Free Questions for CIMAPRO19-P02-1 by dumpshq

Shared by Kelley on 15-04-2024

For More Free Questions and Preparation Resources

Check the Links on Last Page

Question 1

Question Type: MultipleChoice

An airline prides itself on using highly reliable aircraft that are maintained to the highest possible standard and that its flight crews are arguably the best in the industry. Despite that, the directors accept that there remains a slight possibility that there will be a fatal accident.

Which THREE of the following statements are correct?

Options:

A- The airline appears to be behaving responsibly.

B- It is unlikely that any airline could totally eliminate all possibility of a fatal accident.

C- The airline's directors can justify their behavior on the basis that they insist on exceeding all relevant statutory and industry safety standards.

D- Fatal air accidents can be justified on the basis that some risk is inevitable.

E- The airline should cease operations in order to eliminate the risk of a fatal accident.

Answer:

A, B, C

Question 2

Question Type: **MultipleChoice**

Which of the following statements is correct?

Options:

A- Risk can be quantified and probabilities can be assigned reliably to the possible outcomes.

B- Uncertainty cannot be quantified and probabilities can be assigned reliably to the possible outcomes.

C- Risk cannot be quantified and probabilities cannot be assigned reliably to the possible outcomes.

D- Uncertainty can be quantified and probabilities can be assigned reliably to the possible outcomes.

Answer:

A

Question 3

Question Type: **MultipleChoice**

Four mutually exclusive projects have been appraised as follows using net present value (NPV), internal rate of return (IRR), accounting rate of return (ARR) and payback period (PP).

Project	NPV	IRR	ARR	PP
A	$1.0m	40%	34%	4.0 years
B	$1.1m	24%	35%	3.0 years
C	$0.9m	18%	25%	2.5 years
D	$1.5m	12%	18%	7.0 years

Recommend which of the projects should be chosen.

Options:

A- Project A

B- Project B

C- Project C

D- Project D

Answer:

D

Question 4

Question Type: **MultipleChoice**

A manufacturing company has just developed a new product and must now determine the most appropriate pricing strategy for its initial launch.

The product will initially be unique because it will include highly desirable features that no competitive product offers. Its development has involved substantial expenditure and the company wishes to recover this as soon as possible.

The product's uniqueness is expected to last for only six months before a competitor launches a similar product. It is expected that the competitor will avoid any significant development costs by reverse engineering the company's own product.

At that point, to remain competitive, the company must ensure that its selling price matches that of the competitor.

Which of the following pricing strategies would be most suitable for the initial launch of the company's product?

Options:

A- Market skimming

B- Penetration pricing

C- Dual pricing

D- Own label pricing

Answer:

A

Question 5

Question Type: **MultipleChoice**

A small company currently uses an information system that was implemented several years ago and is based entirely on internal dat

a. The company is considering replacing it with a more up to date system. It has been suggested that the new system should include the use of big data.

Which TWO of the following statements are correct?

Options:

A- Big data can provide a small company with useful information in the quest for competitive advantage.

B- Big data is concerned solely with a dramatic increase in the amount of internal data stored.

C- Big data can be used by a small company to identify new opportunities.

D- It is not possible to value the potential benefits to a small company of an improved information system.

E- Big data is only applicable to large companies which have substantial funds to invest in information systems.

Answer:

A, C

Question 6

Question Type: MultipleChoice

Which TWO of the following statements are correct?

Options:

A- It is worthwhile for a company to sell further units when the marginal revenue is greater than the marginal cost.

B- Price is the only factor affecting the demand for products and services.

C- Premium pricing is possible when there is a measure of product or service differentiation.

D- Loss leadership pricing is appropriate for a new product which is not part of a range of products.

E- Demand functions can be predicted accurately and the relationship between price and quantity demanded is always constant.

Answer:

A, C

Question 7

Question Type: **MultipleChoice**

An airline company has operated passenger flights with low ticket prices to various airports from a busy airport for several years. It now faces increased competition on a number of its routes and has decided to use the balanced scorecard to monitor its performance.

Which of the following statements are correct?

Select ALL that apply.

Options:

A- Customer satisfaction measures will not be needed because the company pursues a low price strategy for competitive advantage.

B- The proportion of seats that are occupied on flights could be a suitable measure for the internal business process perspective.

C- The number of new flights to different destinations could be a suitable measure for the learning and growth perspective.

D- The number of on time take-offs could be a suitable measure for the internal business process perspective.

E- Non-financial objectives will be met as a result of financial objectives being achieved.

F- A survey of passengers could be a suitable measure for the customer perspective.

Answer:

B, C, D

Question 8

Question Type: **MultipleChoice**

The directors of a company wish to evaluate two mutually exclusive capital investment projects. Both projects have conventional cash flows: an initial outflow followed by a series of annual cash inflows.

The directors are aware of the following three investment appraisal methods: internal rate of return (IRR), net present value (NPV) and accounting rate of return (ARR).

The directors have asked for your advice about which method should be used to evaluate these two projects.

Which of the following is valid advice to give to the directors?

Options:

A- IRR should be used because both NPV and ARR could lead to an incorrect investment decision.

B- ARR should be used because it is based on profit whereas both IRR and NPV are based on cash flows.

C- IRR should NOT be used because it could result in multiple IRRs.

D- NPV should be used because it focuses on wealth creation whereas IRR and ARR are both relative measures.

Answer:

D

Question 9

Question Type: **MultipleChoice**

A company is investing $150,000 in a project which will yield an annual cash inflow of $40,000 for eight years. The company's cost of capital is 10%.

To the nearest $100, what is the project's equivalent annual net present value?

Options:

A- $11,900

B- $7,900

C- $63,400

D- $21,300

Answer:

A

Question 10

Question Type: **MultipleChoice**

Which of the following statements are correct with regard to responsibility centres?

Select ALL that apply.

Options:

A- Revenue centre managers have a lower level of decision-making authority than profit centre managers.

B- Revenue centre managers and profit centre managers are accountable for controllable costs only.

C- Profit centre managers and investment centre managers are responsible for the majority of operating costs incurred.

D- Investment centre managers have a higher level of managerial authority than profit centre managers.

E- Managers of profit centres have authority over the level of investment in working capital but managers of cost centres do not.

Answer:

A, C, D

Question 11

Question Type: **MultipleChoice**

A group consists of two divisions, Alpha and Beta, both of which are profit centers. Alpha sells a product to the external market and also sells it as an intermediate product to Beta.

Beta then processes further before selling the final product to the external market. The current group transfer pricing policy requires Alpha to charge Beta with the variable cost of production.

Which of the following statements is valid?

Options:

A- A two-part tariff would provide a more effective basis for assessing divisional performance.

B- A dual pricing approach to transfer pricing would increase Beta's total profit and reduce Alpha's.

C- If Alpha has unfulfilled external demand then the transfer price should always be set at variable cost.

D- Transfer prices only affect the assessment of performance of investment centres, not of profit centres.

Answer:

A

Question 12

Question Type: MultipleChoice

The management of a leisure company, who are risk averse, have just approved an investment in a new amusement park. The country in which the amusement park will be located has a warm and mostly dry climate throughout the year.

A number of specific risks related to this investment have been identified as follows.

(1) Losses of very small amounts of revenue due to poor weather.

(2) A significant financial liability may arise due to the injury of a member of the public.

(3) Loss of several days of revenue due to rides being unavailable because of poor maintenance routines.

(4) Income fraud as a consequence of the high levels of cash handled by employees.

Using the TARA framework, which is the most appropriate way of managing each of these risks?

Options:

A- Transfer risk 1; accept risk 2; avoid risk 3; reduce risk 4

B- Accept risk 1; avoid risk 2; transfer risk 3; reduce risk 4

C- Accept risk 1; transfer risk 2; avoid risk 3; reduce risk 4

D- Reduce risk 1; transfer risk 2; avoid risk 3; accept risk 4

Answer:

C