

### Question 1 of 100

The flexible budget for production of copper wire by Metalworks, Inc., includes a budget based on 50,000 units produced per month. For this level of production, indirect materials are \$206,000, indirect labor is \$148,000, utilities are \$18,000, depreciation is \$64,000, and supervision is \$5,000. In the month of January, they spent \$205,472 for indirect materials, \$149,594 for indirect labor, and \$19,650 for utilities to make 50,000 units of wire. What was their difference in variable costs for January?

- A. \$2,716 unfavorable.
  - B. \$2,716 favorable.
  - C. \$1,066 favorable.
  - D. \$1,066 unfavorable.
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### Question 2 of 100

Which of the following is a limitation of comparing actual results to the master budget?

- A. Actual results are based on the actual level of activity but the master budget is based on the expected level of activity.
  - B. Actual results are based on the actual level of activity but the master budget is based on last year's expected level of activity.
  - C. Actual results are based on the actual level of activity but the master budget is based on last year's actual level of activity.
  - D. Actual results are based on the actual level of activity but the master budget is based on the actual level of efficiency.
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### Question 3 of 100

Each of the following statements about key performance indicators (KPIs) is correct, **except**:

- A. KPIs measure critical success factors (CSFs) that represent strategic objectives for the organization.
  - B. KPIs often arise as a result of a SWOT (strengths, weaknesses, opportunities, and threats) analysis.
  - C. KPIs can be both financial and nonfinancial.
  - D. KPIs focus only on short-term performance.
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### Question 4 of 100

For a corporation that is subject to the U.S. Income Tax Code and reports its financial results in accordance with U.S. GAAP, which one of the following requires the recognition of a deferred tax liability?

\*Source: Retired ICMA CMA Exam Questions.

- A. Subscriptions received in advance and accounted for ratably over the subscription term
  - B. An accrual for product warranty expenses that will be incurred and paid in the future
  - C. Interest received on state and municipal bonds
  - D. Sales accounted for on an accrual basis and on the cash basis for tax purposes
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### Question 5 of 100

A company uses return on investment (ROI) to compare its divisions, using this evaluation to determine division manager bonuses. Which method of asset measurement would provide the **best** method of comparison?

\*Source: Retired ICMA CMA Exam Questions.

- A. Book value
  - B. Current cost
  - C. Historical cost
  - D. Depreciated cost
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### Question 6 of 100

Suppose you have a sales dataset that consists of item number, price, quantity, and sales date-time. Based on past sales, you want to estimate what sales will be if you roll back the prices of a group of items by 10%. What type of analytics are you carrying out?

- A. Prescriptive
  - B. Diagnostic
  - C. Predictive
  - D. Descriptive
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### Question 7 of 100

A manufacturing company is in the process of preparing its flexible budget for next month's manufacturing costs. The company estimates costs within a relevant range of 10,000 to 30,000 units per month. During the last two months, electricity costs (a semi-variable cost) were \$39,600 for 18,000 units and \$42,000 for 20,000 units. How much should be budgeted for electricity costs to produce 24,000 units?

\*Source: Retired ICMA CMA Exam Questions.

- A. \$44,400
  - B. \$46,800
  - C. \$50,400
  - D. \$52,800
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### Question 8 of 100

A firm is considering a capital project. According to the project plan, an existing piece of equipment with a historical cost of \$400,000 and a current selling price of \$10,000 will be disposed. The old equipment has been depreciated on a straight-line basis with no salvage value for 18 years of its estimated 20-year useful life. The new equipment has a cost of \$500,000, and the firm expects it will have to commit \$20,000 in inventory and \$24,000 in accounts receivable with the new project. The firm's effective income tax rate is 40%. The required net initial investment for the new project is:

\*Source: Retired ICMA CMA Exam Questions.

- A. \$498,000.
  - B. \$522,000.
  - C. \$534,000.
  - D. \$544,000.
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### Question 9 of 100

A company's board of directors has requested a full in-depth review of all budgeted items for next fiscal year's operating budget. The controller of the company subsequently advised all business unit heads that the company will not automatically approve operating budget items for next fiscal year simply because they were approved in the past, and that all operating budget items for next fiscal year will need to be justified. Based on the above information, which one of the following budgeting systems is the company **most** likely using?

\*Source: Retired ICMA CMA Exam Questions.

- A. Activity-based budgeting
  - B. Zero-based budgeting
  - C. Project budgeting
  - D. Flexible budgeting
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### Question 10 of 100

Under life-cycle costing, research and development costs are considered:

\*Source: Retired ICMA CMA Exam Questions.

- A. upstream costs.
  - B. production process costs.
  - C. downstream costs.
  - D. manufacturing costs.
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### Question 11 of 100

A company operates 10 offices. In the prior year, the total cost of operating the offices was \$1,000,000 of which \$140,000 consisted of fixed costs. All else remaining equal, what will be the budgeted costs if the company were to operate 12 offices?

\*Source: Retired ICMA CMA Exam Questions.

- A. \$1,028,000
  - B. \$1,032,000
  - C. \$1,172,000
  - D. \$1,200,000
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### Question 12 of 100

Management has been asked to evaluate the profitability of its customers and determine which one should be dropped. Each customer has a unique set of characteristics. While each purchases the same product from the manufacturer, sales representatives have developed specific contracted discounts with each customer. Additionally, each customer has factors, such as specific handling and shipping needs, that impact the variable costs incurred for each case sold. Data for each customer are presented here.

	<b>Alpha</b>	<b>Beta</b>	<b>Theta</b>
Cases sold	27,000	36,000	24,000
List price	\$15.40	\$15.40	\$15.40
Price discount	(1.10)	(1.20)	(0.50)
Invoice price	14.30	14.20	14.90
Total revenues	\$386,100	\$511,200	\$357,600
Total variable cost per case	\$8.75	\$10.00	\$8.50
Total variable costs	\$236,250	\$360,000	\$204,000

Using customer profitability analysis, which customer should the manufacturer drop?

\*Source: Retired ICMA CMA Exam Questions.

- A. Drop Beta because it has the highest variable cost per unit.
- B. Drop Theta because it has the lowest revenues.
- C. Drop Alpha because it has the lowest profitability.
- D. Drop Beta because it has the highest price discount.