

The CMA Exam: Navigating Multiple Choice Questions

Mary Patterson
Amy Ford, CMA, CPA
Kate Reese, CMA

October 25, 2022



The Association of
Accountants and
Financial Professionals
in Business



Today's Sponsor



<https://www.surgent.com/proof>

Webinar Features

A purple square icon containing the text "Q&A" in white.

Q&A

Asking Questions

A yellow square icon containing a white question mark.

?

Help

A white square icon containing the letters "CC" in black, representing closed captioning.

CC

Closed Captioning



The Association of
Accountants and
Financial Professionals
in Business

Moderator

Matt Workman
Manager of Strategic Partnerships
IMA
Matt.Workman@imanet.org



The Association of
Accountants and
Financial Professionals
in Business

Featured Presenter

Mary Patterson

**Business Development Manager -
Academic Outreach**

IMA



The Association of
Accountants and
Financial Professionals
in Business

Mary Patterson's Biography

- Mary Patterson is a Business Development Manager at IMA with a focus on academic outreach. She has over 9 years of experience working with faculty and students in accounting and finance to help students prepare for licenses and certifications related to the accounting industry. Mary's primary responsibility is to help guide faculty and students with career plans after graduation and assist with the CMA certification, student scholarships, and memberships to IMA.
- Mary is the mother of two daughters (ages 8 & 4) who has worked from home the majority of her career and has to manage time around her husband who also works from home!

Featured Presenter

Amy Ford, CMA, CPA
Senior Instructor
Western Illinois University



The Association of
Accountants and
Financial Professionals
in Business

Amy Ford's Biography

- Amy is an accounting instructor at Western Illinois University, where she teaches principles of financial and managerial accounting courses, as well as accounting for managers in the MBA program.
- Amy is a Certified Management Accountant (CMA®) and won a 2011 Certificate of Distinguished Performance for earning one of the top overall scores on the CMA exam.
- Amy is the faculty advisor for Western's student chapter of the IMA and was the 2011 IMA Ursel K. Albers Academic Mentor of the Year. Amy's work experience prior to teaching was at a public accounting firm.

Featured Presenter

Kate Reese, CMA
Senior Consultant
Ernst & Young



The Association of
Accountants and
Financial Professionals
in Business

Kate Reese's Biography

- Kate graduated from Loyola University of Maryland with a degree in Finance and an MBA in 2020 and became a CMA in 2021. She is a senior consultant for EY in the McLean Virginia office.

Learning Objectives

1. Understand the content and topics that are tested on the CMA exam.
2. Identify sections on the CMA exam for which you already have a good understanding.
3. Explain how to proceed with your preparation plans to become a CMA.

Agenda

1. Welcome and Introduction
2. The CMA designation
3. Insights from a new CMA
4. Test your knowledge with sample multiple choice questions
5. Why should you pursue the CMA?
6. How to become a CMA



Why Should You Become a CMA?

- The CMA is a relevant and rigorous professional certification exam
- Confirms that an individual has a mastery of the critical skills and knowledge in planning, analysis, control and decision support
- Year after year, IMA's Salary Surveys continue to show that CMA-certified individuals earn more than their non-certified peers

What is the CMA?

- The CMA demonstrates a mastery of 12 core practice areas in management accounting
- CMAs bring strategic thinking, applied work experience, and the ability to convert data into dialogue



The CMA is a globally-recognized professional certification, not a license granted by a US state.

Poll Question 1:

Do you plan to sit for the CMA exam within the next twelve months?

- a. Yes
- b. No
- c. I'm not sure

Poll Question 1 Results: (Placeholder)

What are CFOs looking for?

- CFOs need to raise the competency of their teams
- There exists a skills gap at all levels, including the business analytical level
- Planning and analysis capabilities are needed in organizations
- There is a challenge identifying “advanced” or high potential finance and accounting staff

CMA Exam Structure

Part 1: Financial Planning, Performance, and Analytics

-  External financial reporting decisions
-  Planning, budgeting, and forecasting
-  Performance management
-  Cost management
-  Internal controls
-  Technology and analytics

Part 2: Strategic Financial Management

-  Financial statement analysis
-  Corporate finance
-  Decision analysis
-  Risk management
-  Investment decisions
-  Professional ethics

**Each exam part is four hours long:
100 multiple-choice questions, followed by two 30-minute essay scenarios.**

Why Pursue the CMA?

1. CMA certification can expand your career opportunities
2. Organizations of all types and sizes seek professionals with critical accounting and financial management skills
 - Multinational Corporations
 - Private Firms
 - Academic Institutions
 - Not-for-Profit Organizations
 - Government Organizations
3. More than 100,000 CMA certifications awarded to date worldwide
4. Enjoy greater earning power

The Difference is in the Numbers



Globally, the median total compensation is 58% higher for CMAs over non-CMAs.*

*IMA's 2021 Global Salary Survey



Praise for the CMA



“Financial analysis and decision support are central to management accounting practice, and the CMA focuses on these areas.”

–David Burritt, CMA
U.S. Steel
President and CEO



“Thanks to the CMA, I’m truly understanding what my clients need on a day-to-day basis.”

–Ashley Gibson, CMA, CSCA, CPA
Accenture
Digital Finance Senior Manager



“For a large multinational company like J&J, the CMA provides a breadth of subjects that prove, once you’ve gotten the certification, that you’re both knowledgeable and competent.”

–Christian Cuzick, CMA
Johnson & Johnson Vision
VP and CFO

Insights from a Recent CMA

Kate Reese, CMA

Senior Consultant
Ernst & Young



Sample Multiple Choice Questions

How much do you *already* know about the CMA exam topics?

Sample Multiple Choice Questions

The exam is academic in nature and you have studied many of the exam topics before.

Many of you are using knowledge of this material every day on the job.

YES, YOU CAN PASS THE CMA EXAM!

Sample Multiple Choice Questions

PASS = Score of 360 or higher

Passing is a minimum of 360 out of 500 total possible points on a scaled scoring system

Sample Multiple Choice Questions

Let's see how well you would do on
some **conceptual*** questions

* The actual exam contains conceptual questions as well as computations in the multiple-choice portion of the exam.

Source: Retired CMA exam questions

Sample Multiple Choice Questions

A good rule of thumb to finish the exam and have time to review challenging questions is to average about 1.5 minutes on each multiple choice question.

MCQs Poll 1

Part 1: External Financial Reporting Decisions

A corporation acquires a 30% voting interest in another corporation. In this situation, the long-term investment is generally accounted for on the investor corporation's books using which of the following reporting methods?

- A. Lower-of-cost-or-market
- B. Cost
- C. Consolidated
- D. Equity

MCQs Poll 1 Results

MCQs Poll 2

Part 1: Performance Management

A favorable materials price variance coupled with an unfavorable materials usage variance most likely results from

- A. Machine efficiency problems.
- B. Product mix production changes.
- C. The purchase and use of higher-than-standard quality materials.
- D. The purchase of lower-than-standard quality materials.

MCQs Poll 2 Results

MCQs Poll 3

Part 1: Cost Management

Allocation of service department costs to the production departments is necessary to

- A. Control costs.
- B. Coordinate production activity.
- C. Determine overhead rates.
- D. Maximize efficiency.

MCQs Poll 3 Results

MCQs Poll 4

Part 1: Internal Controls

The primary responsibility for establishing and maintaining internal control rests with

- A. The external auditor.
- B. Management.
- C. The controller.
- D. The treasurer.

MCQs Poll 4 Results

MCQs Poll 5

Part 2: Corporate Finance

Which one of a firm's sources of new capital usually has the lowest after-tax cost?

- A. Retained earnings
- B. Bonds
- C. Preferred stock
- D. Common stock

MCQs Poll 5 Results

MCQs Poll 6

Part 2: Decision Analysis

In a make-versus-buy decision, the relevant costs include variable manufacturing costs as well as

- A. Factory management costs.
- B. General office costs.
- C. Avoidable fixed costs.
- D. Depreciation costs.

MCQs Poll 6 Results

MCQs Poll 7

Part 2: Investment Decisions

The capital budgeting model that is generally considered the best model for long-range decision making is the

- A. Payback model.
- B. Accounting rate of return model.
- C. Unadjusted rate of return model.
- D. Discounted cash flow model.

MCQs Poll 7 Results

Sample Multiple Choice Questions

How many did you answer correctly?

You CAN Pass the CMA Exam!

Program Requirements



Completion of two exams



Bachelor's degree from an accredited college or university (in any major)



Two years of relevant work experience



Active membership in IMA

Exam Testing

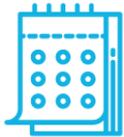


Exam is administered at hundreds of computer testing facilities worldwide including Remote Testing Options



Three exam testing windows offered each year:

- January and February
- May and June
- September and October



Candidates schedule exams at their own pace:

- Part 1 and Part 2 can be taken in any order
- On average, candidates complete the program within 12-18 months

How to Get Started

- 1) Hold Membership in IMA
 - \$280 per year + \$15 one-time fee
- 2) Pay the CMA Exam Entrance Fee
 - \$280 one-time fee
- 3) Register to sit for an exam part
 - \$460 per part



Contact IMA Customer Service with any questions
1-800-638-4427 or ima@imanet.org

Preparing for the Exam

- Make a personal commitment to become a CMA
- Sharpen your knowledge of exam topics
- Maintain or improve your test-taking skills
- The CMA exam is very rigorous. Amount of study time varies by individual, but these guidelines are provided by IMA for the average candidate:
 - Part 1: ~ 100 - 150 hours
 - Part 2: ~ 100 - 150 hours
- Select a study program
 - See IMA website for details on CMA preparation programs

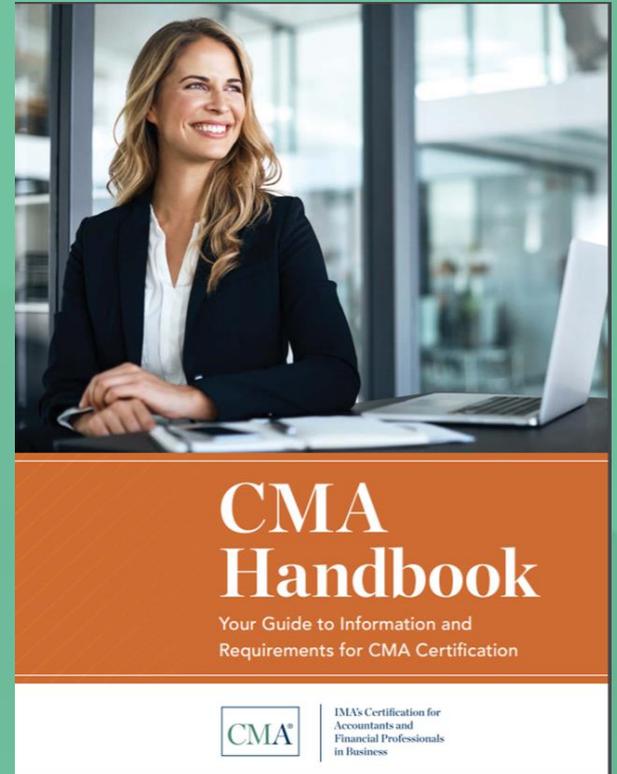
CMA Handbook

- An important resource for CMA candidates is the **CMA Handbook**
- Find it on the IMA website

www.imanet.org

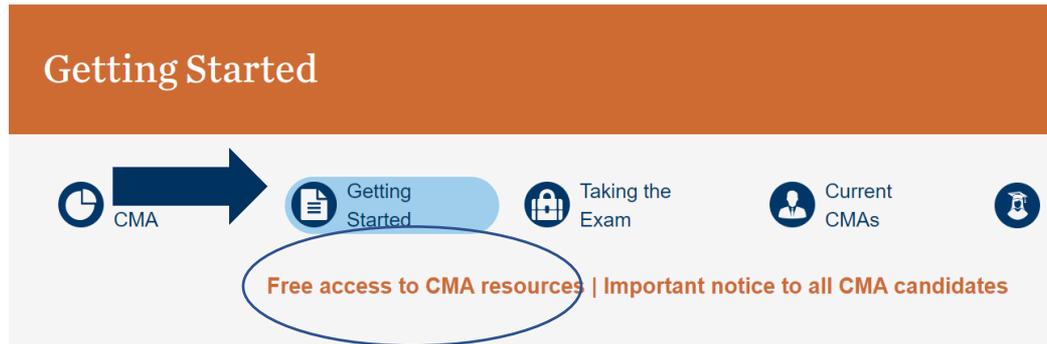
→ CMA Certification

→ Getting Started



CMA Resources Webpage

- Access to Free CMA Resources
- Go to IMA website:
www.imanet.org → CMA Certification → Getting Started
Click on **Free Access to CMA resources**



Videos from Prometric Testing Centers

- Helpful videos
- Go to the IMA website:
www.imanet.org → CMA Certification → Taking the Exam (scroll down)
Click on [What to Expect on Exam Day](#) and [Demo](#) links

Things you should know before you take the exam:

- Take Part 1 and Part 2 in any order
- For exam details and policies, please see [The CMA Handbook](#).
- Testing windows are offered in January/February, May/June, and September/October
- Check out these videos on [what to expect on exam day](#) and to see a [demo](#) of the actual test-taking experience.
- Each exam registration is valid for only one exam window
- Secure facilities with computerized exams and biometric scanners (fingers) protect the validity of the exam
- Students may take the exam before graduating
[View Exam FAQ's](#)

REGISTER FOR AN EXAM

Best of luck
to you
on the
CMA Exam!



Questions & Answers



Mary Patterson
Business Development
Manager - Academic
Outreach
IMA



Amy Ford, CMA, CPA
Senior Instructor
Western Illinois University



Kate Reese, CMA
Senior Consultant
Ernst & Young



Matt Workman
Business Development
Manager
IMA

Thank you to Our Featured Presenters!



Mary Patterson
Business Development Manager -
Academic Outreach
IMA



Amy Ford, CMA, CPA
Senior Instructor
Western Illinois University



Kate Reese, CMA
Senior Consultant
Ernst & Young

Thank you!

Surgent

www.surgent.com



The Association of
Accountants and
Financial Professionals
in Business

