

B. Acy Bachelor of Accountancy Practice Test Questions and Answers

1. The margin of safety measures:

- A) The ratio of fixed to variable costs
- B) How far sales can fall before reaching break-even
- C) The difference between standard and actual costs
- D) The ratio of direct to indirect costs

2. The debt-to-equity ratio measures:

- A) A company's liquidity
- B) Relative use of debt versus equity financing
- C) Profitability of operations
- D) Asset utilization efficiency

3. The current ratio is calculated as:

- A) Net income divided by total assets
- B) Current assets divided by current liabilities
- C) Total assets divided by total liabilities
- D) Cash divided by current liabilities

4. Return on equity (ROE) is calculated as:

- A) Net income divided by total assets
- B) Net income divided by average shareholders' equity
- C) Operating income divided by total equity
- D) Net income divided by total revenue

Answers: 1-B 2-B 3-B 4-B

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