



Free Questions for CMAPRA17-BA2-1 by ebraindumps

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Question 1

Question Type: MultipleChoice

Two rival furniture manufacturers have recently merged together. Before the merge each party had three outlets and one factory each. Now they have two factories, six stores with another 3 planned in the next year.

Previously, one company had operated with function cost centres, looking at costs incurred by each department whilst the other had chosen to look at costs per activity.

Whilst the companies were small this worked and costs were easy to manage and issues could be dealt with quickly and efficiently. Since then costs have gone out of control as the old systems no longer work for this large, nationwide company.

What is a suitable type of cost centre to use now?

Options:

- A- Activity
- B- Service location
- C- Equipment

Answer:

B

Question 2

Question Type: MultipleChoice

A new range of clothing is very unique and will not appeal everyone. You are aware that if you were to equally distribute all the units there is a chance that they would not all sell.

You decide that the best option would be to select specific stores in which to sell the items, making them rare and desirable. This way they will become highly sought after.

However, whilst this has the potential to be very profitable it also has the lowest probability.

By making this decision you are considered to be_____.

Options:

A- Risk seeking

B- Risk adverse

C- Risk neutral

Answer:

A

Question 3

Question Type: MultipleChoice

Fast Manufacturers PLC have reconsidered their new project and the initial investment required of 1,000,000 is now 25% less than the original conception. The project will remain will have a three year life span and have no scrap value.

However, this new conception has operating costs of 150,000 in year 1, and increasing by 5% due to inflation the following years. The gross revenue will also be higher across the board. The new project conception is forecasting a gross revenue of 525,000 in year 1 and again increasing with inflation 5% for years 2 and 3.

If the cost of capital has remained at 14%, should Fast Manufacturers PLC go ahead with the revised project?

Options:

- A- Go ahead with the project
- B- Do not go ahead with the project
- C- Cannot tell from the information given

Answer:

A

Question 4

Question Type: MultipleChoice

Why is it important to have a professional body such as CIMA in management accounting?

Options:

- A-** Ensures certain standards are set and maintained
- B-** To increase the employability of accountants
- C-** Regulates the amount accountants in circulation
- D-** Helps make sure certain standards are set and maintained
- E-** To punish those who breach standards

Answer:

A

Question 5

Question Type: MultipleChoice

Which of the following are not relevant costs? Select ALL that apply.

Options:

- A- The rent paid by a shoe manufacturing company leasing a warehouse for 3 years.
- B- The declining value of a food processing plant's machinery.
- C- A construction firm hiring builders on temporary contracts to complete a specific job.
- D- The materials no longer needed after a product has been discontinued.

Answer:

A, B

Question 6

Question Type: MultipleChoice

Which of these descriptions most accurately describes a cost centre?

Options:

- A-** A cost centre is a location where all costs relating to certain activities and functions are stored.
- B-** A cost centre is an office where costs for a specific activity are stored.
- C-** A cost centre is a location where all costs across the company are consolidated into one account.

Answer:

A

Question 7

Question Type: MultipleChoice

The correlation coefficient is calculated using which of the following values;

Options:

A- Standard deviation

B- Mean

C- Variance

D- Spread

E- Mode

F- Range

Answer:

A, B

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