



Free Questions for [CIMAPRO19-P02-1](#) by [certsinside](#)

Shared by [Randall](#) on [06-06-2022](#)

For More Free Questions and Preparation Resources

[Check the Links on Last Page](#)

Question 1

Question Type: MultipleChoice

During a Board meeting at a manufacturing company, concerns regarding the analysing of the current inventory management systems and processes are brought up.

Attendees of the meeting have made several claims and suggestions but the managing director admits that he does not know who to believe and so has asked you to let him know which statements of the following statements are TRUE?

Select ALL that apply.

Options:

- A- Standard Costing is ideal for organisations running a JIT inventory system
- B- A JIT system is likely to result in economies of scale
- C- ABC is ideal for organisations running a JIT inventory system
- D- Standard costing is ideal for organisations in a TQM environment
- E- A JIT inventory system reduces inventory costs

Answer:

C, D

Question 2

Question Type: MultipleChoice

Endure Co. makes 1,000 units of X and 2,000 units of Y.

Costs for X: Material \$4, labour \$8, direct overhead \$2, fixed cost \$4.

Costs for Y: Material \$9, labour \$9, direct overhead \$4, fixed cost \$6.

Selling price for X and Y are \$19 and \$25 respectively. Another company can sell ready made product X and product Y's to Endure Co, this company sells X at \$12 and Y at \$21. Advise Endure Co. on what would be the

most cost effective way to source products X and Y.

Options:

- A- Endure should buy X and Y from the other supplier.
- B- Endure should buy X but produce Y themselves.
- C- Endure should produce both X and Y themselves.
- D- Endure should buy Y but produce X themselves.

Answer:

A

Question 3

Question Type: MultipleChoice

Which of the following are TRUE about the theory of constraints? Select ALL that apply.

Options:

- A-** Each resource should be put to its most profitable use
- B-** Relieve all the constraints in a system simultaneously to ensure optimality
- C-** Ensure that each constraint is being used efficiently
- D-** Relieve constraints until the cost of relieving the last constraint exceeds the benefit

Answer:

A, C, D

Question 4

Question Type: MultipleChoice

The manager of Ice Sculpting Co. believes that too much material is being wasted during downtime. She researched, and found throughput accounting to be an adequate alternative. However, she wasn't sure if all that she read was accurate.

Which of the following statements are TRUE when using Throughput Accounting? Select ALL that apply.

Options:

- A- If there is no demand, then there should be no production.
- B- Not all sales equal to profit
- C- Stocking up on inventory is bad for business.
- D- All costs, except materials, are considered fixed.
- E- Departments should be operating at full capacity regardless of bottlenecks

Answer:

A, C, D

Question 5

Question Type: MultipleChoice

We have 2 divisions with the following information: Profit before depreciation: B1=\$800,000, B2=\$1,000,000; Assets: B1 = \$2,000,000, B2=\$3,000,000; Capital employed: B1 = \$1,700,000 and B2 = \$2,550,000. 20%

straight-line depreciation is used.

Calculate ROI for each division.

Options:

- A- ROI for B1 is 47% and ROI for B2 is 39.2%
- B- ROI for B1 is 25.5% and ROI for B2 is 17.7%
- C- ROI for B1 is 23.5% and ROI for B2 is 23.5%
- D- ROI for B1 is 23.5% and ROI for B2 is 15.7%

Answer:

D

Question 6

Question Type: MultipleChoice

SkillWeave Industries are focused on managing the risk of selling their cars to the region due to economic turmoil, and have now begun using funds from sales in the region to fund supplier purchases from that region to

reduce the risk from the volatile currency. However, SkillWeave want to go a step further and make the risk even less sizeable.

Which of the following is a method by which SkillWeave can operate in the market and transfer the risk of exchange rate exposure to another party?

Options:

- A-** Invoice international sales in domestic currency
- B-** Temporarily stop operating in that target market
- C-** Arrange a forward foreign exchange rate contract agreeing to buy a given amount of the foreign currency in 3 months time for a fixed exchange rate based on current rates
- D-** Put a sale on all vehicles stationed in the region to clear stock quickly

Answer:

A

Question 7

Question Type: MultipleChoice

SkillWeave are an international clothing manufacturer known for their durable and high quality products. Recently their biggest market in the world's premier customs union has had some economic volatility. This has

resulted in the currency of this market being very unstable and difficult to predict in terms of whether it will retain, lose or gain relative value to domestic currency.

Which of the following is an effective risk reduction technique for SkillWeave's clothing sales to this region?

Options:

- A-** Pay part suppliers from the region in their currency, generated from sales in the region
- B-** Temporarily stop producing for and selling cars to the region
- C-** Pay part suppliers from the region in domestic currency, generated from sales in the region
- D-** Buy parts domestically to avoid using the region's currency

Answer:

A

Question 8

Question Type: MultipleChoice

Which of the following statements is TRUE about the activity based costing system when compared to absorption costing method?

Options:

- A- ABC is easier to administer than an absorption costing system
- B- ABC will be less detailed than an absorption costing system
- C- ABC will provide more accurate overhead allocation than absorption costing
- D- ABC will cost less to administer than an absorption costing system

Answer:

C

Question 9

Question Type: MultipleChoice

PorkyCo is a leading bread manufacturer in Toyland operating two functional divisions: pulled and roasted. PorkyCo uses IT systems in all of its functions, for example, accounting has one system, manufacturing has its system, warehousing has another and human resources is the latest to develop a dedicated system to manage training and development. The issue now is that when the CEO, Mr Button, needs information about two or more functions, he has to convene the department heads to get their reports and then study each in turn. As senior management accountant at PorkyCo, help free up Mr Button's time by suggesting the most efficient way of getting all the information he needs.

Options:

- A- Deploy ERP technology.
- B- Merge loaves and rolls into a single vertical.
- C- Move to a networked organisation.
- D- Create an intranet.
- E- Deploy an extranet.

Answer:

A

Question 10

Question Type: MultipleChoice

Under the absorption costing system, which simply allocates our entire amount of production overheads based on machine hours, we have found that out of our 4 products, 2 are profitable, 1 breaks even and 1 is making a loss.

Model D the most recent addition to the range is making a large loss after the price of a major component rose dramatically. Model A is only just breaking now too as costs have risen. The only two products making profit

are Models B and C. These two require the least amount of machine hours so this makes sense.

However, the management have a few reservations. They cannot understand how B is so profitable. It requires several more stages of production than the other models and a whole day longer to be customised by an expert.

Select the correct answer from the list below that can help to explain this situation.

Options:

- A- ABC would show that only a small amount of our overheads are based on machine hours.
- B- ABC could have shown that some products are selling poorly and should be discontinued.
- C- ABC would show that if overheads are shared equally that model B would be less profitable.

Answer:

A

Question 11

Question Type: MultipleChoice

TTR Ltd plans to purchase a new plant for \$1,000m on the 1st of January 20X6. The annual sales expected from the production of this plant is \$400m per year. The plant has an expected life of five years. The financial accountant has computed the NPV of the project at \$61.42m considering a discount rate of 10%. The marketing director wants to know the percentage drop in revenue that the sales team can afford before the project becomes unviable. Which of the following indicates the percentage required by the marketing

director?

Options:

A- 4.05%

B- 5.05%

C- 4.5%

D- 10%

Answer:

A

Question 12

Question Type: MultipleChoice

A company is investing in a huge diversification project. The plan is to develop and sell a whole new product line that they have never sold before. They've already started a massive marketing campaign for this new

product line and they are getting good feedback in their market research.

They've had to use debt funding in order to finance the project, but they hope that the returns will be worth the investment and restructuring. If they are successful they will be a step ahead of all their competitors and offer

something none of them can.

What is the risk appetite of this company?

Options:

A- Risk seeking

B- Risk averse

C- Risk neutral

D- Impossible to say

Answer:

A

To Get Premium Files for CIMAPRO19-P02-1 Visit

<https://www.p2pexams.com/products/cimapro19-p02-1>

For More Free Questions Visit

<https://www.p2pexams.com/cima/pdf/cimapro19-p02-1>

