



accountests

MANAGEMENT ACCOUNTANT

Example Questions

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Management Accountant Test

Example Question

1

Example Question

1

You have completed a cashflow forecast for your fast expanding business, which shows a shortfall in available cash.

Which of these options will NOT assist in improving the situation?

A

Receivables factoring

B

Improving receivable collection policies

C

Entering in to a "fixed for floating" interest swap

D

Extended credit terms from suppliers

E

Just In Time inventory procurement policy

Answer

1

Entering in to a "fixed for floating" interest swap

Changes to cashflow from a swap will depend on the arrangement and current interest rates. The effect may be positive or negative in a particular period.

A

Receivables factoring

B

Improving receivable collection policies

C

Entering in to a "fixed for floating" interest swap

D

Extended credit terms from suppliers

E

Just In Time inventory procurement policy

Management Accountant Test

Example Question

2

Example Question

2

You have been asked to calculate the NPV for a proposed machinery purchase costing \$1.1m.

The existing machine, if not replaced, would require a major overhaul in 3 years which would cost \$200k.

In your analysis this overhaul cost of \$200k would be considered as...

A

A cash inflow in year 3

B

A cash inflow in the year the new machine is purchased

C

Not relevant for the analysis

D

A cash outflow in year 3

E

A cash outflow in the year the new machine is purchased

Answer

2

A cash inflow in year 3

Cost savings are treated as a cash inflow in the period they occur.

A

A cash inflow in year 3

B

A cash inflow in the year the new machine is purchased

C

Not relevant for the analysis

D

A cash outflow in year 3

E

A cash outflow in the year the new machine is purchased

Management Accountant Test

Example Question

3

Example Question

3

A DCF (discounted cash flow) analysis ignores which of these?

A

Time value of money

B

Timing of cashflows

C

Quantum of cashflows

D

Appropriate discount rate for the entity

E

Profits

Profits

A Discounted Cash Flow looks only at cashflows. Profits are not necessarily equivalent to cashflows

A

Time value of money

B

Timing of cashflows

C

Quantum of cashflows

D

Appropriate discount rate for the entity

E

Profits

Management Accountant Test

Example Question

4

Example Question

4

When sales increase from \$40,000 to \$60,000 and then profit increases by \$5,000, the Profit / Volume (Contribution) Ratio is:

A

20%

B

25%

C

30%

D

40%

E

50%

Answer

4

25%

$$\$5,000 / (\$60,000 - \$40,000)$$

A

20%

B

25%

C

30%

D

40%

E

50%

Thanks for your interest in the
Management Accountant Test
Example Questions

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