



CIMAPRO17-BA2-X1-ENG^{Q&As}

E3 - Strategic Management Question Tutorial

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**QUESTION 1**

Which THREE of the following are parts of the master budget? (Choose three.)

- A. Finished goods inventory budget.
- B. Budgeted statement of profit or loss.
- C. Cash flow budget.
- D. Sales budget.
- E. Administration overhead budget.
- F. Budgeted statement of financial position.

Correct Answer: BCF

Reference: <https://www.acowtancy.com/textbook/acca-ma/d2-budget-preparation/master-budgets/notes>

QUESTION 2

Data for the latest period for a company which makes and sells a single product are as follows:

	Budget		Actual	
Production units		1,300		1,100
		\$		\$
Sales revenue		104,000		90,200
Direct material	3,900 kg @ \$4.30	(16,770)	3,410 kg @ \$3.90	(13,299)
Direct labour	2,600 hours @ \$12	(31,200)	2,310 hours @ \$14	(32,340)
Variable overhead	2,600 hours @ \$6	(15,600)	2,310 hours @ \$5.80	(13,398)
Contribution		40,430		31,163

There were no budgeted or actual changes in inventories during the period. The sales volume contribution variance for the period was:

- A. \$6,220 adverse.
- B. \$9,267 adverse.
- C. \$16,000 adverse.
- D. \$5,666 adverse.

Correct Answer: D

QUESTION 3

A company uses standard absorption costing. Budgeted and actual data for the latest period are as follows.



	Budget	Actual
Sales and production volume	6,000 units	6,100 units
	\$	\$
Direct production costs	96,000	97,600
Indirect production costs	126,000	164,700
Indirect selling and distribution costs	48,000	48,800

What was the production overhead absorption rate per unit?

- A. \$21
- B. \$27
- C. \$35
- D. \$29

Correct Answer: C

QUESTION 4

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 5

A project is about to be launched. Two of the three possible outcomes and their associated probabilities are as follows:

\$25,000 loss	0.2
\$30,000 gain	0.7

The remaining possible outcome is a \$70,000 gain.

What is the correct calculation of the expected value of the project?

- A. $(\$30,000 + \$70,000 - \$25,000) / 3$



- B. $(\$30,000 + \$70,000 - \$25,000) \times (0.7 + (1.0 - (0.2 + 0.7)) + 0.2)$
- C. $(\$30,000 \times 0.7) + (\$70,000 \times (1.0 - (0.2 + 0.7))) + (\$25,000 \times 0.2)$
- D. $(\$30,000 \times 0.7) + (\$70,000 \times (1.0 - (0.2 + 0.7))) - (\$25,000 \times 0.2)$

Correct Answer: A

QUESTION 6

In order for the information in a management accounting report to be authoritative its contents must be:

- A. trusted and from reliable sources.
- B. complete and reported in a timely manner.
- C. complete and relevant.
- D. both financial and non-financial.

Correct Answer: C

QUESTION 7

A sales manager has analysed a sample of 350 sales transactions from the latest period. The manager wishes to investigate:

how many customers made their purchase online using the internet and how many purchased by telephone. how many were new customers and how many were placing repeat orders.

The following table shows the results of the analysis.

	Online	Telephone	Total
New customer	210	25	235
Repeat order	40	75	115
Total customers	250	100	350

If the pattern of sales occurs next period, the probability of a particular sale being a repeat order placed online is closest to:

- A. 0.11
- B. 0.40
- C. 0.16
- D. 0.35

Correct Answer: B

**QUESTION 8**

A company is considering investing \$57,000 in a machine that will last for five years, after which time it will have no value. The machine will generate additional revenue of \$190,000 each year. Annual running costs, including depreciation of \$11,400 will amount to \$168,400.

Assuming that all cash flows occur evenly, the payback period of the investment in the machine is closest to:

- A. 2 years 8 months
- B. 1 year 9 months
- C. 1 year 7 months
- D. 2 years 6 months

Correct Answer: C

QUESTION 9

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The following data are available for a delivery company. The table shows the number of tonnes delivered (x) and the associated distribution cost (y) in recent periods.

Period	Tonnes delivered (x) 000s	Distribution cost (y) \$000
1	14.5	465
2	17.0	529
3	13.5	444
4	12.5	417
5	17.5	542
	75.0	2,397

Further analysis of this data has determined the following: $xy = 36,427$ $x^2 = 1,144$

Using least squares regression analysis, calculate the variable cost per tonne delivered. Give your answer to the nearest cent.

- A. -128.10

Correct Answer: A

QUESTION 10



A company has spent \$5,000 on a report into the viability of using a subcontractor. The report highlighted the following:

A machine purchased six years ago for \$30,000 would become surplus to requirements. It has a written-down value of \$10,000 but would be resold for \$12,000.

A machine operator would be made redundant and would receive a redundancy payment of \$40,000.

The administration of the subcontractor arrangement would cost the company \$25,000 each year.

Which THREE of the following are relevant for the decision? (Choose three.)

- A. A relevant cost of \$5,000 for the viability report.
- B. A relevant cost of \$30,000 for the machine.
- C. A relevant cost of \$40,000 for the redundancy payment.
- D. A relevant cost of \$10,000 for the machine.
- E. A relevant cost of \$25,000 each year for administration.
- F. A relevant revenue of \$12,000 for the machine.

Correct Answer: ADE

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