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QUESTION & ANSWER



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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.

|                               | <b>Outlet A</b> | <b>Outlet B</b> | <b>Outlet C</b> | <b>Outlet D</b> |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| 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**