Sheth T.J. Education Society's Sheth N.K.T.T. College of Commerce & Sheth J.T.T. College of Arts, Thane.

Subject: Introduction to Management Accounting Objective Question Bank.

A Fill in the blanks with correct answer.

1.	. The use of management accounting is			
	A. Optional	B. Compulsory		
	C. Legally obligatory	D. Compulsory to some and optional to others		
2.	Management accounting assis	ists the management		
	A. Only in control	B. Only in direction		
	C. Only in planning	D. In planning, direction and control		
3.	Which of the following are too	ols of management accounting?		
	A. Decision accounting	B. Standard costing		
	C. Budgetary control	D. Human Resources Accounting		
4.	4. Management accountancy is a structure for			
	A. Costing	B. Accounting		
	C. Decision making	D. Management		
5.	Management accounting deals	ent accounting deals with		
	A. Quantitative information	B. Qualitative information		
	C. Both a and b	D. None of the above		
6.	Management accounting information is generally prepared for			
	A. Shareholders	B. creditors		
	C. managers	D. government		
7.	The primary user of managem	ent accounting information		
	A. Bankers	B. government		
	C. managers in organisation	D. management accountants		
8. Management accounting applies to		ies to		
	A. Service firms only	B. not for profit businesses only		
	C. manufacturing firms only	D. all types of business		

9.	9. The purpose of management accounting is to			
	A. Help banks make decisions B. Past orientation			
	C. Help investors make decision D. Help managers make decisions			
10. In management accounting, an emphasis and focus must be				
	A. past oriented B. future oriented			
	C. bank oriented D. communication oriented			
11	Goodwill is an asset.			
	A Fictitious B Tangible C Intangible D Current			
12_	is an item of current liability.			
	A Unsecured Loans B Cash Balance C Bank Overdraft D Bank Balance			
13	be converted Assets which can into cash within one year are			
	A Fixed Assets B Fictitious assets			
	C Current asset D None of the above.			
14	L4 In common size Income statementis assumed to be hundred. A Gross sales B Net Profit			
	C Operating Profit D None of the above			
15	Income statement analysis is assumed to be hundred.			
	A Gross sales B Net Profit			
16	C operating Profit D Done of the above. Current asset Rs 180000, current liabilities Rs 90000 the amount of working capita			
	is A 90000 B 180000 C 270000 D None of the above.			
17	Comparison of performance of a company over a period of time on basis of base			
	year known as			
	A Cost benefit Analysis B Comparative analysis C Trend Analysis D Common size analysis			
18	The functions of management accounting includes			
	A Collection of data B Analysis of data			

C Presentation of data D All the above.				
19 Balance sheet is a statement of				
A Assets & Liabilities. B Working Capital				
C Operating results D None of the above.				
20 Comparative statement shows				
A One year's performance B Financial performance				
C Comparative performance D Profitability. 21 Management accounting relates to				
A Recording of accounting data B Recording of costing data				
C Presentation of accounting data. D None of the above				
22 General reserve is created out of				
A Profit B Income C Expenditure D Dividend received.				
23 Earliest year is to be considered as base year, the values of which are taken as 10	00			
in				
A Balance sheet B Income statement				
C Trend analysis D Comparative statement				
24 Gross profit Ratio is				
A Balance Sheet Ratio B Revenue statement Ratio				
C Composite Ratio D Expenses Ratio				
25 Proprietary ratio is				
A Composite Ratio B Balance Sheet Ratio				
C Revenue statement Ratio D Income Ratio				
26 Return on capital employed is a				
A Balance Sheet Ratio B Revenue statement Ratio				
C Composite Ratio D Debt Ratio				
27 ratio is useful for long term creditors				
A Current ratio B Return on capital employed				
C Expenses ratio D Debt Equity ratio				
28 A current ratio higher than 2: 1 indicates				
A under trading B under investment				
C over trading D over investment				

29 ratio indicates the relation ship between shareholders funds and outs						
func	funds .					
A Pr	oprietary ratio	B operating ra	tio			
C de	ebt- equity ratio	D Current rati	o			
30 A h	igh Proprietary ratio	indicates				
A h	igh risk B	low risk				
C low risk to creditors D low risk to shareholders						
31 De	btors turnover ratio s	hows the numb	er of days taken by company to collect			
mor	ney from					
A Ad	ccounts receivables	B Accounts pa	ayables			
C Bi	lls payables	D Bank				
32 The total Current Assets without deducting the current liabilities						
	(a) Gross working cap	oital	c) Permanent working capital			
	(b) Temporary work	king capital	d) Net working capital			
33 . Current Assets - Current Liabilities						
(a) Gross working capita	al	(b) Net working capital			
(c) Permanent working	g capital	(d) Temporary working capital			
34 The minimum amount of working capital required to enable the concern to operate at the lowest level of activity						
(a) Gross working capi	tal	(b) Net working capital			
(c) Permanent working	g capital	(d) Temporary working capital			
35 . Permanent working capital is also known as						
	(a) Gross working cap	oital	(b) Net working capital			
	(c) Core working capi	tal	(d) Fixed capital			
36 The amount of funds invested in current assets is called			t assets is called			
(a) Gross working capi	tal	(b) Net working capital			
((c) Surplus capital		(d) None of these			

37 	7 . Under the gross working capital concept the working capital is equal to				
	(a) Total current liabilities	(b) Surplus current assets			
	(c) Total current assets	(d) None of these			
38	. The term net working capital refers to				
(a)	The excess of the current assets over current li	abilities (b) The liquid assets			
(c)	The total current assets less provisions	(d) None of these			
	Manufacturing organisation requires (a) Larger working capital (c) Moderate working capital The number of years taken by a project to redled A pay back period B investment period C profit period D none of the above	(b) Smaller working capital (d) None of the above cover the initial investment is			