CIMAPRO17-BA2-X1-ENG Q&As

E3 - Strategic Management Question Tutorial

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QUESTION 1

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.

Correct Answer: BD

QUESTION 2

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 3

A new product requires an investment of $200,000 in machinery and working capital. The total sales volume over the product\\'s life will be 5,000 units. The forecast costs per unit throughout the product\\'s life are as follows:

	$
Direct material	15
Direct labour	12
Absorbed production overhead	6

The product is required to earn a return on investment of 35%. What unit selling price needs to be achieved?

A. $54.00

B. $50.77

C. $47.00

D. $44.55

Correct Answer: D

QUESTION 4

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

Correct Answer: BCE

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

QUESTION 5

The following is an extract from a budgetary control report for the latest period:

	Original budget $	Flexed budget $	Actual $
Direct material	25,600	30,720	35,800
Direct labour	51,000	61,200	59,380
Variable production overhead	5,850	7,020	7,100
Fixed production overhead	95,000	95,000	97,770
Total production cost	177,450	193,940	200,050

The budget variance for prime cost is:

A. $3,260 adverse

B. $18,580 adverse

C. $3,340 adverse

D. $3,260 favourable

Correct Answer: B