

DUMPS ARENA

Fundamentals of Management Accounting

Cima BA2

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QUESTION NO: 1

A sales manager has analysed a sample of 350 sales transactions from the latest period. The manager wishes to investigate:

- how many customers made their purchase online using the internet and how many purchased by telephone.
- how many were new customers and how many were placing repeat orders.

The following table shows the results of the analysis.

	Online	Telephone	Total
New customer	210	25	235
Repeat order	40	75	115
Total customers	250	100	350

If the pattern of sales occurs next period, the probability of a particular sale being a repeat order placed online is closest to:

- A. 0.11
- B. 0.40
- C. 0.16
- D. 0.35

ANSWER: B**QUESTION NO: 2**

Which of the following is a relevant cost?

- A. A sunk cost
- B. A committed cost
- C. An incremental cost
- D. A historical cost

ANSWER: C**Explanation:**

Reference: <https://www.acowtancy.com/textbook/cima-p1-2015/c1-relevant-costing/concept-of-relevant-costing/notes>

QUESTION NO: 3

The following data relate to the latest period.

	Original budget	Flexible budget	Actual
Sales and production volume	1,000 units	1,100 units	1,100 units
Sales	1,000 units @ \$80	1,100 units @ \$80	1,100 units @ \$79
Material cost	2,000 kg @ \$15	2,200 kg @ \$15	2,190 kg @ \$14.90
Labour cost	500 hours @ \$20	550 hours @ \$20	560 hours @ \$20.50

A statement is to be prepared that reconciles the difference between the flexible budget profit and the actual profit. Which TWO of the following will appear on this statement? (Choose two.)

- A. A favourable labour rate variance.
- B. A favourable sales volume contribution variance.
- C. An adverse sales price variance.
- D. An adverse labour efficiency variance.
- E. An adverse material price variance.

ANSWER: C D

QUESTION NO: 4

The possible returns and associated probabilities of two independent projects are as follows:

	Return \$	Probability
Project 1	10,000 loss	0.1
	20,000 gain	0.5
	30,000 gain	0.4
Project 2	15,000 gain	0.2
	20,000 gain	0.7
	35,000 gain	0.1

It has been decided that both projects are to be launched.

Which TWO of the following statements are correct? (Choose two.)

- A. The expected value of the total return is \$41,500 gain.
- B. The probability of the total return being a loss is 0.10.
- C. The probability of making a total return of exactly \$5,000 gain is 0.02.

- D. The probability of the total return being a gain is less than 1.00.
- E. The expected value of the total return is \$40,000 gain.

ANSWER: B D

QUESTION NO: 5

In a company that manufactures many different products on the same production line, which TWO of the following would NOT be classified as indirect production costs? (Choose two.)

- A. Salary paid to the factory manager.
- B. Factory rent.
- C. Maintenance costs for the company's only production line.
- D. Commissions paid to the sales team.
- E. Royalties paid to the designers of the products.

ANSWER: A B

QUESTION NO: 6

Which THREE of the following are included in the Global Management Accounting Principles? (Choose three.)

- A. Accountability
- B. Influence
- C. Value
- D. Professional behaviour
- E. Relevance
- F. Integrity

ANSWER: B C E

Explanation:

Reference: <https://www.cgma.org/resources/reports/globalmanagementaccountingprinciples/about-the-principles.html#?tab-1=3>

QUESTION NO: 7

A company's policy is to hold closing inventory each month equal to 10% of the next month's budgeted sales volume. The budgeted sales volumes of product Q for months 1 and 2 are 1,660 units and 2,300 units respectively.

The production budget for product Q for month 1 is:

- A. 1,596 units
- B. 1,494 units
- C. 1,724 units
- D. 1,890 units

ANSWER: B**QUESTION NO: 8**

Data for the latest period for a company which makes and sells a single product are as follows:

	Budget		Actual	
Production units		1,300		1,100
		\$		\$
Sales revenue		104,000		90,200
Direct material	3,900 kg @ \$4.30	(16,770)	3,410 kg @ \$3.90	(13,299)
Direct labour	2,600 hours @ \$12	(31,200)	2,310 hours @ \$14	(32,340)
Variable overhead	2,600 hours @ \$6	(15,600)	2,310 hours @ \$5.80	(13,398)
Contribution		40,430		31,163

There were no budgeted or actual changes in inventories during the period.

The variable overhead expenditure variance for the period was:

- A. \$462 favourable.
- B. \$462 adverse.
- C. \$2,202 favourable.
- D. \$2,202 adverse.

ANSWER: B**QUESTION NO: 9**

The following data are available for a company that produces and sells a single product.

- The company's opening finished goods inventory was 2,500 units.
- The fixed overhead absorption rate is \$8.00 per unit.
- The profit calculated using marginal costing is \$16,000.
- The profit calculated using absorption costing and valuing its inventory at standard cost is \$22,400.

The company's closing finished goods inventory is:

- A. 3,300 units
- B. 1,700 units
- C. 3,900 units
- D. 8,900 units

ANSWER: A

QUESTION NO: 10

Which TWO of the following are characteristics of Management Accounts? (Choose two.)

- A. Governed by rules and regulations
- B. Provide information to managers
- C. Provide information needed by shareholders
- D. Internally focused
- E. Statutory requirement

ANSWER: B E