

Each of the following ten statements includes a pair of words within parenthesis. Indicate which of the words should be chosen to make the statement true. The first statement is done as an example.

1. A (~~loan application~~ / budget) is a detailed financial plan that quantifies future expectations and actions relative to acquiring and using resources.
2. Budgets (should / should not) be used to provide managers with "preapproval" for execution of spending plans.
3. The (master budget / sales budget) is a comprehensive document specifying sales targets, production activities, and financing actions.
4. "Responsibility accounting" is a concept under which managers are held accountable for transactions and events (beyond / under) their direct influence and control.
5. Some entities will follow a top-down (mandated / participative) approach to budgeting.
6. A deliberate effort to create "breathing room" within a budget is known as ("padding the budget" / "aerating").
7. With (incremental budgeting / zero-based budgeting), each expenditure item must be justified for the new budget period.
8. The starting point for the master budget is an assessment of anticipated (sales / production).
9. This comes before the other: (production budget / materials purchases budget).
10. A (static budget / flexible budget) is not designed to change with changes in activity level.