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| 27 | A | B | C | D | E |
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| 36 | A | B | C | D | E |
| 37 | A | B | C | D | E |
| 38 | A | B | C | D | E |
| 39 | A | B | C | D | E |

PRACTICE QUESTIONS

Institute of Certified Management Accountants (ICMA)

# CMA1F

Chinese Part 1 CMA Exam

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

# Before you begin

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## 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.

**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 =  $25\% \times \$800,000 = \$200,000$ . Operating income = Contribution margin – Fixed costs =  $\$200,000 - \$150,000 = \$50,000$ .

**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.

**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

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**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)

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**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.

**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.

**QUESTION 9**

SINGLE CHOICE

The direct materials price variance is calculated as:

- ☒ **A**  $(\text{Actual price} - \text{Standard price}) \times \text{Actual quantity purchased}$
- ☐ **B**  $(\text{Actual price} - \text{Standard price}) \times \text{Standard quantity allowed for actual output}$
- ☐ **C**  $(\text{Standard price} - \text{Actual price}) \times \text{Actual quantity used}$
- ☐ **D**  $(\text{Actual quantity} - \text{Standard quantity}) \times \text{Standard price}$

**ANSWER A**

**WHY** The materials price variance isolates the effect of paying more or less than the standard price and is computed as  $(\text{Actual Price} - \text{Standard Price}) \times \text{Actual Quantity Purchased}$  (or used, depending on the textbook). The quantity variance is  $(\text{Actual Quantity} - \text{Standard Quantity}) \times \text{Standard Price}$ .