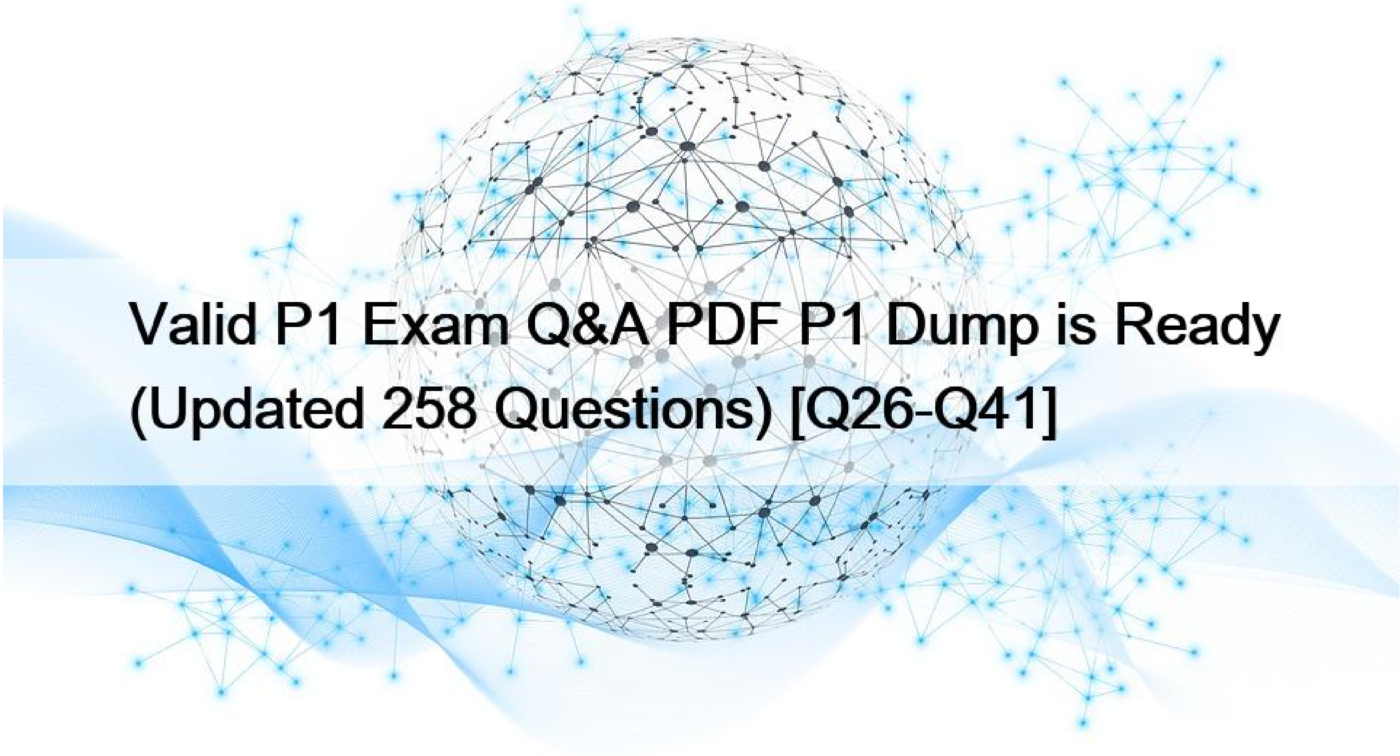
Valid P1 Exam Q&A PDF P1 Dump is Ready (Updated 258 Questions) [Q26-Q41



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Exam Questions and Answers for P1 Study Guide

QUESTION 26

A company manufactures two products and has two production constraints.

When the graphical approach to linear programming is used, the axes of the graph will show:
* the two constraints restricting production
* the two objectives of the company
* the two products manufactured
* the contribution generated by the two products

QUESTION 27

FGH used to manufacture components that required raw material Q.

Currently there are 80 kg of material Q in inventory.

The company has no use for the material in the foreseeable future and intends to sell it for scrap.

A potential new customer has asked for a price for a large order.

This order would require 100 kg of material Q.

The company management has decided to quote a price for this work on a relevant cost basis.

Details of costs for material Q are as follows:

	Cost per kg
Current market price	$2.30
Scrap value	$0.80
Original purchase price of Inventory	$1.90

What would be the relevant cost of Material Q to use in this order?
* $230
* $198
* $110
* $46

QUESTION 28

The term ‘budgetary slack’ refers to the:
* Lead time between the preparation of the functional budgets and the approval of the master budget by senior management
* Difference between the budgeted output and the actual output
* Difference between budgeted capacity utilization and full capacity
* Intentional over estimation of costs and/or under estimation of revenue in a budget

QUESTION 29

A manufacturing company produces and sells a single product.

It is preparing its budget for the next period and expects to breakeven.

Budgeted fixed costs are the same as budgeted variable costs and the budgeted contribution to sales ratio is 50%.

If all budgeted costs decreased by 10%, which of the following statements is true?
* Total contribution would increase by less than the increase in total profit.
* Total profit would increase by the same amount as the increase in total contribution.
* The contribution to sales margin would increase by more than five percentage points.
* The contribution to sales margin would increase by less than five percentage points.

QUESTION 30

Where sales volume is the principal budget factor, which of the following is the correct order in which budgets have to be prepared?
* Sales budget, production budget, material usage budget, material purchases budget
* Sales budget, production budget, materials purchases budget, material usage budget
* Production budget, sales budget, material usage budget, material purchases budget
* Prodcution budget, material usage budget, material purchases budget, sales budget

QUESTION 31

A company has identified the trend in its sales figures through the regression equation Y = 65.9 + 3.86X, where Y is the sales revenue in thousands of dollars and X is the month number. The average seasonal variation for October is 87% Calculate the forecast sales revenue for October of Year 6.

Give your answer to the nearest $000.
292000

QUESTION 32

A company is choosing between three projects, Project P, Project Q and Project R using minimax regret as the criterion for the decision. The outcome from each project is dependent on future economic growth. If this is strong, returns will be P $5,000, Q $6,500 and R $7,200. If it is weak, returns will be P

$3,500, Q $4,800 and R $4,200.

Place the correct figures into the table to show the maximum regret for each project.

Project P		**0**
Project Q		**700**
Project R		**600**
		2,200
		1,300

Project P	**2,200**
Project Q	**700**
Project R	**600**

QUESTION 33

A company has to choose between three mutually exclusive projects. Market research has shown that customers could react to the projects in three different ways depending on their preferences. There is a

30% chance that customers will exhibit preferences 1, a 20% chance they will exhibit preferences 2 and a 50% chance they will exhibit preferences 3. The company uses expected value to make this type of decision.

The net present value of each of the possible outcomes is as follows:

	Probability	Project A	Project B	Project C
		$000	$000	$000
Preferences 1	0.3	400	800	500
Preferences 2	0.2	500	300	600
Preferences 3	0.5	700	200	400

A market research company believes it can provide perfect information about the preferences of customers in this market.

What is the maximum amount that should be paid for the information from the market research company?
* $145 000
* $140 000
* $125 000
* $135 000

QUESTION 34

A company has budgeted to produce 5,000 units of Product B per month. The opening and closing inventories of Product B for next month are budgeted to be 400 units and 900 units respectively. The budgeted selling price and variable production costs per unit for Product B are as follows:

	$ per unit
Selling price	20.00
Direct costs	6.00
Variable production overhead costs	3.50

Total budgeted fixed production overheads are $29,500 per month.

The company absorbs fixed production overheads on the basis of the budgeted number of units produced. The budgeted profit for Product B for next month, using absorption costing, is $20,700.

Prepare a marginal costing statement which shows the budgeted profit for Product B for next month.

What was the marginal costing profit for the next month?
* $17 750
* $18 600
* $17 890
* $18 750

QUESTION 35

A company manufactures a single product and absorbs fixed production overheads at a predetermined rate based on budgeted expenditure and budgeted units.

Which TWO of the following would definitely lead to an over absorption of fixed production overheads?
* The actual number of units produced are greater than budgeted and the actual fixed production overhead expenditure is as budgeted.
* The actual number of units produced are less than budgeted and the actual fixed production overhead expenditure is higher than budgeted.
* Actual number of units produced are greater than actual units sold and the actual fixed production overhead expenditure is as budgeted.
* Actual fixed production overhead expenditure is higher than budgeted and production units are as budgeted.
* Actual fixed production overhead expenditure is less than budgeted and production units are as budgeted.

QUESTION 36

Which of the following statements about expected value is NOT correct?
* It assumes that the decision is repeated a very large number of times.
* It draws management attention to the possibility of very high or very low outcomes.
* It is the weighted average outcome based on the probability of each outcome.
* It represents the distribution of possible outcomes by a single figure.

QUESTION 37

Which one of the following would NOT be included in a decision to close a division of an organization?
* Head office overheads absorbed on the basis of the number of units produced
* Sale of unwanted non-current assets
* Redundancy pay for employees of the division
* Fixed costs directly attributable to the division

QUESTION 38

The standard production cost of making a product is as follows:

Production	17,000 units
Labour cost	$350,000 for 25,000 hours
Fixed production overheads	$156,000

What is the fixed production overhead capacity variance?
* $9,000F
* $6,000F
* $3,000F
* $6,000A

QUESTION 39

Rank the budgets listed below to show the order in which they should normally be prepared:

Budget	Order
The finished goods inventory budget	
The master budget	
The raw materials purchases budget	
The production budget	
The sales budget	

1st
2nd
3rd
4th
5th

Budget	Order
The finished goods inventory budget	2nd
The master budget	5th
The raw materials purchases budget	4th
The production budget	3rd
The sales budget	1st

QUESTION 40

‘Public sector organizations are often judged by their economy, efficiency and effectiveness.

Consequently, they should use an approach to budgeting other than incremental budgeting.’ Required:

Explain ONE advantage and TWO disadvantages of public sector organizations using incremental budgeting.

Select all true statements.
* An incremental; approach is not as easy and fast to implement than other forms of budgeting approaches e.g. zero based budgeting.
* Public sector organizations tend to be fairly complex and in many cases outputs cannot be measured in monetary terms therefore the link between inputs and outputs is difficult to establish. An incremental approach can therefore provide a cost effective approach to budgeting.
* Under an incremental approach to budgeting, existing operations and the current budgeted allowance for these existing activities are taken as the base level for preparing the budget.
* The main advantage of incremental budgeting is that the cost of past activities becomes fixed and any inefficiencies or wastage is perpetuated.
* The incremental approach means that budget holders in public sector organizations will be encouraged to use up this year’s budget will be as high as possible.
* The incremental approach encourages managers in public sector organizations to look at the efficiency and effectiveness of activities undertaken.

QUESTION 41

What type of budget is prepared on an annual basis taking current year operating results and adjusting them for expected growth and inflation?
* Rolling budget
* Incremental budget
* Flexed budget
* Zero-based budget

Understanding function and technical aspects of Analyse performance using financial and nonfinancial information

The following will be discussed in **CIMA P1 exam dumps**:

- Identify appropriate KPIs for different functions of the organisation- Identify information that can enable managers to review performance- Interpret variances to review functional and organisational performance- Prepare performance reports for use by different functions and for different purposes in appropriate formats and media- Explain company performance using KPIs

CIMA P1 Exam Syllabus Topics:

TopicDetailsTopic 1- Calculate revenue and cost estimates using quantitative analyses- Calculate and interpret overall flexed budget variancesTopic 2- Understand relevant cash flows and non-financial factors and how it affects make or buy decisions- Understand the strategic implications of short-term decision-makingTopic 3- Understand the impact of individuals' risk attitudes on decision-making in the short term- Understand the difference between direct costs and indirect costsTopic 4- Understand how budgets can help energize and motive individuals and teams- Recognise how management accountants help make tactical business decisionsTopic 5- Determine the activity that causes the change in cost- Understand the difference between variable costs and fixed costsTopic 6- Understand relevant cash flows and their use in pricing decisions- Calculate the costs for products or services using activity-based costingTopic 7- Calculate the breakeven point and output level required to meet income targets- Understand costing and the different reasons for calculating costsTopic 8- Determine causality in cost function estimates and impact on budgets- Identify inventory costs and period costs

Below is the CIMA Operational CIMA P1 Accounting - Number of questions: 60- Language: English- Format: Multiple choices, multiple answers- Length of Examination: 90 minutes- Passing score: 70% **Certification dumps - CIMA Operational P1 guides - 100% valid:** https://www.validexam.com/P1-latest-dumps.html]