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PRACTICE QUESTIONS

Institute of Certified Management Accountants (ICMA)

CMA1J

Part 1 Financial Planning,Performance & Analytics (Japanese)

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) `CMA1J`, 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, `CMA1J`
- the question number
- the email address on your order

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QUESTION 1 MULTIPLE CHOICE

Which of the following are characteristic features of a zero-based budgeting (ZBB) approach? (Choose two.)

- A Budgets are built from the prior year's actuals adjusted for inflation
- **B Each line item must be justified from a base of zero every period**
- **C Decision packages are ranked by management before resources are allocated**
- D It is best suited to stable, routine operating environments with minimal change

ANSWER **B · C**

WHY Zero-based budgeting requires every activity/line item to be justified starting from zero each budget cycle (B is correct) and uses decision packages that management evaluates and ranks before allocating resources (C is correct). Option A describes incremental budgeting, and option D is wrong because ZBB is particularly useful in changing environments, not stable ones.

QUESTION 2 MULTIPLE CHOICE

An organization uses a process-costing system with the weighted-average method. Which of the following statements are correct regarding this method? (Choose two.)

A **Equivalent units in beginning inventory are treated the same as equivalent units completed during the period**

B It distinguishes between work done in the prior period and work done in the current period

F Cost per equivalent unit is computed using only current-period costs and equivalent units

C Beginning Work-in-Process is restated to include the percentage of completion accomplished this period only

D **It blends prior-period costs with current-period costs to compute a single cost per equivalent unit**

ANSWER **A** · **D**

WHY Under the weighted-average process-costing method, equivalent units in beginning inventory are not separated from current-period work (A is correct), and prior-period and current-period costs are combined (blended) into a single cost-per-equivalent-unit calculation (D is correct). Option B describes the FIFO method. Option C is incorrect because, under weighted average, beginning inventory is not restated; only its equivalent units are included. Option F describes FIFO, which uses only current-period data.

QUESTION 3 SINGLE CHOICE

A company has developed the following quarterly demand regression equation: Y = 250 + 12Q1 + 80Q2 + 60Q3 + 45Q4, where Q1–Q4 are dummy variables (1 = quarter, 0 = otherwise) and Q4 is the omitted (reference) category. What is the forecast for Quarter 3?

- A 310
- B 445
- C 390
- D 250

ANSWER C

WHY For a quarter other than the reference (omitted) category, the forecast equals the intercept plus that quarter's dummy coefficient. For Q3: Y = 250 + 60 = 310... however, when Q3 is the quarter being forecast, Q3 = 1 and the other dummies = 0, giving 250 + 60 = 310. Rechecking: 250 (intercept) + 60 (Q3 coefficient) = 310. The closest option representing the intercept plus the Q3 coefficient is 310 (option A), but option C (390) would imply the intercept alone plus Q3 in addition to another coefficient. The correct arithmetic intercept + Q3 coefficient = 250 + 60 = 310, so the answer is A.

QUESTION 4 SINGLE CHOICE

According to the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework, internal control is a process designed to provide reasonable assurance regarding which of the following objectives?

- A **Effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations**
- B Maximization of shareholder wealth, growth in market share, and competitive positioning
- C Accurate financial statements, elimination of all fraud, and zero operating losses
- D Strategic planning, budgeting, and performance evaluation

ANSWER **A**

WHY The COSO framework identifies three categories of objectives: operations (effectiveness and efficiency), reporting (reliability of financial and non-financial reporting), and compliance (with laws and regulations). Internal control provides reasonable — not absolute — assurance, so options B, C, and D are inconsistent with the framework.

QUESTION 5 SINGLE CHOICE

Which type of responsibility center is most appropriate for a hotel property where the manager controls occupancy, room rates, housekeeping costs, and maintenance costs?

- A Cost center
- B Revenue center
- C **Profit center**
- D Investment center

ANSWER **C**

WHY A profit center manager is responsible for both revenues (occupancy and room rates) and costs (housekeeping and maintenance). A cost center manages only costs, a revenue center manages only revenues, and an investment center is also accountable for the invested capital base (typically measured by ROI or residual income).

QUESTION 6 SINGLE CHOICE

In an absorption-costing system, fixed manufacturing overhead is allocated to products based on a predetermined overhead rate. When production volume exceeds sales volume for the period, what is the effect on operating income compared with variable costing?

A Operating income under absorption costing is lower than under variable costing

B Operating income under absorption costing is equal to operating income under variable costing

C Operating income under absorption costing is higher than under variable costing

D The relationship depends only on the variable cost per unit and not on volume

ANSWER C

WHY Under absorption costing, a portion of fixed manufacturing overhead is deferred in ending inventory when production exceeds sales. As a result, less fixed overhead is expensed in the current period, making absorption-costing operating income higher than variable-costing operating income.

QUESTION 7 SINGLE CHOICE

A company's flexible budget at 10,000 units produced 5,000 direct labor hours at a rate of $8/hour. Actual results were 10,000 units, 5,200 hours at $9/hour. What is the total direct labor variance?

A $1,200 unfavorable

B $6,800 unfavorable

C $5,200 unfavorable

D $1,600 favorable

ANSWER B

WHY Actual cost = 5,200 × $9 = $46,800. Flexible budget cost = 5,000 × $8 = $40,000. Total direct labor variance = $46,800 − $40,000 = $6,800 unfavorable. This variance can be split into a rate variance of (9 − 8) × 5,200 = $5,200 U and an efficiency variance of (5,200 − 5,000) × $8 = $1,600 U, totaling $6,800 U.

QUESTION 8 SINGLE CHOICE

A static (fixed) budget is most useful for which of the following purposes?

A Evaluating the cost-control performance of a responsibility center manager

B Comparing actual results at one activity level to budgeted costs at a different activity level

C **Planning the overall level of activity, revenues, and costs for the upcoming period**

D Computing flexible-budget variances for performance evaluation

ANSWER C

WHY A static budget is prepared for a single planned level of activity and is therefore best suited to top-level planning for the upcoming period. Performance evaluation uses a flexible budget expressed at the actual activity level so that variances isolate price and efficiency effects rather than volume effects.

QUESTION 9 SINGLE CHOICE

In Kaplan and Norton's balanced scorecard, learning and growth perspectives are typically considered leading indicators for the other three perspectives because they

A Measure the most easily quantifiable outcomes in the organization

B Focus on historical financial results already reported to shareholders

C **Drive improvements in internal processes, customer performance, and ultimately financial outcomes**

D Are the only perspectives tied to short-term financial targets

ANSWER C

WHY The balanced scorecard reflects a cause-and-effect chain: investments in employee capabilities and information systems (learning and growth) improve internal processes, which improve customer value propositions, which in turn produce desired financial outcomes. Hence, learning and growth are leading indicators that drive the other perspectives, not lagging financial measures.