

Management Accounting

1. The art of management can be practiced effectively only if _____
 1. **Timely regular and reliable information is available to the manager.**
 2. The manager desires to do so.
 3. The organizational culture is professional.
 4. Measures taken are not prejudice.
2. It should be noted that the accountant merely reports, the action is left to the managers.
 1. **Yes.**
 2. No.
3. Management accounting, the business is divided into different responsibility centers _____
 1. Cost.
 2. Profit.
 3. Investment.

OPTIONS:

1. 1 and 2
 2. 2 and 3
 3. 1 and 3
 4. **1 , 2 and 3**
4. Profit Volume Ratio is the ratio of contribution to sales and is known as the P/V Ratio, it is expressed as _____

OPTIONS:

1. **P/V Ratio = $\frac{\text{Contribution}}{\text{Sales}}$**
2. P/V Ratio = $\frac{\text{Sales}}{\text{Contribution}}$
3. P/V Ratio = $\frac{\text{Contribution x sales}}{\text{Fixed cost}}$
4. P/V Ratio = $\frac{\text{Variable cost}}{\text{Total fixed cost}}$ x Sale

5. Pre-requisites of budgeting are _____

1. Objectives.
2. Knowledge of cost behaviour.
3. Flexibility.
4. Top Management support.
5. Education.
6. Specified Time period.
7. System s support.
8. Time table.

OPTIONS:

1. 1 , 3 , 6 and 7
2. 1 , 2 , 4 , 6 and 8
3. 1 , 5 , 6 , 7 and 8
4. **1 , 2 , 3 , 4 , 5 , 6 , 7 and 8**

6. A forecast reflects the environmental and competitive situation facing a company, while the sales budget shows how a management intends to react to this situation.

OPTIONS:

1. **True.**
2. False.

7. Sales price variance =
(Actual Quantity sold) X (Actual Selling Price - Standard Selling price)

$$SPV = AQ (ASP-SSP)$$

OPTIONS:

1. **True.**
2. False.

8. The activities whose costs are included in general and administrative expenses are _____

OPTIONS:

1. Administrative work, which includes all the appointments that exist because of the organizational structure.
2. Measurable work, which includes all the jobs in which a relatively repetitive type of work is performed.
3. Programme work, which include such research-related jobs as commercial and scientific research.
4. **All of the above.**

9. It is generally the responsibility of the _____ to translate the annual sales forecast into sales budget.

OPTIONS:

1. Sales division.
2. **Marketing divisions.**
3. Production division.
4. None of the above.

10. While preparing _____ costs will have to be analyzed and classified as fixed costs, variable costs and semi variable expenses are further segregated into fixed and variable expenses.

OPTIONS:

1. Master Budget.
2. **Flexible Budget.**
3. Functional Budget.
4. None of the above.