IMANET-CMA Q&As

Certified Management Accountant (CMA)

Pass IMANET IMANET-CMA Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

https://www.passapply.com/imanet-cma.html

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by IMANET Official Exam Center

QUESTION 1

Which of the following is not a characteristic of a multinational strategy adopted by a global marketing organization?

A. The product is customized (or each market.

B. Central control of the production process is strong.

C. The strategy is most effective when there are strong differences between countries.

D. Production costs incurred are higher than in a global or global strategy.

Correct Answer: B

A multinational strategy adopts a portfolio approach, lts emphasis is on national markets because the need for global integration is not strong. The product is customized for each market and therefore incurs higher production costs. Decision making is primarily local with a minimum of central control. The strategy is most effective given large differences between countries, Also, exchange rate risk is reduced when conducting business in this manner.

QUESTION 2

A firm has daily cash receipts of $100,000 and collection time of 2 days. A bank has offered to reduce the collection time on the firm\\'s deposits by 2 days for a monthly fee of $500. If money market rates are expected to average 6% during the year, the net annual benefit (loss) from having this service is

A. $3,000

B. $12,000

C. $0

D. $6,000

Correct Answer: D

If collection time is 2 days, and average daily receipts are $100, 0001 the average cash balance will increase by $200,000 if the bank\\'s system is adopted. At a 6% interest rate, $200,000 will generate $12,000 of interest revenue annually. The $500 monthly charge by the bank will result in an annual expense of $6,000. Thus1 the net annual benefit is $6,000 ($12,000 --$6,000).

QUESTION 3

A global industry is one that?

A. Contains competitors that are multinationals.

B. Has secured a competitive advantage based on economies of scale in centralized production.

C. Has a strategic advantage by establishing coordinated competition in many national markets.

D. Has made large direct investments abroad.

Correct Answer: C

The anises of a competition in an industry requires consideration of the economics of the industry and the characteristics of competitors. However, in a global industry, the anises is not limited to one market. but extends to all markets (geographic or national) taken together. Michael E. Porter defines a global industry as one in which the strategic positions of competitors in major geographic or national markets are fundamental affected by their overall global positions." Thus, an industry becomes global because it perceives a net strategic advantage to competing, as Porter says, in coordinated way in many national markets

QUESTION 4

Which relationship marketing level is appropriate for a low unit profit margin and many customers?

A. Reactive marketing.

B. Basic marketing.

C. Partnership marketing.

D. Proactive marketing.

Correct Answer: B

A firm must determine the appropriate investment in building customer relationships. The levels of investment depend on unit profit margins and the numbers of customers. Basic marketing consists only of selling (low-margin, many customers).

QUESTION 5

Effective cost capacity management

A. Minimizes the value delivered to customers.

B. Maximizes required future investments.

C. Matches the firm\\'s resources with current and future market opportunities.

D. Is limited to eliminating short-term worth.

Correct Answer: C

According to SMA 4Y, Measuring the Cost of Capacity, maximizing the value created within an organization starts with understanding the nature and capabilities of all of the company\\'s resources. Capacity is defined from several different perspectives. Managing capacity cost starts when a product or process is first envisioned. It continues through the subsequent disposal of resources downstream. Effective capacity cost management requires supporting effective matching of a firm\\'s resources with current and future market opportunities.

QUESTION 6

The internal rate of return (IRR) is the

A. Hurdle rate.

B. Rate of interest for which the net present value is greater than 1.0.

C. Rate of interest for which the net present value is equal to zero.

D. Rate of return generated from the operational cash flows.

Correct Answer: C

The IRR is the interest rate at which the present value of the expected future cash inflows is equal to the present value of the cash outflows for a project. Thus1 the IRR is the interest rate that will produce a net present value (NPV) equal to zero. The IRR method assumes that the cash flows will be reinvested at the internal rate of return.

QUESTION 7

A global firm

A. Has achieved economies of scale in its domestic market

B. Plans, operates, and coordinates business globally

C. Relies on in direct export

D. Trend to rely more on one product market

Correct Answer: B

According to Kotler,"Global firms plan, operate, and coordinate their activities on a worldwide basis." Thus, a global secures cost or product differentiate advantages not available to domestic firms.

QUESTION 8

CyberAge Outlet, a relatively new store, is a cafe that offers customers the opportunity to browse the Internet or play computer games at their tables while they drink coffee. The customer pays a fee based on the amount of time spent signed on to the computer. The store also sells books, tee-shirts, and computer accessories. CyberAge has been paying all of its bills on the last day of the payment period, thus forfeiting all supplier discounts. Shown below are data on CyberAge\\'s two major vendors, including average monthly purchases and credit terms.

Vendor	Average Monthly Purchases	Credit Terms
Web Master	$25,000	2/10, net 30
Softidee	50,000	5/10, net 90

A. 11%

B. 10%

C. 12.09%

D. 9.90%

Correct Answer: C

QUESTION 9

When calculating the cost of capital, the cost assigned to retained earnings should be

A. Zero.

B. Lower than the cost of external common equity.

C. Equal to the cost of external common equity.

D. Higher than the cost of external common equity.

Correct Answer: B

Newly issued or external common equity is more costly than retained earnings. The company incurs issuance costs when raising new, outside funds.

QUESTION 10

An of the following are adjustments/preference items to corporate taxable income in calculating alternative minimum taxable income except

A. Accelerated depreciation over straight line on most real property placed into service prior to 1987.

B. Mining exploration and development costs

C. A charitable contribution of appreciated property,

D. Sales commission earned in the current year but paid in the following year

Correct Answer: D

Taxable income is adjusted to maven at attentive minimum taxable income, Some of the common adjustments include gains or losses from long-term contracts, gains on installment sales of real property. mining exploration and development costs, charitable contributions of appreciated property, accelerated depreciation, the accumulated current earnings adjustment, and tax-exempt interest on private activity bonds issued after August 7, 1986 A sales commission accrued in the current year but paid in the following year is not an example of an AMT adjustment.

QUESTION 11

Which one of the following costs would be relevant in short-term decision making?

A. Incremental fixed costs.

B. All costs of inventory.

C. Total variable costs that are the same in the considered alternatives.

D. Costs of fixed assets to be used in the alternatives.

Correct Answer: A

Relevant costs are those future costs that differ among the options. Incremental or differential cost is the difference in total cost between two decisions. Consequently, incremental fixed cost is a relevant cost.

QUESTION 12

Marketing research may rely on primary or secondary sources of information. Which research approach gathers primary information through moderated discussions?

A. Surveys.

B. Focus groups.

C. Experimentation.

D. Evidence of purchasing behavior.

Correct Answer: B

Focus group discussions are guided by a moderator and recorded for later analysis. This approach collects information about participant\\'s attitudes toward a product, company, service, etc. Consumer goods 1,research has popularized the use of focus groups.

QUESTION 13

Copeland Inc. produces X-547 in a joint manufacturing process. The company is studying whether to sell X-547 at the split-off point or upgrade the product to become Xylene. The following information has been gathered:

I. Selling price per pound of X-547 II. Variable manufacturing costs of upgrade process Ill. Avoidable fixed costs of upgrade process

IV.

Selling price per pound of Xylene

V.

Joint manufacturing costs to produce X-547

Which items should be reviewed when making the upgrade decision?

A. I, II, and IV only.

B. I, II, Ill, and IV only.

C. I, II, IV, and V only.

D. II and Ill only.

Correct Answer: B

Common, or joint, costs cannot be identified with a particular joint product. By definition, joint products have common costs until the split-off point. Costs incurred after the split-off point are separable costs. The decision to continue processing beyond split- off is made separately for each product. The costs relevant to the decision are the separable costs because they can be avoided by selling at the split-off point. They should be compared with the incremental revenues from processing further. Thus, items I. (revenue from selling at split-off point), II. (variable costs of upgrade), Ill. (avoidable fixed costs of upgrade), and IV. (revenue from selling after further processing) are considered in making the upgrade decision.

QUESTION 14

FLE Corporation had income before taxes of $50000. Included in the calculation of this amount was depreciation of $6,000, a charge of $7,000 for the amortization of bond discounts, and $5,000 for interest paid. The estimated pretax cash flow for the period is

A. $50000

B. $57,000

C. $37000

D. $63000

Correct Answer: D

To determine cash flow for the period, all noncash expenses should be added to income. Adding the $6,000 of depreciation and the $7,000 of discount amortization to $50,000 of income produces a pretax cash flow of $63,000. Interest is not added back to income because it requires a cash payment,

QUESTION 15

An advantage of a direct investment strategy when entering a foreign market is

A. Reduction in the capital at risk

B. Shared control and responsibility

C. Assurance of access when the foreign country imposes domestic content rules

D. Avoidance of interaction with the local bureaucracy

Correct Answer: C

Direct investment has many advantages:

(1)

cheaper materials or labor,

(2)

receipt of investment incentives from the host government,

(3)

a strong relationship with interested parties in the host country,

(4)

control of the investment,

(5)

a better image in the host country, and

(6)

market access when domestic contest rules are in effect. However, direct investment is risky because of exposure to currency fluctuations, expropriation, potentially high exit barriers, and restraints on sending profits out of the country.