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Practice Questions

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Exam : CIMAPRO19-P01-1-ENG

Title : P1 Management Accounting

Version : DEMO

1. 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?

- 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

2. Christian the management accountant at a car manufacturer has been given a list of costs that have been incurred due to accidents and errors either occurring or being prevented.

Which of the following are examples of non-conformance costs? Select ALL that apply.

- A. Cost of scrap
- B. Loss of goodwill
- C. Cost of repairs to products
- D. Inspection costs
- E. Cost of repairs to equipment

Answer: A, B, C

3. You are a management accounting working for a car manufacturer. The company is publicly listed and has been around for many years.

The company produces 2 products. Car 1 and Car 2. Car 1 sells for £20,000 and Car 2 for £27,000.

Car 1 can be upgraded post production to the 1ZC model for £5,000 and Car 2 to the 2ZC model for £3,500.

Post production upgrade the 1ZC sells for £25,500 and the 2ZC for £30,000.

The company sources all of its supplies from the same supplier and has access to a large workforce. As a result there are no bottlenecks or limiting factors to production.

Based on the information above the company should...

- A. Upgrade both models
- B. Upgrade Car 1 but not Car 2
- C. Upgrade Car 2 but not Car 1
- D. Keep both Cars as base models

Answer: B

4. Your company wants to know how many units they'd have to sell this season to break even. However, you have some reservations over whether or not breakeven analysis is suitable for the company.

Which of these assumptions over product range limit the accuracy of break even analysis? Select ALL that apply.

- A. The company only sells one product
- B. The company has a consistent selling ratio across all products
- C. The company sells multiple products
- D. Variable costs remain consistent at any level of production
- E. Fixed costs remain the same regardless of activity
- F. The company has a variable selling ratio across all products
- G. Prices and demand of products will remain steady

Answer: A, B

5. A manager has not yet used all of his budget. He is worried that his budget may be reduced next year if he is not seen to have needed all the funds. He decides to spend the remaining £1,580 on another team building exercise as well as a catered lunch for his department.

This example falls under which behavioural aspect of budgetary control?

- A. Irrational spending
- B. Motivation
- C. Budget negotiation
- D. Short term focus

Answer: A