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**Exam** : **CIMAPRO15-P01-X1-ENG**

**Title** : P1 - Management Accounting Question Tutorial

**Version** : DEMO

1.A company is preparing its annual budget and is estimating the number of units of Product A that it will sell in each quarter of year 2.
Past experience has shown that the trend for sales of the product is represented by the following relationship:
y = a + bx where
y = number of sales units in the quarter a = 10,000 units b = 3,000 units x = the quarter number where 1 = quarter 1 of year 1
Actual sales of Product A in Year 1 were affected by seasonal variations and were as follows:
Quarter 1:14,000 units Quarter2: 18,000 units Quarter 3: 18,000 units Quarter 4: 20,000 units Calculate the expected sales of Product A (in units) for each quarter of year 2, after adjusting for seasonal variations using the additive model.
A. The expected sales for year 2 Quarter 4 was 32700 units
B. The expected sales for year 2 Quarter 4 was 32000 units
C. The expected sales for year 2 Quarter 4 was 33000 units
D. The expected sales for year 2 Quarter 4 was 40000 units
**Answer:** B
**Explanation:**
Reference: https://www.vrelearnonline.com/cima-p1-103-11-ero/

2.RT produces two products from different quantities of the same resources using a just-in-time (JIT) production system.
The selling price and resource requirements of each of the products are shown below:

| Product | R | T |
|---|---|---|
| Unit selling price ($) | 130 | 160 |
| Resources per unit:<br>Direct labour ($8 per hour) | 3 hours | 5 hours |
| Material A ($3 per kg) | 5 kgs | 4 kgs |
| Material B ($7 per litre) | 2 litres | 1 litre |
| Machine hours ($10 per hour) | 3 hours | 4 hours |

Market research shows that the maximum demand for products R and T during June 2010 is 500 units and 800 units respectively. This does not include an order that RT has agreed with a commercial customer for the supply of 250 units of R and 350 units of T at selling prices of $100 and $135 per unit respectively. Although the customer will accept part of the order, failure by RT to deliver the order in full by the end of June will cause RT to incur a $10,000 financial penalty.
At a recent meeting of the purchasing and production managers to discuss the production plans of RT for June, the following resource restrictions for June were identified:
Direct labour hours 7,500 hours
Material A 8,500 kgs
Material B 3,000 litres
Machine hours 7,500 hours
Assuming that RT completes the order with the commercial customer, prepare calculations to show, from

a financial perspective, the optimum production plan for June 2010 and the contribution that would result from adopting this plan.
The optimum production plan will be:
A. Contract: R = 250, T = 360 and Market: R = 500 T = 710
B. Contract: R = 250, T = 360 and Market: R = 600 T = 710
C. Contract: R = 250, T = 360 and Market: R = 650 T = 710
D. Contract: R = 250, T = 360 and Market: R = 500 T = 700
E. Contract: R = 250, T = 360 and Market: R = 660 T = 720
**Answer:** D
**Explanation:**
Reference: https://www.vrelearnonline.com/p1-103-12-df/

3.RT produces two products from different quantities of the same resources using a just-in-time (JIT) production system.
The selling price and resource requirements of each of the products are shown below:

| Product | R | T |
|---|---|---|
| Unit selling price ($) | 130 | 160 |
| Resources per unit:<br>Direct labour ($8 per hour) | 3 hours | 5 hours |
| Material A ($3 per kg) | 5 kgs | 4 kgs |
| Material B ($7 per litre) | 2 litres | 1 litre |
| Machine hours ($10 per hour) | 3 hours | 4 hours |

Market research shows that the maximum demand for products R and T during June 2010 is 500 units and 800 units respectively. This does not include an order that RT has agreed with a commercial customer for the supply of 250 units of R and 350 units of T at selling prices of $100 and $135 per unit respectively. Although the customer will accept part of the order, failure by RT to deliver the order in full by the end of June will cause RT to incur a $10,000 financial penalty.
At a recent meeting of the purchasing and production managers to discuss the production plans of RT for June, the following resource restrictions for June were identified:
Direct labour hours 7,500 hours
Material A 8,500 kgs
Material B 3,000 litres
Machine hours 7,500 hours
Assuming that RT completes the order with the commercial customer, prepare calculations to show, from a financial perspective, the optimum production plan for June 2010 and the contribution that would result from adopting this plan.
The contribution per unit for R and T will be...?
A. R = $47 per unit. T = $61 per unit
B. R = $51 per unit. T = $61 per unit
C. R = $47 per unit. T = $65 per unit D. R = $45 per unit. T = $66 per unit
**Answer:** A

**Explanation:**
Reference: https://www.vrelearnonline.com/p1-103-12-df/

4.RT produces two products from different quantities of the same resources using a just-in-time (JIT) production system.
The selling price and resource requirements of each of the products are shown below:

| Product | R | T |
|---|---|---|
| Unit selling price ($) | 130 | 160 |
| Resources per unit:<br>Direct labour ($8 per hour) | 3 hours | 5 hours |
| Material A ($3 per kg) | 5 kgs | 4 kgs |
| Material B ($7 per litre) | 2 litres | 1 litre |
| Machine hours ($10 per hour) | 3 hours | 4 hours |

Market research shows that the maximum demand for products R and T during June 2010 is 500 units and 800 units respectively. This does not include an order that RT has agreed with a commercial customer for the supply of 250 units of R and 350 units of T at selling prices of $100 and $135 per unit respectively. Although the customer will accept part of the order, failure by RT to deliver the order in full by the end of June will cause RT to incur a $10,000 financial penalty.
At a recent meeting of the purchasing and production managers to discuss the production plans of RT for June, the following resource restrictions for June were identified:
Direct labour hours 7,500 hours
Material A 8,500 kgs
Material B 3,000 litres
Machine hours 7,500 hours
(Refer to previous 2 questions.)
You have now presented your optimum production plan to the purchasing and production managers of RT. During your presentation it became clear that the predicted resource restrictions were rather optimistic. In fact, the managers agreed that the availability of all of the resources could be as much as 10% lower than their original predictions.
Assuming that RT completes the order with the commercial customer, and using linear programming, show the optimum production plan for RT for June 2010 on the basis that the availability of all resources is 10% lower than originally predicted.
A. The optimal plan is to produce 550 units of Product R and 650 units of product T in addition to the contract.
B. The optimal plan is to produce 520 units of Product R and 620 units of product T in addition to the contract.
C. The optimal plan is to produce 510 units of Product R and 720 units of product T in addition to the contract.
D. The optimal plan is to produce 560 units of Product R and 670 units of product T in addition to the contract.
E. The optimal plan is to produce 450 units of Product R and 690 units of product T in addition to the

contract.
F. The optimal plan is to produce 500 units of Product R and 550 units of product T in addition to the contract.
**Answer:** F
**Explanation:**
Reference: https://www.vrelearnonline.com/p1-103-14-yui/

5.A company produces three products D, E and F.
The statement below shows the selling price and product costs per unit for each product, based on a traditional absorption costing system.

| | *Product D* $ | *Product E* $ | *Product F* $ |
|---|---|---|---|
| Selling price per unit | 32 | 28 | 22 |
| Variable costs per unit | | | |
| Direct material | 10 | 8 | 6 |
| Direct labour | 6 | 4 | 4 |
| Variable overhead | 4 | 2 | 2 |
| Fixed cost per unit | | | |
| Fixed overhead | 9 | 6 | 6 |
| Total product cost | 29 | 20 | 18 |
| Profit per unit | 3 | 8 | 4 |
| Additional information: | | | |
| Demand per period (units) | 3,000 | 4,000 | 5,000 |
| Time in Process A (minutes) | 20 | 25 | 15 |

Each of the products is produced using Process A which has a maximum capacity of 2,500 hours per period.
If a traditional contribution approach is used, the ranking of products, in order of priority, for the profit maximizing product mix will be:
A. D, E, F
B. E, D, F
C. F, D, F
D. D, E, F
**Answer:** C