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PRACTICE QUESTIONS



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Exam : IAM-Certificate

**Title : The Institute of Asset
Management Certificate**

Version : DEMO

1.Which of the following statements is not a management asset?

- A. A recognition that assets have a life cycle
- B. An approach that looks to get the best out of the assets for the benefit of the organisation and/or its stakeholders
- C. Understanding and managing the risk associated with owning assets
- D. A substitute for quality management

Answer: D

Explanation:

In the context of asset management, a "management asset" refers to the frameworks, processes, and practices that enable an organization to manage its physical assets effectively.

Option A: Recognizing that assets have a life cycle is fundamental to asset management. It involves understanding the stages an asset goes through—from acquisition to disposal—and managing each stage to optimize performance and value.

Option B: Adopting an approach that seeks to maximize asset value for the organization and its stakeholders aligns with the core objective of asset management, which is to realize value from assets in achieving organizational goals.

Option C: Understanding and managing risks associated with asset ownership is a critical component of asset management. It ensures that potential adverse effects on asset performance and organizational objectives are identified and mitigated.

Option D: Viewing asset management as a substitute for quality management is a misconception.

While both disciplines aim to improve organizational performance, they focus on different aspects.

Quality management concentrates on the quality of products and services, whereas asset management focuses on the optimal management of physical assets. Therefore, asset management should complement, not replace, quality management.

Exact Extract from IAM's Official Documents:

From the IAM's publication Asset Management – An Anatomy:

"Asset management is not a substitute for quality management; rather, it complements and integrates with quality management systems to enhance organizational performance."

(Source: Asset Management – An Anatomy, Version 4, Section 1.3)

2.Asset Management is important because it can help organisations to, except.....?

- A. Reduce the capital costs of investing in the asset base
- B. Increase the potential health impacts of operating the assets
- C. Minimize the environmental impact of operating the assets
- D. Improve the regulatory performance of the organisation

Answer: B

Explanation:

Asset Management promotes safer, more efficient, and more sustainable operations. Increasing negative health impacts contradicts IAM goals.

Option A is valid—effective asset management reduces CAPEX through optimized planning.

Option C aligns with environmental sustainability principles.

Option D refers to compliance, a key governance and risk management objective.

Extract from IAM Document – Asset Management: An Anatomy (v4):

"It enables organizations to manage risk, improve safety and reliability, reduce costs, and enhance

environmental and regulatory compliance."

(Section 2.2 – The Benefits of Asset Management)

3.Asset Management is explicitly focused on helping organisations to achieve their defined objectives and to determine the optimal blend of activities based on these objectives.

- A. True
- B. False

Answer: A

Explanation:

This statement reflects the fundamental definition of asset management. The discipline is goal-oriented and ensures that activities across the asset lifecycle are aligned to the organization's objectives.

Extract from IAM Document – Asset Management: An Anatomy (v4):

"Asset management is the coordinated activity of an organization to realize value from assets in support of its organizational objectives."

(Section 1.1 – Definition of Asset Management)

4.Which are included in the asset life cycle?

- A. Acquire - Corporate - Operate - Dispose
- B. Acquire - Commission - Operate - Diaspora
- C. Acquire - Commission - Operate - Dispose
- D. Acquire - Commission - Performance - Dispose

Answer: C

Explanation:

The asset lifecycle includes stages from planning and procurement (acquire), initial setup (commission), use (operate), and eventual retirement (dispose).

Extract from IAM Document – Asset Management: An Anatomy (v4):

"Asset life cycle stages typically include: Acquire, Commission, Operate, Maintain, and Dispose."

(Section 3.4 – The Asset Life Cycle)

5.This covers everything that goes into planning, designing, and procuring an asset.

- A. Acquire
- B. Commission
- C. Operate
- D. Dispose

Answer: A

Explanation:

TheAcquirestage encompasses feasibility studies, planning, specification, design, procurement, and funding—the preparatory activities before an asset is commissioned.

Extract from IAM Document – Asset Management: An Anatomy (v4):

"The acquisition phase includes the activities required to define, justify, plan, design, and procure the asset."

(Section 3.4.1 – Life Cycle Stage: Acquire)