VAC2 Accounting for Decision Makers Version 1

Section: Business & Finance • **Total Questions:** 10 • **Format:** Verified Q&A

1. Which action should a managerial accountant take if confronted by an ethical conflict?

(A) Use an objective advisor confidentially
(B) Report directly to the CEO
(C) Confer with any stakeholder in the organization
(D) Consult with a coworker

2. What is the cash-flow-to-net-income ratio for 20X2 given cash from operations $5,964 and net income $2,430?

(A) 1.35
(B) 2.45
(C) 2.01
(D) 1.8

3. What can be deduced when a company has an asset turnover of 0.95?

(A) The company was able to generate $0.95 in liabilities for each dollar in assets
(B) The company was able to generate $0.95 in profit for each dollar in assets
(C) The company was able to generate $0.95 in equity for each dollar in assets
(D) The company was able to generate $0.95 in sales for each dollar in assets

4. What is the current ratio for a company with total liabilities of $48,561 and stockholders' equity of $10,158?

(A) 0.83
(B) 1.47
(C) 1.78
(D) 0.21

5. What performance measure is calculated by dividing return by overhead cost activities?

- **(A)** Return on profit
- **(B)** Return on sales
- **(C)** Return on expenses
- **(D)** Return on costs

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6. What are the costs associated with two or more business units called?

- **(A)** Variable costs
- **(B)** Direct costs
- **(C)** Product costs
- **(D)** Indirect costs

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7. Which statement best describes financial information recorded in the accounting system of a business?

- **(A)** Events likely to occur in the future
- **(B)** Events that have already occurred
- **(C)** Personal transactions of owners
- **(D)** Predicted cash flows

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8. What is the impact on costs as sales volume decreases?

- **(A)** Total variable costs decrease in direct proportion
- **(B)** Total fixed costs increase in direct proportion
- **(C)** Total fixed costs decrease in direct proportion
- **(D)** Total variable costs increase in direct proportion

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9. An airline received $1,500 cash in September for a round-trip ticket (Denver–Hawaii–Denver) with flights in October and November. When should the airline recognize revenue?

- **(A)** In September, October, and November
- **(B)** Only in November
- **(C)** Only in September
- **(D)** In October and November

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10. Which two items increase net income?

- **(A)** Interest income
- **(B)** Gain on sale of assets
- **(C)** Income tax expense
- **(D)** Cost of sales