CIMAPRO17-BA2-X1-ENG Q&As

E3 - Strategic Management Question Tutorial

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QUESTION 1

The forecast costs per unit for a new product are as follows:

	$
Direct (variable) material	15
Direct (variable) labour	12
Fixed production overheac	6

The company uses marginal cost plus pricing and all products are required to achieve a 40% margin. What would be the selling price per unit?

A. $37.80

B. $46.20

C. $45.00

D. $55.00

Correct Answer: B

QUESTION 2

A company that uses standard costing wishes to reconcile the difference between the profit for a period calculated using absorption costing with that calculated using marginal costing.

Which TWO of the following will NOT help with this reconciliation? (Choose two.)

A. The actual fixed production overheads.

B. The closing inventory.

C. The opening inventory.

D. The under or over absorbed fixed production overheads.

E. The fixed production overhead absorption rate.

Correct Answer: AE

QUESTION 3

Based upon extensive historical evidence, a company\\'s daily sales volume is known to be normally distributed with a mean of 1,728 units and a standard deviation of 273 units. What is the probability that, on any one day, the sales volume will be at least 1,300 units?

A. 5.82%

B. 73.89%

C. 44.18%

D. 94.18%

Correct Answer: D

QUESTION 4

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

Correct Answer: A

QUESTION 5

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

Correct Answer: B