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Exam : CIMAPRO17-BA2-X1-ENG

**Title : BA2 – Fundamentals of
Management Accounting
Question Tutorial**

Version : DEMO

1. 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>

2. Which of the following would NOT be an appropriate performance measure for a profit centre manager?

- A. Return on capital employed
- B. Contribution per unit
- C. Sales price variance
- D. Gross margin

Answer: B

3. 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

4. Which of the following would NOT require taking into account the time value of money?

- A. Deciding to make a long-term investment in a project on the basis of its payback period.
- B. Selecting an investment project on the basis that it has a positive net present value (NPV).
- C. Calculating the present value of a five-year annuity.
- D. Taking a long-term investment decision on the basis of the project's internal rate of return (IRR).

Answer: C

Explanation:

Reference: <https://www.acowtancy.com/textbook/acca-fm/d1-investment-appraisal-techniques/npv/notes>

5. A small airport's management accountant has prepared the following management report on the performance of its four retail outlets.

| | Outlet A | Outlet B | Outlet C | Outlet D |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Sales revenue (\$000) | \$540 | \$620 | \$740 | \$1,380 |
| Variable costs (\$000) | \$184 | \$270 | \$308 | \$480 |
| Fixed costs (\$000) | \$139 | \$148 | \$50 | \$320 |
| Profit (\$000) | \$217 | \$202 | \$382 | \$580 |
| Return on sales ratio (%) | 40% | 33% | 52% | 42% |
| Area occupied (square metres) | 200 | 120 | 160 | 340 |

Which retail outlet has the highest contribution per square metre?

- A. Outlet A
- B. Outlet B
- C. Outlet C
- D. Outlet D

Answer: C