



CIMAPRO19-P01-1 Practice Questions

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Question 1

Question Type: MultipleChoice

THS produces two products from different combinations of the same resources. Details of the products are shown below:

	E per unit	R per unit
Selling price	\$99	\$159
Material A (\$2 per kg)	3 kgs	2 kgs
Material B (\$6 per kg)	4 kgs	3 kgs
Machining (\$7 per hour)	2 hours	3 hours
Skilled labour (\$10 per hour)	2 hours	5 hours
Maximum monthly demand (units)	unlimited	1,500

THS is preparing the production plan for next month. The maximum resource availability for the month is:

Material A	5,000 kgs
Material B	5,400 kgs
Machining	3,000 hours
Skilled labour	4,500 hours

Identify, using graphical linear programming, the optimal production plan for products E and R to maximize THS's profit in the month.

Options:

- A- The solution (from the graph) is to produce 675 units of E and 470 units of R.
- B- The solution (from the graph) is to produce 495 units of E and 670 units of R.
- C- The solution (from the graph) is to produce 475 units of E and 770 units of R.
- D- The solution (from the graph) is to produce 375 units of E and 750 units of R.
- E- The solution (from the graph) is to produce 375 units of E and 870 units of R.
- F- The solution (from the graph) is to produce 495 units of E and 470 units of R.

Answer:

D

Explanation:

References:

Question 2

Question Type: FillInTheBlank

An entity manufactures two products.

The sales revenues of the products are in the constant mix of 3:1. Forecast data for next period are as follows:

	Product P \$	Product C \$
Sales revenue	75,000	25,000
Variable cost	30,000	20,000
Contribution	45,000	5,000

The margin of safety for next period is \$30,000 of sales revenue. Fixed costs are constant at all levels of output.

What is the forecast profit for next period?

Give your answer to the nearest whole number.

Answer:

\$15000

Question 3

Question Type: MultipleChoice

A manager must select one of three projects, W, X or Y.

The following payoff table has been prepared to show the outcomes in \$000 at three possible levels of demand:

	Low demand	Average demand	High demand
Project W	390	670	610
Project X	680	560	505
Project Y	570	520	630

The manager is now preparing a regret matrix.

What figure (in \$000) will be shown for Project Y in the regret matrix if the average demand arises?

Options:

- A- 150
- B- 110
- C- 520
- D- 160

Answer:

A

Question 4

Question Type: FillInTheBlank

A company makes two products, product X with a contribution per unit of \$10 and product Y with a contribution per unit of \$4.

These products are sold in the mix 3:2 by volume and fixed costs are \$38,000 per period.

The breakeven point for product Y, based on the expected sales mix is:

Answer:

2000 units per period

Question 5

Question Type: MultipleChoice

You are a trainee management accountant working for a prestigious manufacturing firm. One day you go to a business meeting and the managing director is there. They stand up and say that the company is losing too much money through wastage and losses and so they have decided to implement a total quality management system. They go on to say this system will:

- 1: Allow the company to improve on a consistent and continual basis
- 2: Allow the company to identify and allocate quality accountability to certain departments
- 3: Help the company detect error and fraud

Are ALL of these statements correct?

Options:

- A- No. (2) is incorrect No. (1) is incorrect
- B- Yes. They are all correct
- C- No. (1) and (2) are incorrect.
- D- No. (3) and (2) are incorrect.

Answer:

A

Question 6

Question Type: FillInTheBlank

A company has only 10,100 hours of skilled labour available next period.

Data for its three products for next period are as follows.

	Product X	Product Y	Product Z
Contribution per unit	\$0.42	\$0.28	\$0.90
Hours of skilled labour per unit	3	4	9
Maximum demand in units	1,500	1,720	1,600

At least 500 units of each product must be sold each period.

No inventories are held.

How many units of Product X should be manufactured next period in order to maximise profit?

Answer:

1200 units

Question 7

Question Type: MultipleChoice

Which THREE of the following would be contained within a master budget?

Options:

- A- Budgeted statement of financial position
- B- Budgeted cash flow statement
- C- Budgeted income statement
- D- Capital expenditure budget
- E- Directors' salaries budget
- F- Sales budget

Answer:

A, B, C

Question 8

Question Type: FillInTheBlank

Information about a company's two products is as follows:

Product	Contribution to sales ratio	Selling price per unit
G	10%	\$15
H	30%	\$25

The products are currently sold in equal quantities.

Monthly fixed costs are \$360,000.

What is the monthly breakeven sales revenue assuming a sales quantity mix of 50/50?

Give your answer to the nearest \$.

Answer:

\$1600000

Question 9

Question Type: MultipleChoice

A company is forecasting sales volume using time series analysis. The following equation has been derived from past data and is considered to be a reliable predictor of future sales volume:

$$y = 20,000 + 80x$$

Where y is the total sales units each quarter and x is the time period (the first quarter of year 1 is time period 1).

Quarter 1	+1000
Quarter 2	+400
Quarter 3	-200
Quarter 4	-1200

The following set of seasonal variations for each quarter has been calculated using the additive model.

What is the forecast sales units for the second quarter of year 3?

Options:

- A- 21,200
- B- 20,400
- C- 21,520
- D- 20,720

Answer:

A

Question 10

Question Type: FillInTheBlank

A project has an expected value of \$165,250.

The estimates of cash inflows and their probabilities are:

Cash inflow	Probability
\$125,000	0.3
\$175,000	0.4
	0.3

What is the missing cash inflow?

Give your answer as a whole number.

Answer:

\$192500

Question 11

Question Type: MultipleChoice

A manufacturing company produces and sells a single product.

It is preparing its budget for the next period and expects to breakeven.

Budgeted fixed costs are the same as budgeted variable costs and the budgeted contribution to sales ratio is 50%.

If all budgeted costs decreased by 10%, which of the following statements is true?

Options:

- A- Total contribution would increase by less than the increase in total profit.
- B- Total profit would increase by the same amount as the increase in total contribution.
- C- The contribution to sales margin would increase by more than five percentage points.
- D- The contribution to sales margin would increase by less than five percentage points.

Answer:

A

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