CIMAPRO19-P02-1[Q&As]

P2 - Advanced Management Accounting

Pass CIMA CIMAPRO19-P02-1 Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

https://www.passapply.com/cimapro19-p02-1.html

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by CIMA Official Exam Center

QUESTION 1

DRAG DROP

The performance of an investment centre manager is assessed by return on investment (ROI) alone.

At present, his expected ROI for next year is 15%. The manager must now decide whether to invest in a new project that is expected to yield an ROI of 14%. The cost of capital is 12%.

Indicate whether each of the following statements is true or false.

Select and Place:

True	False

The manager will reject the project; this is a dysfunctional decision.	
The manager will reject the project; this is not a dysfunctional decision.	
The manager will accept the project; this is a dysfunctional decision.	
The manager will accept the project; this is not a dysfunctional decision.	
If the manager was assessed by residual income (RI) alone, then he would make a dysfunctional decision about the project.	
If the manager was assessed by residual income (RI) alone, then he would not make a make a dysfunctional decision about the project.	

Correct Answer:

True	False

The manager will reject the project; this is a dysfunctional decision.	True
The manager will reject the project; this is not a dysfunctional decision.	False
The manager will accept the project; this is a dysfunctional decision.	False
The manager will accept the project; this is not a dysfunctional decision.	False
If the manager was assessed by residual income (RI) alone, then he would make a dysfunctional decision about the project.	False
If the manager was assessed by residual income (RI) alone, then he would not make a make a dysfunctional decision about the project.	True

QUESTION 2

Which of the following statements are correct with regard to responsibility centres? Select ALL that apply.

A. Revenue centre managers have a lower level of decision-making authority than profit centre managers.

B. Revenue centre managers and profit centre managers are accountable for controllable costs only.

C. Profit centre managers and investment centre managers are responsible for the majority of operating costs incurred.

D. Investment centre managers have a higher level of managerial authority than profit centre managers.

E. Managers of profit centres have authority over the level of investment in working capital but managers of cost centres do not.

Correct Answer: ACD

QUESTION 3

A project has a positive net present value (NPV) when discounted at a company\\'s weighted average cost of capital (WACC). The project has also been evaluated using a range of other investment appraisal techniques.

It has now been recognized that the project is of much higher risk than the average risk of the company\\'s existing portfolio of projects. It has therefore been decided that the discount rate to be used when evaluating this project should be the

WACC adjusted for risk. As the result of changing the discount rate as described, which of following statements are correct? Select ALL that apply.

A. The net present value would decrease.

B. The internal rate of return would decrease.

C. The accounting rate of return would decrease.

D. The internal rate of return would remain unchanged.

E. The profitability index would remain unchanged.

F. The net present value would increase.

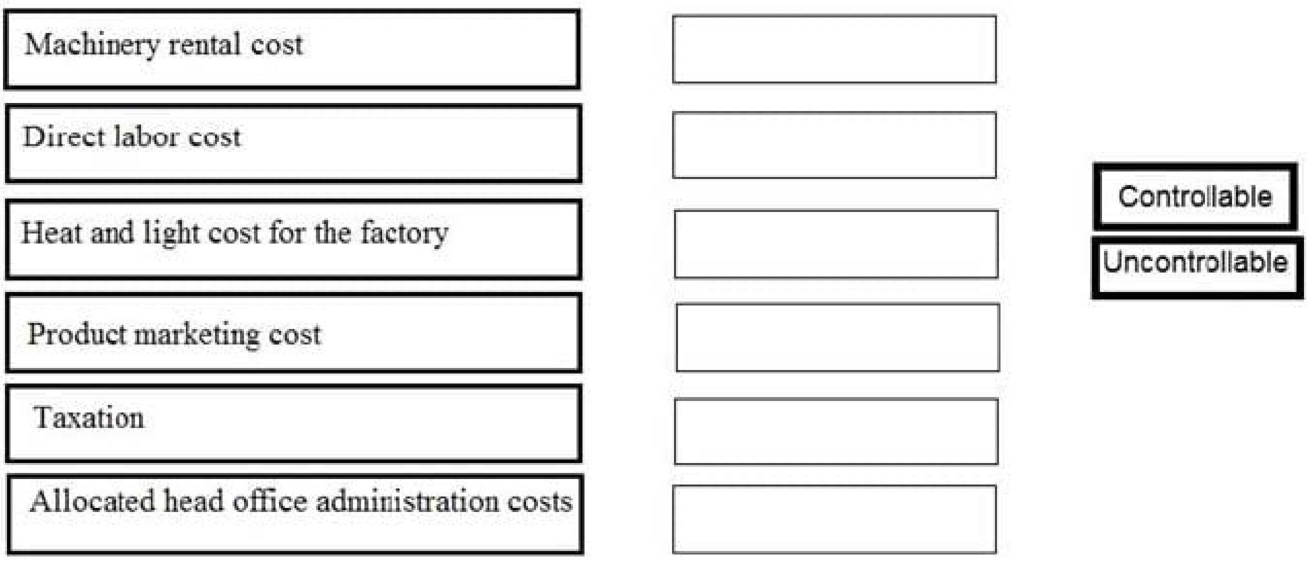
Correct Answer: AD

QUESTION 4

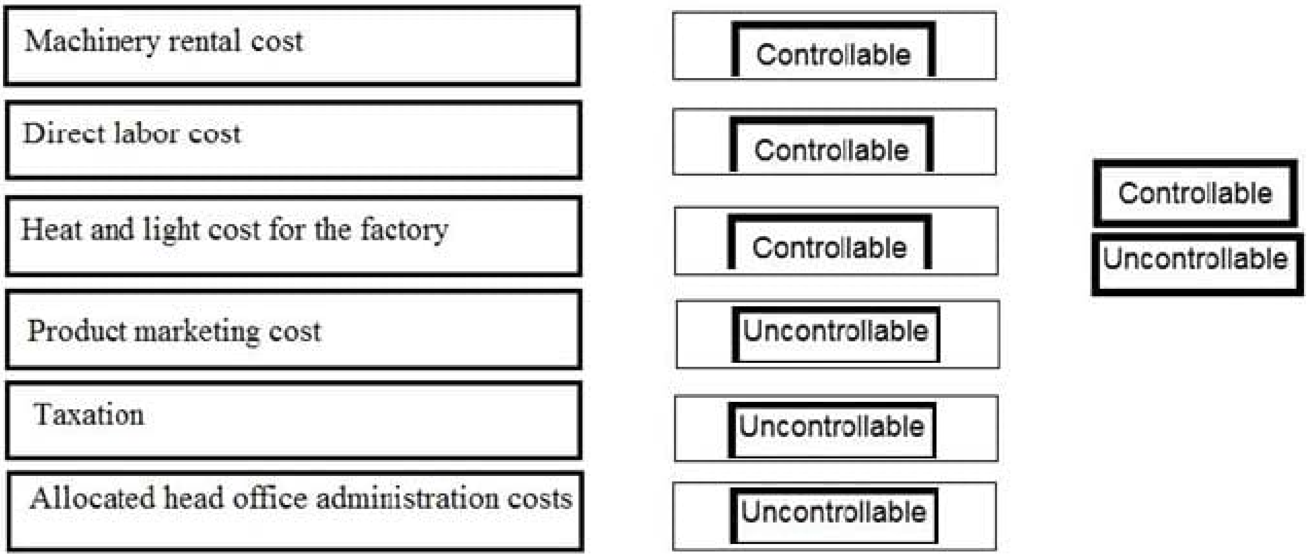
DRAG DROP

A company classifies its main factory as an investment centre. Categorise each of the following costs as either controllable or uncontrollable by the investment centre manager.

Select and Place:



Correct Answer:



QUESTION 5

Which of the following activities are included within activity based management (ABM)?

1.

Cost reduction

2.

Product design decisions

3.

Variance analysis

4.

Operational control

5.

Performance evaluation

A. 3, 4 and 5 only.

B. 1, 2 , 4 and 5 only.

C. 1, 3, 4 and 5 only

D. All of them.

Correct Answer: B