

QUESTION

Which of the following is a characteristic of a **flexible budget**?

- A. It is based on a fixed level of activity.
- B. It is based on a fixed level of activity.
- C. It is based on a range of activity.
- D. It is based on a range of activity.



ANSWER  
 C  
 100%

**EXPLANATION:**  
 A flexible budget is based on a range of activity. It is used to compare actual results with budgeted results. It is based on a range of activity, not a fixed level of activity. It is based on a range of activity, not a fixed level of activity. It is based on a range of activity, not a fixed level of activity. It is based on a range of activity, not a fixed level of activity.