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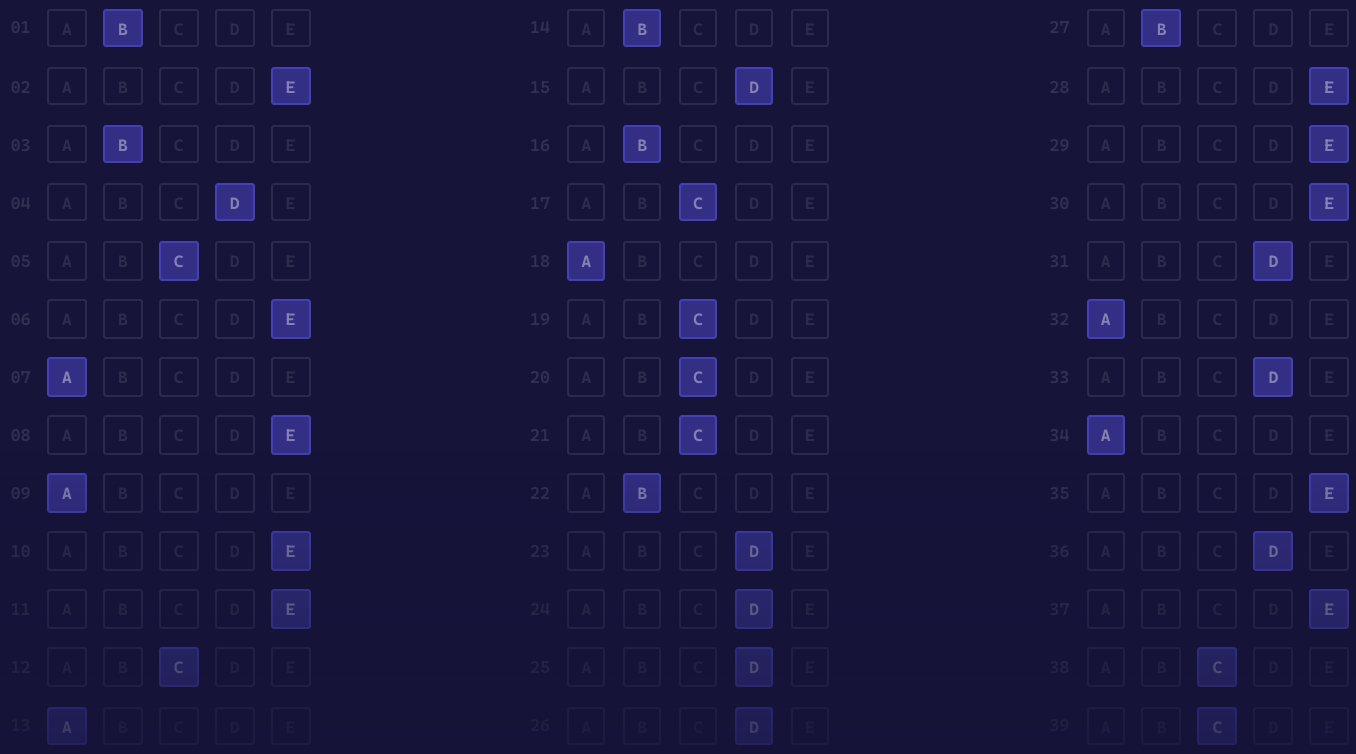

PRACTICE QUESTIONS

Institute of Certified Management Accountants (ICMA)

CMA1F

Chinese Part 1 CMA Exam

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Institute of Certified Management Accountants (ICMA) `CMA1F`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `CMA1F`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

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QUESTION 1 SINGLE CHOICE

Under U.S. GAAP, which of the following inventory costing methods is NOT permitted for financial reporting purposes?

A First-In, First-Out (FIFO)

B Last-In, First-Out (LIFO)

C Weighted-Average

D Next-In, First-Out (NIFO)

ANSWER D

WHY FIFO, LIFO, and Weighted-Average are all acceptable inventory valuation methods under U.S. GAAP. Next-In, First-Out (NIFO) is not a recognized inventory costing method under U.S. GAAP and is not permitted for external financial reporting, although it may sometimes be referenced internally as a current-replacement approach.

QUESTION 2 SINGLE CHOICE

A company expects sales of $800,000. The contribution margin ratio is 25% and fixed costs are $150,000. What is the expected operating income?

A $50,000

B $75,000

C $200,000

D $650,000

ANSWER A

WHY Contribution margin = 25% × $800,000 = $200,000. Operating income = Contribution margin − Fixed costs = $200,000 − $150,000 = $50,000.

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QUESTION 3 SINGLE CHOICE

Which costing system assigns manufacturing overhead costs to products using a single predetermined overhead rate based on a single volume-based cost driver such as direct labor hours?

A Activity-based costing (ABC)

B Job-order costing

C Traditional (volume-based) costing

D Operation costing

ANSWER C

WHY Traditional (volume-based) costing allocates overhead to products using one plant-wide rate tied to a volume measure such as direct labor hours or machine hours. ABC uses multiple cost pools and non-volume drivers. Job-order and operation costing are systems for accumulating direct costs by job or batch, not methods of overhead allocation.

QUESTION 4 SINGLE CHOICE

At the break-even point, which of the following relationships is correct?

A Total contribution margin equals total fixed costs

B Total revenue equals total variable costs

C Operating income equals total variable costs

D Total contribution margin equals total variable costs

ANSWER A

WHY At the break-even point, operating income is zero, which means total contribution margin exactly covers total fixed costs. Total revenue equals total variable costs plus total fixed costs at break-even, not just total variable costs.

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QUESTION 5 MULTIPLE CHOICE

Which of the following are typical components of an internal control framework such as COSO? (Choose two.)

- **A** **Control environment**
- **B** Inventory turnover analysis
- **C** **Risk assessment**
- **D** Horizontal integration

ANSWER **A** · **C**

WHY The COSO Internal Control–Integrated Framework identifies five components: Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities. Inventory turnover analysis is an analytical procedure but not a COSO component, and 'horizontal integration' refers to a corporate strategy concept, not internal control.

QUESTION 6 SINGLE CHOICE

Which type of information system is designed primarily to support day-to-day business operations such as processing transactions, recording routine activities, and generating operational reports?

- **A** Decision Support System (DSS)
- **B** **Transaction Processing System (TPS)**
- **C** Executive Information System (EIS)
- **D** Expert System (ES)

ANSWER **B**

WHY A Transaction Processing System (TPS) handles the routine, day-to-day transactions of an organization such as sales, payroll, and inventory movements. DSS supports semi-structured managerial decisions, EIS serves senior executives with summarized strategic information, and Expert Systems emulate human specialist knowledge for specific problems.

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QUESTION 7 SINGLE CHOICE

Which of the following is reported as an operating expense (rather than a non-operating item) on a multi-step income statement?

A Interest expense

B Loss on sale of a non-operating asset

C Sales salaries expense

D Gain on early extinguishment of debt

ANSWER C

WHY Operating expenses include those incurred in primary revenue-producing activities such as selling (sales salaries, advertising) and general administration. Interest expense, gains/losses on debt extinguishment, and gains/losses on disposal of non-operating assets are presented as non-operating items.

QUESTION 8 SINGLE CHOICE

Which budget approach requires managers to justify every line item from a zero base each budgeting period, rather than basing the new budget on the prior period's actual results?

A Incremental budgeting

B Zero-based budgeting (ZBB)

C Rolling (continuous) budgeting

D Static budgeting

ANSWER B

WHY Zero-based budgeting (ZBB) starts each period at zero and requires every expenditure to be justified by a decision package. Incremental budgeting adjusts the prior period. A rolling budget continually adds a new period as the current one ends. A static budget is fixed at the start of the period for performance evaluation.

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QUESTION 9 SINGLE CHOICE

The direct materials price variance is calculated as:

A **(Actual price − Standard price) × Actual quantity purchased**

B (Actual price − Standard price) × Standard quantity allowed for actual output

C (Standard price − Actual price) × Actual quantity used

D (Actual quantity − Standard quantity) × Standard price

ANSWER **A**

WHY The materials price variance isolates the effect of paying more or less than the standard price and is computed as (Actual Price − Standard Price) × Actual Quantity Purchased (or used, depending on the textbook). The quantity variance is (Actual Quantity − Standard Quantity) × Standard Price.

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