IMANET-CMA Q&As

Certified Management Accountant (CMA)

Pass IMANET IMANET-CMA Exam with 100% Guarantee

QUESTION 1

Under which one of the following targeting strategies does a firm attempt to serve all customer groups with all the products they might need?

A. Single-segment concentration.

B. Market specialization.

C. Pull market coverage.

D. Product specialization

Correct Answer: C

Pull market coverage provides all the products wanted by all customer groups. This approach is possible only for a very large firm.

QUESTION 2

If FLF Corporation must assume a 20% flotation cost on new stock issuances. what is the cost of new common stock\\'?

A. 6.25%

B. 15%

C. 16.25%

D. 10%

Correct Answer: C

QUESTION 3

The Keego Company is planning a $200,000 equipment investment which has an estimated 5-year life with no estimated salvage value. The company has projected the following annual cash flows for the investment.

Year	Projected Cash Inflows	Present Value of $1
1	$120,000	.91
2	60,000	.76
3	40,000	.63
4	40,000	.53
5	40,000	.44
Totals	$300,000	3.27

Assuming that the estimated cash inflows occur evenly during each year, the payback period for the investment is

A. 1.67years.

B. 4.91 years.

C. 2.50 years.

D. 1.96years.

Correct Answer: C

The payback period is the number of years required to complete the return of the original investment. The principal problems with the payback method are that it does not consider the time value of money and the inflows after the payback period. The inflow for the first year is $120,000, the second year is $60,000, and the third year is $40,000, a total of $220,000. Given an initial investment of $200,000. the payback period must be between 2 and 3 years. If the cash inflows occur evenly throughout the year, $20,000 ($200,000 --$120,000-- $60,000) of cash inflows are needed in year 3, which is 50% of that year\\'s total. Thus, the answer is 2.5 years.

QUESTION 4

A statement that "80% of our profits come from 20% of our products" is an example of the application of

A. Pareto analysis

B. Benchmarking

C. Value chain analysis

D. Life-cycle costing

Correct Answer: A

Pareto analysis assumes that 80% of results are caused by 20% of people or events.

QUESTION 5

Pontotoc Industries manufactures a product that is used as a subcomponent by other manufacturers. It has the following price and cost structure:

Selling price		$ 300
Costs		
Direct materials	40	
Direct labor	30	
Variable manufacturing overhead	24	
Fixed manufacturing overhead	60	
Variable selling	6	
Fixed selling and administrative	20	(180)
Operating margin		$ 120

Pontotoc received a special, one-time order for 1,000 of the above parts. Assuming Pontotoc has excess capacity, the minimum unit price for this special, one-time order is in excess of

A. $180

B. $120

C. $100

D. $160

Correct Answer: C

In a special order situation, a company with excess capacity has a $0 opportunity cost of filling the special order. Accordingly, it should be willing to sell the product at a price that exceeds its incremental costs The incremental (relevant) costs for Pontotoc equal the variable costs of SIOC (S40 direct materials + S30 direct labor + $24 variable overhead + $6 variable selling costs). Thus, if the selling price is in excess of $100, the company should be willing to accept the order.

[IMANET-CMA PDF Dumps] [IMANET-CMA Practice Test] [IMANET-CMA Braindumps]