



Free Questions for CMAPRO19-P01-1 by dumpshq

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Question 1

Question Type: MultipleChoice

RT produces two products from different quantities of the same resources using a just-in-time (JIT) production system. The selling price and resource requirements of each of the products are shown below:

Product	R	T
Unit selling price (\$)	130	160
Resources per unit:		
Direct labour (\$8 per hour)	3 hours	5 hours
Material A (\$3 per kg)	5 kgs	4 kgs
Material B (\$7 per litre)	2 litres	1 litre
Machine hours (\$10 per hour)	3 hours	4 hours

Market research shows that the maximum demand for products R and T during June 2010 is 500 units and 800 units respectively. This does not include an order that RT has agreed with a commercial customer for the supply of 250 units of R and 350 units of T at selling prices of \$100 and \$135 per unit respectively. Although the customer will accept part of the order, failure by RT to deliver the order in full by the end of June will cause RT to incur a \$10,000 financial penalty. At a recent meeting of the purchasing and production managers to discuss the production plans of RT for June, the following resource restrictions for June were identified: Direct labour hours 7,500 hours

Material A 8,500 kgs

Material B 3,000 litres

Machine hours 7,500 hours

Assuming that RT completes the order with the commercial customer, prepare calculations to show, from a financial perspective, the optimum production plan for June 2010 and the contribution that would result from adopting this plan.

The contribution per unit for R and T will be...?

Options:

A- R = \$47 per unit. T = \$61 per unit

B- R = \$51 per unit. T = \$61 per unit

C- R = \$47 per unit. T = \$65 per unit

D- R = \$45 per unit. T = \$66 per unit

Answer:

A

Explanation:

References:

Question 2

Question Type: MultipleChoice

RT produces two products from different quantities of the same resources using a just-in-time (JIT) production system. The selling price and resource requirements of each of the products are shown below:

Product	R	T
Unit selling price (\$)	130	160
Resources per unit:		
Direct labour (\$8 per hour)	3 hours	5 hours
Material A (\$3 per kg)	5 kgs	4 kgs
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Direct labour hours 7,500 hours

Material A 8,500 kgs

Material B 3,000 litres

Machine hours 7,500 hours

Assuming that RT completes the order with the commercial customer, prepare calculations to show, from a financial perspective, the optimum production plan for June 2010 and the contribution that would result from adopting this plan.

The optimum production plan will be:

Options:

A- Contract: R = 250, T = 360 and Market: R = 500 T = 710

B- Contract: R = 250, T = 360 and Market: R = 600 T = 710

C- Contract: R = 250, T = 360 and Market: R = 650 T = 710

D- Contract: R = 250, T = 360 and Market: R = 500 T = 700

E- Contract: R = 250, T = 360 and Market: R = 660 T = 720

Answer:

D

Explanation:

References:

Question 3

Question Type: MultipleChoice

A company is preparing its annual budget and is estimating the number of units of Product A that it will sell in each quarter of year 2. Past experience has shown that the trend for sales of the product is represented by the following relationship:

$y = a + bx$ where

y = number of sales units in the quarter $a = 10,000$ units $b = 3,000$ units x = the quarter number where 1 = quarter 1 of year 1

Actual sales of Product A in Year 1 were affected by seasonal variations and were as follows:

Quarter 1: 14,000 units Quarter 2: 18,000 units Quarter 3: 18,000 units Quarter 4: 20,000 units

Calculate the expected sales of Product A (in units) for each quarter of year 2, after adjusting for seasonal variations using the additive model.

Options:

- A- The expected sales for year 2 Quarter 4 was 32700 units
- B- The expected sales for year 2 Quarter 4 was 32000 units
- C- The expected sales for year 2 Quarter 4 was 33000 units
- D- The expected sales for year 2 Quarter 4 was 40000 units

Answer:

B

Explanation:

References:

Question 4

Question Type: DragDrop

State whether the following costs are relevant or non-relevant in the context of short-term decision making scenarios.

Relevant costs	s	Non-relevant costs
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Answer:

Question 5

Question Type: DragDrop

- Sunk costs
- Committed costs
- Notional costs
- Opportunity costs
- Avoidable costs

Which statements about allocation of joint costs to products are true and which are false?

False	True	False
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Answer:

Question 6

Question Type: DragDrop

- The decision to further process a product can only be made if the joint costs are accurately
- The decision to cease production of an individual product can only be made if its share of joint
- Inventory valuation of individual products have to include joint costs for external reporting
- Allocation of the joint costs to products can be made on final sales value

A company is forecasting its revenue for May and has established that sales will be either high, medium or low. The expected value of sales revenue for May has been calculated as \$160,000. The following table includes data which relate to the potential sales in May.

Revenue Probability Expected Value

High \$250,000 0.2 C

Medium A 0.5 D

Low \$100,000 B \$30,000

Place the figures given in to the spaces marked with the letters A, B, C and D, to complete the above table.

\$50,00		\$50,00
C	<input type="text"/>	
		\$100,000
Answer:	<input type="text"/>	
\$160,000		\$160,000
D	<input type="text"/>	
0.3		0.3
Question 7	<input type="text"/>	
		0.7

Question Type: DragDrop

\$80,000

\$80,000

A company is choosing between three projects, Project P, Project Q and Project R using minimax regret as the criterion for the decision. The outcome from each project is dependent on future economic growth. If this is strong, returns will be P \$5,000, Q \$6,500 and R \$7,200. If it is weak, returns will be P \$3,500, Q \$4,800 and R \$4,200.

Place the correct figures into the table to show the maximum regret for each project.

Project P	<input type="text"/>	0
700 Project Q	<input type="text"/>	700
600 Project R	<input type="text"/>	600
2,200		2,200
Question Type: DragDrop		1,300

Demand for two products, A and B is 1,000 units and 2,000 units respectively. Each unit of Product A requires 8 kg of material and each unit of Product B requires 5 kg of material. The maximum availability of material is 17,200 kg. Contribution per unit of A is \$10 and per unit of B is \$9.

Place the production volumes of Product A and Product B, that will maximize contribution, in the table.

		Units
		0
Product A	<input type="text"/>	1,000
Product B	<input type="text"/>	1,840
900		900
2,000		2,000

Question 9

Question Type: DragDrop

A company sells three products A, B and C in a ratio of 2:2:3.

Each unit of A,B and C earns a contribution of \$4.00, \$2.00 and \$4.00 respectively. Production fixed costs are \$69,000 each month and selling fixed costs are \$13,000 each month.

The company holds no inventory. The management accountant wants to know the total number of units needed to break-even. However, he is unsure about how to calculate the weighted average contribution per unit or what category of fixed cost to use.

Place the amounts given to complete the table in order to calculate the total number of units to break even.

\$

Weighted average contribution per

Fixed costs

Answer:

3.43	3.33	3.43	69,000
82,000	82,000		

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