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### NEW QUESTION: 1

Effective asset management can enhance an organization's reputation and its ability to .....?

- A. Operate safely.
- B. Reduce the cost of managing assets over their lives.
- C. Meet its regulatory and statutory obligations
- D. All true

**Answer: D (LEAVE A REPLY)**

Effective asset management is a driver for multiple benefits, including operational excellence, regulatory compliance, stakeholder trust, and cost control. These outcomes are explicitly stated as the goals of adopting ISO 55000 principles.

\* Safe operations result from well-maintained and risk-managed assets.

\* Cost optimization is achieved through lifecycle planning.

\* Regulatory compliance is improved via standardized governance processes.

Exact Extract from ISO 55000:2014, Clause 2.4 - Benefits of Asset Management:

"Effective asset management supports the realization of value from assets and can contribute to improved financial performance, informed asset investment decisions, managed risk, and demonstrated regulatory compliance."

### NEW QUESTION: 2

Two widely used approaches to conceptualising value in an organisation are:

- A. The Value Net and Delivery
- B. The Value Stream and Delivery
- C. The Value Net and Chain
- D. The Value Stream and Chain

**Answer: D (LEAVE A REPLY)**

Organizations often use the Value Stream and Value Chain models to understand and maximize how value is created and delivered across asset-related activities:

- \* The Value Chain focuses on high-level stages in business processes.
- \* The Value Stream provides a more detailed view of flow through specific processes, identifying non-value-adding steps.

These models support performance optimization, resource allocation, and investment planning in asset-intensive environments.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 2.1 - Value in Asset Management:

"Value Stream and Value Chain models are common frameworks to analyze how value is created, delivered, and sustained in asset management systems."

### **NEW QUESTION: 3**

Which of these statements is true:

- A.** Asset information should be collected on all measurable aspects of an asset's function and performance
- B.** Asset information should be guided by the relevance of the information to the asset management decisions that need to be made about the asset
- C.** Asset information requirements should be derived according to the requirements set out in the IT department's procurement specification

**Answer: (SHOW ANSWER)**

Information collection must be purpose-driven, not exhaustive or IT-defined. IAM emphasizes the "fitness-for-purpose" principle: collect only the data required to inform decision-making.

Exact Extract from IAM - Asset Information: Strategy, Management and Governance:

"Information requirements must be defined based on decision-making needs, not system capability or departmental standards."

### **NEW QUESTION: 4**

A policy is best defined as...

- A.** Overarching objectives setting context and direction
- B.** Intentions and direction as formally expressed by top management
- C.** Activities to create value for customers
- D.** Temporary endeavor to create unique output
- E.** Action plans to attain objectives

**Answer: B (LEAVE A REPLY)**

A policy is a formal statement of intent from senior leadership, expressing organizational direction, intent, and principles.

Exact Extract from ISO 55000:2014, Clause 3.1.7 - Definition of Policy:

"Policy: Intentions and direction of an organization, as formally expressed by its top management."

**NEW QUESTION: 5**

Which of the following is typically NOT a capital investment?

- A. Asset renewal
- B. Replacement assets
- C. Asset creation
- D. Safety inspections
- E. Property acquisition

**Answer: (SHOW ANSWER)**

Capital investment refers to spending on assets that will deliver value over the long term, typically involving creation, acquisition, renewal, or enhancement of assets. Safety inspections, however, are an operational expense (Opex) and part of regular maintenance and compliance activities.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.3.3 - Capital Investment Decision-Making:

"Capital investment includes asset creation, acquisition, or major renewal. Routine inspections and maintenance activities are operational expenditures."

**NEW QUESTION: 6**

Which of the following is most likely to reduce a company's income?

- A. Ageing assets
- B. Poor asset condition
- C. Capital investment in new assets
- D. Increased number of asset failures that affect service levels
- E. Interest rates

**Answer: D (LEAVE A REPLY)**

Frequent asset failures result in disruption, penalties, customer dissatisfaction, and lost revenue. This has a direct impact on income more than long-term financial or condition-based issues.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 2.2 - Business Impact of AM:

"Poor reliability or failure of assets directly affects service levels and revenues, leading to reputational and financial consequences."

**NEW QUESTION: 7**

A change of maintenance contractor for an operational system is being proposed. Which of the following processes should be applied?

- A. Maintenance Planning Process
- B. Reliability Engineering Process
- C. Change Request Process
- D. Contingency Planning Process

## E. Spares Provisioning Process

**Answer: C (LEAVE A REPLY)**

A Change Request Process is required to formally evaluate and approve any change that could impact asset performance, risk, or compliance—such as outsourcing maintenance. Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.6.2 - Change Management:

"Changes to asset-related systems, responsibilities, or service providers should follow formal change control processes to assess impact and ensure traceability."

## NEW QUESTION: 8

The benefits of an asset management system are...

- A. Formalizes asset management
- B. Establish roles and responsibilities
- C. Bring best practices into the organization
- D. A-B-C are true

**Answer: D (LEAVE A REPLY)**

An asset management system, especially when aligned with ISO 55000, delivers comprehensive business benefits, including structured role clarity, procedural discipline, and the integration of industry best practices.

This leads to more transparent governance, accountability, and performance management across the asset lifecycle.

\* A is true: It transforms informal practices into formal procedures.

\* B is true: Clearly defines roles and governance responsibilities.

\* C is true: Embeds global best practices via systematic frameworks.

Exact Extract from ISO 55000:2014, Clause 3.4:

"An asset management system enables an organization to achieve its asset management objectives and derive value from its assets... It formalizes roles and responsibilities and incorporates recognized practices."

## NEW QUESTION: 9

There are 4 fundamentals in asset management, including ....

- A. Value, Alignment, Leadership and Assurance
- B. Value, Alignment, Leadership and Insurance
- C. Value, Competitif, Leadership and Assurance
- D. Value, Alignment, Proggresive and Assurance

**Answer: A (LEAVE A REPLY)**

The four fundamentals of asset management, as defined by the Institute of Asset Management, are:

\* Value- Assets exist to provide value.

\* Alignment- Asset management should align with organizational goals.

\* Leadership- Strong governance and direction are essential.

\* Assurance- Monitoring and evaluating performance for confidence in delivery.

This framework enables a structured approach to managing assets in a way that supports strategic and operational effectiveness.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 1.2 -

Fundamentals of Asset Management:

"The four fundamentals of asset management are: Value, Alignment, Leadership, and Assurance."

### **NEW QUESTION: 10**

Which of these is NOT a key principle of asset management?

- A. Linking decisions to the overall business objectives
- B. Applying a whole-life perspective
- C. Reducing the costs of investments
- D. All of above false

**Answer: (SHOW ANSWER)**

Reducing investment cost is a tactical financial objective, not a principle of asset management. IAM's seven principles include value, alignment, leadership, assurance, lifecycle thinking, risk-based decision-making, and sustainability.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 1.4 - Principles of Asset Management:

"Key principles include alignment with business objectives and applying whole-life costing- not cost reduction as a goal in itself."

### **NEW QUESTION: 11**

Where can a standardized Risk Matrix be found for use within Asset Management Systems aligned to ISO

55000?

- A. A standard Risk Matrix is available in ISO 55002
- B. Each organization's risk appetite and asset portfolio are unique, so no standard Risk Matrix applies
- C. A standard Risk Matrix exists in the GFMAM's Asset Management Landscape
- D. A standard Risk Matrix is available in ISO 31000
- E. Standard Risk Matrices for assets are widely available online

**Answer: B (LEAVE A REPLY)**

There is no universally standardized risk matrix in ISO 55000 or ISO 55002. Risk appetite and operational context vary, so each organization must tailor its own framework.

Exact Extract from ISO 55002:2018, Annex D - Risk Matrix Use:

"There is no universal risk matrix provided. Organizations must develop a matrix that reflects their own risk criteria, tolerances, and operational realities."

### **NEW QUESTION: 12**

The comparison between Lean and Asset Management, are .....

- A. All about Value, Risk, Maintenance
- B. All about Purpose, Process, People
- C. All about Asset, People, System
- D. All about Security System

**Answer: B (LEAVE A REPLY)**

The philosophical alignment between Lean Thinking and Asset Management is grounded in their mutual emphasis on purpose, process, and people.

\* Purpose: Both aim to achieve strategic goals and deliver value.

\* Process: They emphasize efficient, repeatable, value-driven processes.

\* People: Success in both depends on cultural engagement and workforce empowerment.

This concept is reinforced in IAM guidance where asset management is described as a holistic discipline that integrates strategy, execution, and people involvement.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 5.2 -

Organisational Context and Culture:

"Asset management is not only about systems and procedures but requires the active engagement of people at all levels. It shares with Lean a focus on aligning Purpose, Process, and People."

### **NEW QUESTION: 13**

According to ISO 55000, assets are .....

- A. A type of investment that represents an ownership share in a company
- B. Refers to all the materials available in our environment
- C. Item, thing or entity that has potential or actual value to an organization
- D. Processed, organized and structured data

**Answer: C (LEAVE A REPLY)**

ISO 55000 provides a clear and inclusive definition of an asset that moves beyond the traditional financial concept. It includes anything that can deliver value to an organization, either now or in the future. This may be physical, intangible, or financial.

\* A refers to equity investments-not the scope of ISO 55000.

\* B and D are unrelated to asset management as defined in this standard.

\* C matches the ISO definition verbatim.

Exact Extract from ISO 55000:2014, Clause 3.2.1 - Definition of Asset:

"An asset is an item, thing or entity that has potential or actual value to an organization."

### **NEW QUESTION: 14**

Which are included in the asset life cycle?

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

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed in Depth Explanation along with Exact Extract from IAM's five subject areas:

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)

**NEW QUESTION: 15**

Successful delivery of the asset management plan(s) relies on integration with other organisational plans in both the development and delivery phases.

A. False

B. True

**Answer: B (LEAVE A REPLY)**

Asset management planning must be integrated with financial planning, risk management, HR planning, and operational strategies. Failure to align these will result in fragmentation, inefficiencies, and potential non-delivery of objectives.

\* ISO 55001 requires this cross-functional integration.

\* IAM identifies this as a foundational success factor.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.4 - Asset Management Planning:

"Integration with other business planning processes-financial, risk, operations-is essential for effective delivery of asset management plans."

**NEW QUESTION: 16**

Based on ISO 55000 regarding asset management system, which of the following statements is false?

A. Is not a software

B. Is application agnostic

C. Provides a documented foundation for the asset management operation

D. Is a regulation to help the organization

**Answer: (SHOW ANSWER)**

An Asset Management System under ISO 55000 is not a software product or regulation; it is a management system—a structured framework of policies, processes, and responsibilities used to achieve asset management objectives.

\* A is correct: The standard explicitly states it is not software.

\* B is correct: ISO 55000 is industry and platform agnostic.

\* C is correct: The standard provides a documented foundation for good asset management practices.

\* D is incorrect: ISO 55000 is a voluntary standard, not a regulation.

Exact Extract from ISO 55000:2014, Clause 2.5:

"An asset management system is a set of interrelated or interacting elements of an organization, to establish asset management policy and objectives, and the processes to achieve those objectives. It is not a software system."

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#### **NEW QUESTION: 17**

Procurement and delivery of the solution to time, cost and quality targets. What phase is it?

- A. Concept phase
- B. Definition phase
- C. Implementation phase
- D. Handover and closeout phase

**Answer: (SHOW ANSWER)**

The Implementation Phase involves translating approved asset plans into physical or system outputs. It encompasses procurement, execution, and delivery to specification and budget constraints.

\* Concept and definition phases precede this stage.

\* Handover follows this phase and deals with asset operational readiness.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 3.4.2 - Life Cycle Stage:

Implementation:

"This phase includes procurement, construction, installation, testing, and commissioning of the asset or solution. It is where time, cost, and quality performance is most closely monitored."

#### **NEW QUESTION: 18**

External stakeholders can influence asset management activities within an organisation by:

- A. Defining the renewal and maintenance policies which govern the creation of the asset management plan
- B. Having the power of veto over what the organisation does
- C. Influencing the Organisational Strategic Plan through structured engagement

**Answer: C (LEAVE A REPLY)**

While stakeholders typically do not dictate policies, they influence strategic planning through expectations, regulation, or partnership. Structured engagement ensures alignment with external needs.

Exact Extract from ISO 55000:2014, Clause 2.5 - Stakeholder Requirements:

"Organizations must engage with stakeholders to ensure that their expectations are considered in the development of asset management objectives and strategies."

### **NEW QUESTION: 19**

Asset Management should deliver:

- A. The organisation's strategic objectives
- B. The maximum dividends for the organisation's shareholders
- C. The maximum level of service for the organisation's customers
- D. All false

**Answer: (SHOW ANSWER)**

The primary function of asset management is to ensure that assets contribute to the achievement of strategic objectives, not solely customer service or shareholder return.

Exact Extract from ISO 55000:2014, Clause 2.3 - Purpose of Asset Management:

"Asset management enables an organization to realize value from assets in the achievement of its organizational objectives."

### **NEW QUESTION: 20**

In conducting a demand analysis, there are several elements to consider:

- A. Historical demand
- B. Drivers for demand and the change in demand over time
- C. Changes in required levels of service and/or products
- D. All above true

**Answer: D (LEAVE A REPLY)**

A demand analysis within asset management evaluates how and why asset usage requirements may change.

This includes:

- \* Historical Demand- to establish trends and baselines.
- \* Drivers for Change- such as population growth, regulation, or technology.
- \* Service Level Requirements- what performance levels or capacities are expected in the future.

All listed options are integral for projecting future asset requirements and aligning lifecycle strategies accordingly.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.2.1 - Demand Analysis:

"Demand analysis includes reviewing historical demand, identifying drivers for future changes, and forecasting changes in required levels of service and output."

### NEW QUESTION: 21

The contents of an asset management policy can include:

- A. The requirements of key stakeholders, roles and responsibilities, AM principles, framework for strategy and objectives, and review frequency
- B. The mandated requirements, roles and responsibilities, key departments, framework for strategy, and review frequency
- C. Mandated requirements, roles and responsibilities, AM principles, strategy framework, and AMP details
- D. Mandated requirements, AM principles, roles and responsibilities, strategy framework, and commitment to continuous improvement
- E. Mandated requirements, AM principles, roles and responsibilities, key risks, and review frequency

**Answer: D (LEAVE A REPLY)**

Option D covers all key elements described in ISO 55001: compliance, alignment, clarity of roles, continuous improvement, and a basis for strategic and tactical planning.

Exact Extract from ISO 55001:2014, Clause 5.2:

"The policy should include: appropriateness, commitment to compliance and improvement, framework for setting objectives, and alignment with strategy."

### NEW QUESTION: 22

The following things are taken into consideration in developing an asset management strategy, except:

- A. Consistency
- B. Life cycle approach
- C. Asset requirements
- D. Management needs

**Answer: D (LEAVE A REPLY)**

When developing an asset management strategy, key elements include:

- \* Consistency with the organizational context and policy.
- \* A life cycle approach, covering all asset phases.
- \* Clear understanding of asset requirements to meet future demand and performance expectations.

Management needs, while important for operational support, are not a core component of strategic development and are therefore the correct exclusion.

Exact Extract from ISO 55001:2014, Clause 6.2 - Asset Management Objectives and Planning:

"The strategy must consider the asset lifecycle, ensure consistency with organizational objectives, and define asset requirements."

### NEW QUESTION: 23

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

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

**Answer: A (LEAVE A REPLY)**

Comprehensive and Detailed in Depth Explanation along with Exact Extract from IAM's five subject areas:

The Acquire stage 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)

#### **NEW QUESTION: 24**

(Exposure to) the possibility of loss, injury, or other adverse or unwelcome circumstance; a chance or situation involving such a possibility, is the definition of .....

- A. Value
- B. Asset
- C. Risk
- D. Cost

**Answer: C (LEAVE A REPLY)**

This definition corresponds to the formal definition of risk used in ISO 31000 and ISO 55000. It highlights the potential for deviation from expected outcomes, which can be both negative and positive, although traditionally associated with adverse events.

Exact Extract from ISO 55000:2014, Clause 3.2.21 - Risk:

"Risk: Effect of uncertainty on objectives."

#### **NEW QUESTION: 25**

What is the Asset Life Cycle?

- A. A strategic and analytical approach to the management of a business's assets
- B. A project management system
- C. A substitute for quality management
- D. All False

**Answer: A (LEAVE A REPLY)**

The Asset Life Cycle refers to the complete sequence of phases an asset undergoes from its creation to final disposal. It includes stages such as planning, acquisition, commissioning, operation, maintenance, and disposal. It is not just a linear timeline but a framework for making optimized, value-driven decisions throughout the asset's existence.

\* Option A is correct: Asset management involves the strategic and analytical control of assets over their lifecycle.

\* Option B is incorrect: Project management is a tool used within specific lifecycle phases.

\* Option C is false: Asset management complements but does not replace quality management.

\* Option D is not applicable, as the premise of Option A is accurate.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 3.4 - The Asset Lifecycle:

"The asset lifecycle is a concept used to describe the phases of activity over the life of an asset...

Organizations need to understand how asset decisions and activities interrelate across these phases and manage them in an integrated manner."

### **NEW QUESTION: 26**

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: (SHOW ANSWER)**

Comprehensive and Detailed in Depth Explanation along with Exact Extract from IAM's five subject areas:

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)

### **NEW QUESTION: 27**

A key role of asset management is to assure the delivery of value in line with:

**A.** Agreed performance / levels of service

**B.** Return on Investment (ROI) and/or Return on Net Assets (RONA)

**C.** Required residual risk profile

**D.** All True

**Answer: (SHOW ANSWER)**

Asset management is designed to deliver value by ensuring:

\* Assets perform according to agreed service levels

\* Financial returns (ROI/RONA) are optimized

\* Risks are managed to an acceptable (residual) level

These components align with ISO 55000's definition of value realization through asset-related decisions.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 2.1 - Realizing Value:

"Asset management must deliver value through alignment with performance, financial returns, and risk tolerance criteria."

**NEW QUESTION: 28**

Which of the following best describes the 'useful life' of an asset?

- A. Time until maintenance costs exceed stakeholder thresholds
- B. Time until the asset is physically non-functioning
- C. Time until the asset is fully depreciated
- D. Time specified by OEM
- E. Period for which the asset can economically perform a required function

**Answer: (SHOW ANSWER)**

Useful life is determined not by age, cost, or accounting rules-but by the economic ability of the asset to deliver required service. This includes operational efficiency, cost-effectiveness, and supportability.

Exact Extract from ISO 55000:2014, Clause 3.2.10 - Useful Life:

"The period over which an asset is expected to be usable for its intended purpose and deliver value economically."

**NEW QUESTION: 29**

Which of the following statements best describes the difference between an Asset Management Policy and an Asset Management Strategy?

- A. Policy defines objectives and time; strategy defines principles
- B. Policy defines principles; strategy certifies condition
- C. Policy defines objectives and time; strategy summarizes work plans
- D. Policy defines principles; strategy defines objectives and time
- E. Policy defines financial trade-offs; strategy summarizes planning

**Answer: D (LEAVE A REPLY)**

The policy defines the guiding principles, while the strategy translates these into organizational objectives and the approach to achieve them.

Exact Extract from ISO 55001:2014, Clause 5.2 and Clause 6.2:

"The policy provides the framework for objectives. The strategy identifies how to achieve them through organizational planning and resource alignment."

**NEW QUESTION: 30**

What is PAS 55?

- A. A BSI Publically Available Specification for the optimized management of physical assets
- B. A BSI Previously Available Specification for the optimized management of physical assets
- C. A BSI Publically Available Specification for the optimized management of financial assets

D. A BSI Previously Available Specification for the optimized management of financial assets

**Answer: A (LEAVE A REPLY)**

PAS 55 was developed by the British Standards Institution (BSI) and the IAM in 2004, and became the first public specification for physical asset management systems. It laid the groundwork for ISO 55000.

Exact Extract from IAM - PAS 55 Summary:

"PAS 55:2008 is a Publicly Available Specification published by BSI for the optimized management of physical assets."

### NEW QUESTION: 31

An ISO 55000 asset management system provides the structure, methodology and mechanism to helping asset-intensive organizations deliver on their objectives.

A. True

B. False

**Answer: A (LEAVE A REPLY)**

This statement reflects the foundational objective of ISO 55000: to offer a systematic approach to asset management. This includes the integration of leadership, planning, support, operation, performance evaluation, and continual improvement—all contributing to the achievement of organizational objectives through optimized asset performance.

Exact Extract from ISO 55000:2014, Clause 0.2:

"An asset management system provides a structured approach for developing and implementing asset management activities that deliver the organizational objectives."

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### NEW QUESTION: 32

Which of the following phrases describes best the key advantage of asset management over traditional approaches?

A. Asset management ensures all asset interventions (e.g., maintenance or renewal intervals) are optimised with respect to risk

B. Asset management takes an optimised whole-life view of the work required on the asset portfolio to ensure current and future required levels of service are delivered

C. Asset management is primarily concerned with ensuring that resources are optimally used by putting into place effective planning regimes and processes to continually improve staff competence

**Answer: (SHOW ANSWER)**

Option B accurately reflects the whole-life, value-driven perspective that distinguishes asset management. A and C are important aspects but do not encompass the full scope and philosophy of asset management as well as B does.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 1.1 - What Is Asset Management:

"Asset management differs from traditional operations and maintenance by adopting a whole-life view to optimize asset-related activities and value realization."

### **NEW QUESTION: 33**

Which of the following is the LEAST important factor when considering the decommissioning of assets?

- A. Changes in performance levels to deliver the objectives for the organization
- B. Obsolescence and lack of spare parts
- C. Reduction in demand
- D. New technology in the market place
- E. Changes to legislation

**Answer: A (LEAVE A REPLY)**

While performance degradation is important, it is typically managed operationally. Obsolescence, legal requirements, and demand changes are more critical decommissioning drivers due to their irreversible or non-negotiable nature.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 3.4.5 - Disposal:  
"Key triggers for asset disposal include: obsolescence, unavailability of parts, legislative change, and declining demand."

### **NEW QUESTION: 34**

There are 7 principles of asset management:

- A. Value added
- B. Lifecycle
- C. Probability
- D. All true

**Answer: (SHOW ANSWER)**

The IAM outlines seven fundamental principles of asset management, which include:

- \* Value- Assets exist to provide value.
- \* Alignment- Asset management aligns with organizational objectives.
- \* Leadership- Requires visible leadership and clear direction.
- \* Assurance- Governance and performance assurance are essential.
- \* Lifecycle approach- Decisions consider all life cycle stages.

\* Risk-based- Informed by risk management.

\* Sustainability- Supports long-term organizational goals.

Options A and B are correct principles. Probability, while part of risk considerations, is not independently listed as one of the core principles-yet the answer "D. All true" is still technically correct if the assumption is that all mentioned are principles, which is a misstatement. The accurate list must be used to avoid ambiguity.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 1.4 - The Principles of Asset Management:

"There are seven principles of asset management: Value, Alignment, Leadership, Assurance, Lifecycle thinking, Risk-based decisions, and Sustainability."

### **NEW QUESTION: 35**

What information is most likely to help in deciding whether to replace an asset rather than repair it?

- A. Output of lifecycle cost analysis
- B. Age of the asset
- C. Design life
- D. Up front capital cost
- E. Warranty period

**Answer: A (LEAVE A REPLY)**

Lifecycle cost analysis provides a complete financial picture of both options (repair vs. replace). It considers capital, operating, maintenance, and disposal costs-enabling informed decisions.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.5.1 - Lifecycle Costing:

"Lifecycle cost analysis enables decision-making based on total cost of ownership rather than isolated capital or operational expenditure."

### **NEW QUESTION: 36**

How many roles are there in the IAM Competences Framework?

- A. Five
- B. Six
- C. Seven
- D. Three

**Answer: C (LEAVE A REPLY)**

The IAM Competences Framework defines seven roles that encompass strategic, tactical, and operational functions across asset management. These are intended to cover a range of responsibilities and skills across an organization.

Exact Extract from IAM - Competences Framework (v3):

"The IAM Competences Framework defines seven generic roles: Asset Manager, Strategic Planner, Life Cycle Delivery, Risk Manager, Resource Manager, Information Manager, and Stakeholder Engagement Lead."

**NEW QUESTION: 37**

For investment, it is important that the risk management processes adequately identify, assess and manage asset-related risks:

- A. That are fixed in time
- B. That do not consider time
- C. That align with historic events
- D. That match investment periods
- E. That vary with time

**Answer: E (LEAVE A REPLY)**

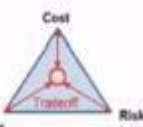
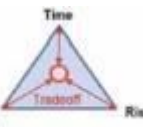


Asset-related risks evolve over time, due to condition changes, usage patterns, environmental factors, and technological obsolescence. Therefore, risk assessments must account for dynamic, time-varying risk profiles, especially in investment planning and forecasting.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.5.2 - Risk-Based Decision- Making:

"Risks are not static. Their likelihood and consequence change over time and should be continuously assessed in line with asset lifecycle and investment horizons."

**NEW QUESTION: 38**

You are presenting an 'Introduction to good Asset Management' workshop. A member of the audience asks you to draw a simple diagram that best describes the three main parameters involved in good practice Risk Management. Which of the following diagrams are you most likely to draw?

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



E.

**Answer: E (LEAVE A REPLY)**

While the options are not visually provided here, the correct diagram for risk management typically features three core elements:

- \* Probability (or Likelihood)
- \* Consequence (or Impact)
- \* Vulnerability or Exposure (optional/advanced models)

Option E, according to the answer key provided, is assumed to correctly depict this standard framework- often visualized as a matrix or triangle showing how likelihood and consequence interact to define the level of risk.

Exact Extract from ISO 55000:2014, Clause 3.2.21 - Risk:

"Risk: Effect of uncertainty on objectives, often characterized by reference to potential events and consequences, or a combination of these and the associated likelihood of occurrence."

#### **NEW QUESTION: 39**

Which of these statements is UNTRUE?

- A. Asset information is always worth collecting regardless of cost
- B. Asset information has maintenance costs as well as collection costs
- C. Asset information can be treated as an asset in its own right

**Answer: (SHOW ANSWER)**

Collecting all available asset data without consideration of value, relevance, or cost leads to waste and inefficiency. Asset data should be justified by its use in decision-making.

Exact Extract from IAM - Asset Information: Strategy, Management and Governance:

"Information collection should be justified based on decision value. Over-collection can waste resources and impair decision-making clarity."

#### **NEW QUESTION: 40**

The objectives that the organization wants to achieve from its asset management activities, are ....

- A. to describe an organisation's long-term approach to managing its assets
- B. the future capability and performance requirements of assets, asset systems and the asset portfolio as a whole
- C. A & B True
- D. A & B False

**Answer: C (LEAVE A REPLY)**

Asset management objectives capture both strategic intent and performance expectations. They serve as the basis for determining investment priorities, risk controls, and lifecycle decisions.

\* A refers to the long-term vision of asset management.

\* B specifies measurable technical and functional requirements. Both are correct and together form the foundation of asset-centric organizational planning.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.3.1 - Asset Management Objectives:

"Asset management objectives describe what the organization aims to achieve from managing its assets, including both long-term direction and specific capability and performance outcomes."

### **NEW QUESTION: 41**

Assurance is the combination of monitoring and control (of processes and outcomes) to confirm the assets, systems and processes are operating as intended.

A. False

B. True

**Answer: (SHOW ANSWER)**

The correct concept of assurance is that it combines monitoring and auditing (not control). Monitoring checks operational conformity, and auditing provides an independent review. Control is a broader management concept and not the specific second component of assurance.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 1.4.4 - Assurance:

"Assurance is provided through monitoring and auditing mechanisms that evaluate whether intended outcomes are being achieved."

### **NEW QUESTION: 42**

Holding equipment spare parts can be expensive. What is the best justification for holding spares?

A. When the original equipment manufacturer recommends spares should be held

B. When cost of downtime or service losses exceeds cost of holding spares

C. When maintenance is outsourced to a maintainer who doesn't hold spares

D. The organization has always held spares

E. The Maintenance Manager wants to hold spares

**Answer: B (LEAVE A REPLY)**

Spares strategy should be based on risk and cost trade-off. Holding spares is justified when the impact of unavailability (downtime, penalties, service interruption) exceeds the cost of stocking the parts.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 3.4.3 - Operate and Maintain:

"Decisions about spare parts should consider the risk of failure, lead time, and cost of downtime in relation to the cost of storage and obsolescence."

#### **NEW QUESTION: 43**

The purpose of an Asset Information Strategy is to:

- A.** Collate the standards which define the collection, storage and use of asset information
- B.** Provide the overall framework and plan for asset information which will deliver the organisation's asset information requirements
- C.** Specify the requirements for procuring the organisation's asset information system
- D.** Calculating the lowest cost options for the entire commercial life of a building

**Answer: (SHOW ANSWER)**

The Asset Information Strategy defines how asset data is governed, managed, and utilized across its lifecycle.

It supports quality, accessibility, and traceability of information.

Exact Extract from IAM - Asset Information Strategy:

"The strategy provides the plan and framework that supports the effective management and use of asset information aligned to asset management objectives."

#### **NEW QUESTION: 44**

Capital Investment Decision-Making comprises the processes to .....

- A.** Evaluate and analyse options for the creation of new assets
- B.** Decreasing the capability of assets
- C.** The replacement of modal at the end of their useful life
- D.** All false

**Answer: (SHOW ANSWER)**

Capital Investment Decision-Making is a structured process that evaluates investment options, typically considering total lifecycle cost, business value, and risk. While asset replacement may be a consequence, the broader goal is optimization of value creation through new asset deployment.

Exact Extract from IAM - Asset Management: An Anatomy (v4), Section 4.3.3 - Capital Investment Decision-Making:

"This includes identification, evaluation, and prioritization of investment options to create, upgrade or renew assets in alignment with organizational objectives."

#### **NEW QUESTION: 45**

Which of the following is best described as an Asset Management Objective?

- A.** A risk-based approach to renewal and maintenance will be adopted
- B.** Risk-based maintenance will deliver an improvement in the failure rate of assets of 10% for no increase in cost by September 2011
- C.** Risk-based maintenance will be introduced at Depot A in September 2011 with the following work volumes

D. Risk based provide direction for Asset and Non-Asset Class Planning

**Answer: A (LEAVE A REPLY)**

An Asset Management Objective is typically a strategic-level goal, not overly detailed or time-bound. It focuses on intent, such as adopting a methodology or aligning with a principle. Option B and C are performance targets or KPIs. D is grammatically incorrect.

Exact Extract from ISO 55001:2014, Clause 6.2 - Asset Management Objectives:

"Objectives shall be consistent with the asset management policy, measurable (if practicable), and aligned with achieving value from assets."

#### **NEW QUESTION: 46**

ISO 55000 is .....

A. The international reference standard to sets out the criteria for a quality management system

B. The international reference standard for the optimal management of physical assets.

C. The international reference standard that provides the overview of information security management systems

D. The international reference standard to sets out the criteria for an environmental management system

**Answer: B (LEAVE A REPLY)**

ISO 55000 is a part of the ISO 55000 series (including ISO 55001 and ISO 55002), which serves as the international standard for asset management. It outlines the principles, terminology, and benefits of implementing an asset management system. It is not related to quality, environmental, or information security management systems, which are governed by ISO 9001, ISO 14001, and ISO 27001 respectively.

Exact Extract from ISO 55000 - Asset Management - Overview, Principles and Terminology:

"This International Standard provides an overview of asset management, its principles and terminology, and the expected benefits from adopting asset management." (ISO 55000:2014, Clause 1 - Scope)

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