

TELANGANA UNIVERSITY
S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)
VI SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS
MANAGERIAL ACCOUNTING QUESTION BANK

I. Multiple choice questions.

1. Financial Accounting deals with [c]
a. Planning and Forecasting
b. Inter prating Financial data
c. Preparation of P & L and Balance sheet
d. Budgeting
2. Management Accounting Provides [b]
a. P & L of the organization
b. Information to management accounting to its needs
c. Focus on the company's revenues
d. None of the above
3. Management Accounting is used for making [c]
a. Available – costs incurred by the organization
b. Its objective nature
c. Managerial decision making
d. Analysis of costs
4. Financial Accounting do not take into account [a]
a. National expenses
b. Balance sheet compilation
c. determination of P & L
d. Overall trading results for a period
5. Management Accounting leads to [b]
a. Recording cost per unit of the output
b. efficient planning and an effective organization
c. recording of past and present accounting figures
d. None of the above
6. Management Accounting prepares and presents information as per [a]
a. requirement of management
b. only records & analysis costume data
c. always expresses transactions in ferrous of money
d. All the above
7. Management Accounting is based on facts. But it enables the management to forecast the methods of future planning and adopt policies therefore it can be treated as [a]
a. Both science and an art
b. only science based on facts
c. only art of policy formulation
d. None of the above
8. Management Accounting []
a. Mandatorily Audited annually
b. Need not be audited
c. Audited. Quarterly
d. None of the above
9. Marginal costing is also known as [c]
a. Direct costing
b. Variable costing
c. Both a & b
d. None of the above
10. Under absorption costing, managerial decisions are based on [a]
a. Profit
b. Contribution
c. Profit volume ratio
d. None of the above

11. Which of the following are advantages of marginal costing? [d]
 a. Makes the process of cost accounting more simple
 b. Helps in proper valuation of closing stock
 c. Useful for standard and budgetary control
 d. All of the above
12. Managers utilize marginal costing for [d]
 a. Make or buy decision
 b. Utilization of additional capacity
 c. Determination of dumping price
 d. All of the above
13. In marginal costing, profitability of each product is measured on the basis of its [c]
 a. Cost
 b. Profit
 c. Contribution
 d. None of the above
14. When there is tough competition and a price-war is on, the focus should be on [c]
 a. Normal price
 b. Depression price
 c. Minimum price
 d. None of the above
15. Which of the following are characteristics of Break Even Point? [d]
 a. There is no loss and no profit to the firm
 b. Total revenue is equal to total cost
 c. Contribution is equal to fixed cost
 d. All of the above
16. The P/V ratio can be improved by [c]
 a. Decreasing the selling price per unit
 b. Increasing variable cost
 c. Changing the sales mix
 d. Reducing the fixed cost
17. _____ may be described as a process of finding out what is being done and comparing actual results with the corresponding budget data in order to approve accomplishment. [a]
 a. Budgetary control
 b. Budget
 c. Budgeting
 d. None of the above
18. R & D budget and capital expenditure budget are examples of [c]
 a. Short-term budget
 b. Current budget
 c. Long-term budget
 d. None of the above
19. Plant utilization budget and Manufacturing overhead budgets are types of [d]
 a. Production budget
 b. Sales budget
 c. Cost budget
 d. Functional budget
20. Which budget is the first step of budgetary system and all other budgets depends on it [b]
 a. Cost budget
 b. Sales budget
 c. Production budget
 d. None of the above
21. Which budget contains the picture of total plans during the budget period and it comprises information relating to sales, profit, cost, production etc. [a]
 a. Master budget
 b. Functional Budget
 c. Cost budget
 d. None of the above
22. Which budget stated as a budget which is made to change as per the levels of activity attained [b]
 a. Fixed budget
 b. Flexible budget
 c. Both a & b
 d. None of the above
23. Which budget is prepared for single level of activity and single set of business conditions? [a]
 a. Fixed budget
 b. Flexible budget
 c. Both a & b
 d. None of the above
24. On the basis of period, budgets may be classified into how many types [b]
 a. Five
 b. Four
 c. Three
 d. Two

II. Fill in the blanks

1. Accounting may be classified into financial Accounting cost accounting and Management Accounting.
2. Cost Accounting and Management Accounting are normally understood as one. However there are a few differences between them.
3. Financial Accounting ignores notional costs and Revenues
4. Preparation of Management Accounting is not Mandatory
5. Management Accounting Supplies information and not decisions
6. Management Accounting is useful to Managers in making intelligent decisions
7. Management Accounting is future oriented
8. Management accounting lays greater emphasis on the nature of various elements of cost
9. Marginal costing helps management in profit planning by studying the relationship between cost, volume and profits.
10. Direct costs consist of all such expenditure that is incurred only when a product is being produced.
11. Under two point method the output at two different levels is compared with corresponding amount of semi variable expenses.
12. Telephone expenses are a good example of semi variable costs.
13. Contribution is the difference between sales and variable costs.
14. A business is said to break even when its total sales are equal to its total costs.
15. Margin of safety sales is the sales over and above the 'break even' sales.
16. Marginal costing completely ignores the time factor
17. Budgeting is the actual act of preparing the budget.
18. The act of continuous monitoring and taking timely corrective action is Budgetary control
19. A budget a written plan covering projected activities of a fir for a Defined period.
20. Interim budgets are budgets, which are prepared in between two budget periods.
21. Master budget is the summary budget incorporating all functional budgets.
22. forecasting of accurate results is difficult in case of fixed budget.
23. Cash budget involves forecasting all possible sources from which cash will be received and the channels in which payments are to be made.
24. Long-term budgets are budgets prepared for a period of 5 to 10 years

III. Short Answers.

1. List any 2 limitations of Financial Accounting?
2. Define Management Accounting?
3. State the Marginal costing equation?
4. Define Break-Even point?
5. What is margin of safety?
6. What is Budget?
7. What is Budgetary Control?
8. What is Sales Budget?