

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

(Multiple Choice Questions for SDE Candidates)

1. The Branch of accounting concerned with collection, determining and controlling cost of products and services is called _____.
 - (A) Management accounting.
 - (B) Financial accounting.
 - (C) Cost accounting.
 - (D) All of these.
2. The father of Double Entry System is _____.
 - (A) Luca Pacioli.
 - (B) Lopus Patricia.
 - (C) Lukas Christian.
 - (D) None of these.
3. The objective of financial accounting is to find out _____.
 - (A) Profitability and financial position.
 - (B) Liquidity.
 - (C) Solvency.
 - (D) None.
4. Accounting designed to serve parties external to the operating responsibility of the firm is termed as _____.
 - (A) Management accounting.
 - (B) Financial accounting.
 - (C) Cost accounting.
 - (D) None of these.
5. _____ is the amount of expenditure [actual or notional] incurred on or attributable to a given thing.
 - (A) Expenses.
 - (B) Costing.
 - (C) Cost.
 - (D) None of these.
6. Which among the following is an example for horizontal analysis ?
 - (A) Comparative balance sheet.
 - (B) Comparative income statement.
 - (C) Common size statements.
 - (D) (A) and (B).
7. Given opening stock is Rs. 20,000, Direct expenses 10,000, Closing stock 5,000. Cost of goods sold is _____.
 - (A) 25,000.
 - (B) 35,000.
 - (C) 15,000.
 - (D) 20,000.

8. _____ is a statement which lists all the sources of funds and applications of funds taken place in a business during a particular period.
- (A) Fund flow statement. (B) Cash flow statement.
(C) Any of these. (D) None of these.
9. The overall net increase or decrease in working capital is found out by preparing _____.
- (A) Fund flow statement.
(B) Cash flow statement.
(C) Statement showing changes in working capital.
(D) None of these.
10. Which among the following is a sources of fund ?
- (A) Sale proceeds of fixed assets.
(B) Sale proceeds of long term investments.
(C) Non-operating incomes.
(D) All of these.
11. Which among the following is an application of fund ?
- (A) Purchase of long term investments.
(B) Redemption of preference shares.
(C) Redemption of debentures.
(D) All of these.
12. _____ means excess of current assets over current liabilities.
- (A) Working capital. (B) Gross working capital.
(C) Net working capital. (D) All of these.
13. _____ means cash and other assets which are expected to be sold or consumed during the normal operating cycle of business.
- (A) Liquid assets. (B) Quick assets.
(C) Cash equivalents. (D) Current assets.

14. Which transaction results in flow of funds ?
- (A) Transaction involve only fixed assets.
 - (B) Transaction involve only fixed assets.
 - (C) All of these.
 - (D) None of these.
15. There will be flow of funds, if a transaction involves _____.
- (A) Current assets and fixed assets.
 - (B) Current assets and capital.
 - (C) Current assets and fixed liabilities.
 - (D) All of these.
16. The flow of funds occurs when a transaction changes on the one hand a non-current account and on the other hand a _____.
- (A) Current asset.
 - (B) Current liability.
 - (C) (A) or (B).
 - (D) None of these.
17. While preparing _____ statement, both capital and revenue items are considered.
- (A) Fund flow statement.
 - (B) Income statement.
 - (C) Both of these.
 - (D) None of these.
18. Increase in Accounts payable when compared to previous year results in _____ of working capital.
- (A) Increase.
 - (B) Decrease.
 - (C) No change.
 - (D) None of these.
19. Decrease in Working capital constitutes _____.
- (A) Source of fund.
 - (B) Application of funds.
 - (C) Neither source nor application.
 - (D) None of these.
20. Cash, according to cash flow statement comprises of _____.
- (A) Liquid cash only.
 - (B) Cash in hand.
 - (C) Cash in hand and demand deposits with banks.
 - (D) None of these.