: Balance of Reserves on 1.1.2009- Rs.4,60,000, Reserves used for redemption of Preference shares-Rs.1,30,000 and Balance of Reserves on 31.12.2009-Rs.4,30,000.

 Rs.1,60,000

 Rs.1,00,000

 Rs.1,30,000

 Rs.2,80,000

**1 point**

Cash receipt from the disposal of investments is a/an .....

 Operating activity

 Financing activity

 Investing activity

 Growth activity

**1 point**

Payment to employees under the Voluntary Retirement Scheme is a/an .......

 Operating activity

 Financing activity

 Investing activity

 Growth activity

**1 point**

Cash repayment of amounts borrowed is a/an ......

 Operating activity

 Financing activity

 Investing activity

 Growth activity

**1 point**

....... are the activities that result in changes in the size and composition of the owners’capital and borrowings of the enterprise.

 Operating activities

 Financing activities

 Investing activities

 Growth activities

**1 point**

An increase in a current asset results in ......

 An increase in cash

 A decrease in cash

 Nil effect

 An increase in funds

**1 point**

A time span for the conversion of current assets into cash in the normal course of the business should not exceed ..........

 One year

 One year or the operating cycle

 The operating cycle

 Two years

**1 point**

Absorption costing is also known as ....

 Historical costing

 Total costing

 Both a and b

 None of the above

**1 point**

Contribution /sales is equal to ...

 P/V ratio

 Net profit ratio

 BEP

 EPS

**1 point**

Expenses that do not vary with the volume of production are known as ....

 Fixed expenses

 Variable expenses

 Semi-variable expenses

 None of the above

**1 point**

Marginal cost is computed as ....

 Prime cost + All Variable overheads

 Direct material + Direct labour + Direct Expenses + All variable overheads

 Total costs – All fixed overheads

 All of the above

**1 point**

The technique of marginal costing is based on classification of cost into ........

 Period and product cost

 Fixed and variable cost

 Variable and semi-variable cost

 None of the above

**1 point**

Contribution is an .......

 Excess of sales over total cost

 Excess of cost of sales over sales

 Excess of sales over fixed cost

 Excess of sales over variable cost

**1 point**

Sales Rs. 1,00,000, Contribution Rs. 40,000. P/V ratio is ....

 40%

 50%

 60%

 30%

**1 point**

Sales Rs. 1,00,000, variable cost Rs. 50,000 and net profit is 10% on sales. Find out fixed cost.

 Rs. 50,000

 Rs. 40,000

 Rs. 10,000

 Rs. 60,000

**1 point**

The other name of marginal costing is ....

 Direct costing

 Variable costing

 Incremental costing

 All of the above

**1 point**

P/V ratio can be improved by ........

 Increasing the variable cost

 Increasing the selling price per unit

 Decreasing the fixed cost

 Increasing the fixed cost

**1 point**

The term gross margin refers to ....

 Total profit

 Contribution

 Profit before tax

 Profit before interest and tax

**1 point**

If P/V ratio is 40% of sales,then remaining 60% of sales is ........

 Profit

 Fixed cost

 Variable cost

 Margin of safety

**1 point**

.... is the excess of sales over the break-even sales.

 Actual sales

 Total sales

 Margin of safety

 Net sales

**1 point**

An industry is selling a product for Rs. 10 per unit. The fixed cost for assets is Rs. 40,000 with variable cost of Rs. 6 per unit. How many units should be produced to break-even?

 4,000 units

 10,000 units

 6,667 units

 2,500 units

**1 point**

At break-even point ....

 Total expenses = Total revenue

 Total expenses > Total revenue

 Total expenses < Total revenue

 None of the above

**1 point**

In marginal costing, what happens while selling an extra item of product or service?

 Revenue will increase by the sales value of an extra item sold

 Costs will increase by the variable cost per unit

 Profit will increase by the amount of contribution earned from an extra item

 All of the above

**1 point**

From the following information, calculate Margin of safety. Actual sales Rs. 5,86,000, Break-even sales Rs. 2,56,000.

 Rs. 2,70,000

 Rs. 3,30,000

 Rs. 3,21,000

 Rs. 3,12,000

**1 point**

Given production is 1,00,000 units, fixed costs is Rs. 2,00,000 Selling price is Rs. 10 per unit and variable cost is Rs. 6 per unit. Determine profit, using technique of marginal costing.

 Rs. 2, 00,000

 Rs. 8, 00,000

 Rs. 6, 00,000

 None of the above

**1 point**

Factors which can change the break-even point are ...........

 Change in fixed costs

 Change in variable costs

 Change in the selling price

 All of the above

**1 point**

Profit Rs. 20,000, P/V ratio 20%. Margin of safety is ....

 Rs. 1,00,000

 Rs. 1,25,000

 Rs. 80,000

 Rs. 1,05,000

**1 point**

The BEP decreases if the fixed cost ....

 Increases

 Decreases

 Remains constant

**1 point**

The angle formed by the sales line and cost line at the break-even point is known as ....

 Profit

 Margin of safety

 Angle of incidence

 None of the above

**1 point**

The break-even charts help the management in ....

 Forecasting costs and profits

 Cost control

 Long term planning and growth

 All of the above

**1 point**

The profit volume ratio establishes the relationship between ....

 Contribution and profit

 Fixed cost and contribution

 Profit and sales

 Contribution and sales value

**1 point**

While making a pricing decision under Special price, if price is greater than marginal cost, ..........

 Acceptance and rejection depends on product type

 Order should be rejected

 Order should be accepted

 None of the above

**1 point**

Which of the following principles should be followed while making a decision to drop a product/line?

 Product yielding lowest contribution should be given top priority in production programme

 A product line should be dropped, if it yields positive contribution

 If any factor is key factor, the product/line should be dropped, which gives maximum contribution per unit of key factor

 None of the above

**1 point**

The few items of fixed costs which can be saved or eliminated by suspending the trading activities are ........

 Escapable fixed costs

 Special fixed costs

 Suspension fixed costs

 None of the above

**1 point**

While selecting optimum product mix ......... is the real index of profitability.

 Contribution per unit

 Contribution per unit of key factor

 Profit and sales

 P/V Ratio

**1 point**

A component is being made with the help of a machine. 10,000 units are made at a cost of Rs 10 per unit (of which Rs 9 are variable). The same component can be bought from the market at Rs 9.50 per unit. However, the owner intends to rent the machine for Rs 6,000 following which he will buy components from market. If he does so, what will be the impact?

 Savings of Rs 1,000

 Loss of Rs 1,000

 No Change

 Loss of Rs 5,000

**1 point**

Fixed cost Rs. 20,000, Desired profit Rs. 10,000, P/V ratio 20%. Sales required to earn desired perofit is ....

 Rs. 1,00,000

 Rs. 1,50,000

 Rs. 2,00,000

 Rs. 1,25,000

**1 point**

If the marginal cost is ...... buying price, additional requirement of the component should be met by making rather than buying.

 Equal to

 More than

 Less than

 None of the above

**1 point**

While taking shut-down decisions, the amount of contribution should be compared with ........

 Escapable fixed costs

 Special costs

 Net escapable fixed costs

 None of the above

**1 point**

Sales: Rs. 4,00,000, P/V ratio: 40%, Loss: Rs. 50,000. Fixed cost is ....

 Rs. 2,00,000

 Rs. 2,15,000

 Rs. 2,10,000

 Rs. 2,50,000

**1 point**

Sales Rs. 3,00,000, P/V Ratio 60%. The amount of variable cost is ....

 Rs. 1,20,000

 Rs. 1,00,000

 Rs. 2,40,000

 Rs. 1,80,000

**1 point**

When sales value is the limiting factor, the basis of comparision amoung different alternatives will be ....

 P/V ratio

 Contribution per unit

 Contribution per unit of material

 B.E.P

**1 point**

While preparing Marginal cost and Contribution Statement, if any factor of production is key factor then ....... should be expressed in terms of per unit of Key factor.

 Profit

 Contribution

 Sales

 None of the above

**1 point**

A budget is a plan of action expressed in ....

 Financial terms

 Non‐financial terms

 Financial and Non-financial terms

 Subjective matter

**1 point**

A budget is tool that helps the management in planning and control of...

 All business activities

 Production activities

 Purchase activities

 Sales activities

**1 point**

Budget is prepared for a ....

 Indefinite period

 Definite period

 Period of one year

 Six months

**1 point**

Budgetary control .... replace management in decision‐making.

 Can

 Cannot

 Sometimes

 Inadequate data

**1 point**

Budgetary control facilitates easy introduction of the ....

 Marginal costing

 Ratio analysis

 Standard costing

 None of the above

**1 point**

Budgetary control system acts as a friend, philosopher and guide to the ....

 Management

 Shareholders

 Creditors

 Employees

**1 point**

Budgetary control system defines the objectives and policies of the ....

 Production Department

 Finance Department

 Marketing Department

 All of the above

**1 point**

Budgetary control system facilitates centralized control with ....

 Decentralized activity

 Centralized activity

 Centralized and Decentralized activity

 None of the above

**1 point**

Budgetary control system helps the management to eliminate ....

 Undercapitalization

 Overcapitalization

 Undercapitalization and Overcapitalization

 Subjective matter

**1 point**

The budgets are classified on the basis of ....

 Time

 Function

 Flexibility

 All of the above

**1 point**

The main objective of budgetary control is ....

 To define the goal of the firm

 To coordinate different departments

 To plan to achieve its goals

 All of the above

**1 point**

The success of budgetary control system depends upon the cooperation of ....

 Shareholders

 Management

 Creditors

 All the functional areas of management

**1 point**

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

**1 point**

If actual output is lower than budgeted output which of the following costs would you expect to be lower than the original budget?

 Total variable costs

 Fixed costs per unit

 Total fixed costs

 Variable costs per unit

**1 point**

A budget which is prepared for few months is called as ....

 Current budget

 Short-term budget

 Long-term budget

 Fixed budget

**1 point**

Cash sales Rs. 30,000, Receipts from debtors Rs. 50,000, Cash purchase Rs. 20,000 and Payment to creditors Rs. 20,000. What is closing balance of cash?

 Rs. 40,000

 Rs. 80,000

 Rs. 60,000

 Rs. 20,000

**1 point**

Production at 60% activity is 600 units, if flexible budget needs to be calculated at 80% activity what will be units produced?

 800 units

 600 units

 1,200 units

 1,000 units

**1 point**

Semi-variable cost for 30,000 units: Rs.15,000 which is 40% fixed and 60% variable. Find out the semi-variable cost for 40,000 units.

 Rs.12,000

 Rs.18,000

 Rs. 6,000

 Rs.15,000

**1 point**

The budget giving the investment to be made in the long term assets is called as....

 Master budget

 Sales budget

 Capital expenditure budget

 Zero-base budget

**1 point**

The budget that can be prepared for different levels of activity is termed as ....

 Master budget

 Flexible budget

 Cash budget

 Production budget

**1 point**

Activity ratio depicts ......

 Whether actual capacity utilised exceeds or falls short of the budgeted capacity.

 Whether the actual hours used for actual production were more or less than the standard hours.

 Whether the actual activity was more or less than the budgeted capacity.

 None of the above

**1 point**

Which is the following is not the responsibility centre?

 Revenue centre

 Cost centre

 Sales centre

 Investment centre

**1 point**

A profit center is responsible for which activities?

 Costs only

 Costs and the revenue generated by those costs

 Costs and any revenue generated by the company

 Costs, revenue, and assets purchased for revenue generation

**1 point**

The budget as a tool of control of the business may not be most successful if ......

 there is full communication and participation

 budget assumptions are made available to all managers

 it is based on realistic standards of performance

 managers are given demanding targets