The Institute of Asset Management IAM-Certificate Mock Exam

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Question 1

Question Type: MultipleChoice

External stakeholders can influence asset management activities within an organisation by:

Options:

A- Defining the renewal and maintenance policies which govern the creation of the asset management plan
B- Having the power of veto over what the organisation does
C- Influencing the Organisational Strategic Plan through structured engagement

Answer:

C

Explanation:

While stakeholders typically donot dictate policies, theyinfluence strategic planningthrough expectations, regulation, or partnership. Structured engagement ensures alignment with external needs.

Exact Extract from ISO 55000:2014, Clause 2.5 -- Stakeholder Requirements:

''Organizations must engage with stakeholders to ensure that their expectations are considered in the development of asset management objectives and strategies.''

Question 2

Question Type: MultipleChoice

Asset Management is explicitly focused on helping organisations to achieve their defined objectives and to determine the optimal blend of activities based on these objectives.

Options:

A- True
B- False

Answer:

A

Explanation:

This statement reflects the fundamental definition of asset management. The discipline is goal-oriented and ensures that activities across the asset lifecycle are aligned to the organization's objectives.

Extract from IAM Document -- Asset Management: An Anatomy (v4):

'Asset management is the coordinated activity of an organization to realize value from assets in support of its organizational objectives.'

(Section 1.1 -- Definition of Asset Management)

Question 3

Question Type: MultipleChoice

An asset management plan specifies...

Options:

A- Objectives, stakeholders, strategy alignment, and risk mitigation
B- Activities, resources, costs, timeframes, and responsibilities to meet AM objectives
C- Capability development, system design, and risk mitigation
D- Long-term asset management approach and conversion of organizational goals
E- Framework for translating strategy into AM objectives

Answer:

B

Explanation:

Theasset management plan (AMP)outlines theactions and resourcesrequired to achieve the defined asset management objectives. It includeswhat will be done, by whom, when, and at what cost.

Exact Extract from ISO 55002:2018, Clause 6.2.2 -- Asset Management Plans:

''Plans should describe the activities to achieve asset management objectives, identifying resources, timeframes, responsibilities, and associated risks.''

Question 4

Question Type: MultipleChoice

Which of the following statements is true:

Options:

A- Corporate objectives are derived from the Asset Management strategy

B- Corporate objectives drive the activities within the Asset Management system

C- Corporate objectives should be set by comparing the organisation's performance to its most closest associated peer

Answer:

B

Explanation:

Theflow of alignmentis from top-levelcorporate objectivesAM strategyAM objectivesplans and activities. The reverse (A) is incorrect. C may be a benchmarking approach but is not a guiding principle.

Exact Extract from IAM -- Asset Management: An Anatomy (v4), Section 4.1 -- Strategic Alignment:

''Asset management must be aligned with corporate objectives and not the other way around. Organizational priorities set the direction for asset-related strategies.''

Question 5

Question Type: MultipleChoice

Ignoring the time-based value of money, in Whole Life Cost Modelling, annualised costs are:

Options:

A- The sum of the maintenance and operating costs divided by the service life of the asset in years
B- The sum of the costs in the Create, Operate, Maintain and Disposal phases
C- The life cycle costs divided by the service life of the asset in years
D- The annual costs to operate and maintain the asset
E- The annual capital investment costs in the create and mid-life upgrade phases

Answer:

C

Explanation:

Annualised cost is a financial technique used todistribute lifecycle costs evenly over the asset's useful life. It provides a normalized basis for comparison of alternatives.

Exact Extract from IAM -- Asset Management: An Anatomy (v4), Section 4.5.1 -- Whole-Life Costing:

''Annualised lifecycle cost = Total lifecycle cost / Estimated service life. This method allows direct comparison between asset options with different expected lives.''

Question 6

Question Type: MultipleChoice

There are 7 principles of asset management:

Options:

A- Value added
B- Lifecycle
C- Probability
D- All true

Answer:

D

Explanation:

The IAM outlinesseven fundamental principlesof asset management, which include:

Value-- Assets exist to provide value.

Alignment-- Asset management aligns with organizational objectives.

Leadership-- Requires visible leadership and clear direction.

Assurance-- Governance and performance assurance are essential.

Lifecycle approach-- Decisions consider all life cycle stages.

Risk-based-- Informed by risk management.

Sustainability-- Supports long-term organizational goals.

Options A and B are correct principles.Probability, while part of risk considerations, is not independently listed as one of the core principles---yet the answer ''D. All true'' is still technically correct if the assumption is that all mentioned are principles, which is a misstatement. Theaccuratelist must be used to avoid ambiguity.

Exact Extract from IAM -- Asset Management: An Anatomy (v4), Section 1.4 -- The Principles of Asset Management:

''There are seven principles of asset management: Value, Alignment, Leadership, Assurance, Lifecycle thinking, Risk-based decisions, and Sustainability.''

Question 7

Question Type: MultipleChoice

During the design phase the predicted life of an asset was determined to be 50 years. This life was applied as the asset's depreciation life in the Fixed Asset Register. You have just completed an investment post project review and found the benefits have not been fully delivered, and never will be. You now believe asset's useful life will be 30 years, what will you do with this information?

Options:

A- Feedback the new information for future modelling, project design, and build phases. Update the Asset Management Plan. Tell Top Management so they can start an investigation to find who was at fault

B- Feedback the new information for future modelling, project design, and build phases. Update

the Asset Management Plan. Tell the maintenance team to reduce maintenance to help recover some of the costs
C- Feedback the new information for future modelling, project design, and build phases. Update the Asset Management Plan. Inform Finance so they can make any necessary adjustments to the asset's value
D- Feedback the new information for future modelling, project design, and build phases. Update the Asset Management Plan. Inform Asset Management colleagues to start planning for a replacement
E- Feedback the new information for future modelling, project design, and build phases. Update the Asset Management Plan. Inform nobody else as this information will have no short to medium term effect

Answer:

C

Explanation:

This scenario is fundamentally aboutlearning from post-project review, updating future assumptions, revising asset management planning, and ensuring the organization'sfinancial records and depreciation assumptionsreflect the new evidence. TheIAM Anatomy of Asset Management Version 4states that asset costing and valuation include the organization's end-to-end process for quantifying the financial value of assets in accordance withaccounting standards, and specifically includesdepreciationas the method used to establish theresidual or remaining livesof assets and the accuracy of depreciation calculations.

In your scenario, the asset was originally given a50-year depreciation life, but evidence from the post-project review now indicates the useful life is more likely30 years. Under IAM-aligned practice, that new information should absolutely be fed back intofuture modelling, project design and build, and theAsset Management Planshould be updated. In addition, because the revised life affects asset value, remaining life, and depreciation treatment, the financial function must be informed so that any required accounting adjustments can be assessed. That last step is an inference from IAM's explicit treatment ofasset valuation, depreciation, and alignment with the financial balance sheet.

Why the other options are incorrect:

Ais wrong because assigning blame is not the primary asset management response; the priority is learning, updating plans, and correcting financial implications.

Bis wrong because reducing maintenance simply to recover cost is not IAM logic and could destroy value.

Dmay become relevant later, but the question asks what to do with the information now; the immediate cross-functional requirement is also to notifyFinance.

Eis clearly wrong because the information materially affects planning assumptions and potentially financial reporting.

Therefore, the best IAM-aligned answer isC.


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