Wiley
CMAexcel Learning System
Exam Review 2015
About IMA® (Institute of Management Accountants)

IMA®, the association of accountants and financial professionals in business, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) program, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 65,000 members in 120 countries and 300 local chapter communities. IMA provides localized services through its offices in Montvale, NJ, USA; Zurich, Switzerland; Dubai, UAE; and Beijing, China. For more information about IMA, please visit www.imanet.org.
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Self-Study Guide

Part 2: Financial Decision Making
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Acknowledgments of Subject Matter Experts

The Wiley CMAexcel Learning System (WCMALS) content is written to help explain the concepts and calculations from the Certified Management Accountant (CMA) exam Learning Outcome Statements (LOS) published by the Institute of Certified Management Accountants (ICMA).

IMA would like to acknowledge the team of subject matter experts who worked together in conjunction with IMA staff to produce this version of the WCMALS.

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Candidate Study Information

CMA Certification from ICMA

The Certified Management Accountant (CMA) certification provides accountants and financial professionals with an objective measure of knowledge and competence in the field of management accounting. The CMA designation is recognized globally as an invaluable credential for professional accountancy advancement inside organizations and for broadening professional skills and perspectives.

The two-part CMA exam is designed to develop and measure critical-thinking and decision-making skills and to meet these objectives:

- To establish management accounting and financial management as recognized professions by identifying the role of the professional, the underlying body of knowledge, and a course of study by which such knowledge is acquired.
- To encourage higher educational standards in the management accounting and financial management fields.
- To establish an objective measure of an individual’s knowledge and competence in the fields of management accounting and financial management.
- To encourage continued professional development.

Individuals earning the CMA designation benefit by being able to:

- Communicate their broad business competency and strategic financial mastery.
- Obtain contemporary professional knowledge and develop skills and abilities that are valued by successful businesses.
- Convey their commitment to an exemplary standard of excellence that is grounded on a strong ethical foundation and lifelong learning.
- Enhance their career development, salary qualifications, and professional promotion opportunities.

The CMA certification is granted exclusively by the Institute of Certified Management Accountants (ICMA).
CMA Learning Outcome Statements (LOS)

The Certified Management Accountant exam is based on a series of Learning Outcome Statements (LOS) developed by the Institute of Certified Management Accountants (ICMA). The LOS describes the knowledge and skills that make up the CMA body of knowledge, broken down by part, section, and topic. The Wiley CMAexcel Learning System (WCMALS) supports the LOS by addressing the subjects they cover. Candidates should use the LOS to ensure they can address the concepts in different ways or through a variety of question scenarios. Candidates should also be prepared to perform calculations referred to in the LOS in total or by providing missing components of a calculation. The LOS should not be used as proxies for exact exam questions; they should be used as a guide for studying and learning the content that will be covered on the exam.

A copy of the ICMA Learning Outcome Statements is included in Appendix B at the end of this book. Candidates are also encouraged to visit the IMA website to find other exam-related information at www.imanet.org.

CMA Exam Format

The content tested on the CMA exams is at an advanced level—which means that the passing standard is set for mastery, not minimum competence. Thus, there will be test questions for all major topics that require the candidate to synthesize information, evaluate a situation, and make recommendations. Other questions will test subject comprehension and analysis. However, compared to previous versions, this CMA exam will have an increased emphasis on the higher-level questions.

The content is based on a series of LOS that define the competencies and capabilities expected of a management accountant.

There are two exams, taken separately: Part 1: Financial Reporting, Planning, Performance, and Control, and Part 2: Financial Decision Making. Each exam is four hours in length and includes multiple-choice and essay questions. One hundred multiple-choice questions are presented first, followed by two essay questions. All of these questions—multiple-choice and essay—can address any of the LOS for the respective exam part. Therefore, your study plan should include learning the content of the part as well as practicing how to answer multiple-choice and essay questions against that content. The study plan tips and the final section of this WCMALS book contains important information to help you learn how to approach the different types of questions.

Note on Candidate Assumed Knowledge

The CMA exam content is based on a set of assumed baseline knowledge that candidates are expected to have. Assumed knowledge includes economics, basic
statistics, and financial accounting. Examples of how this assumed knowledge might be tested in the exam include:

- How to calculate marginal revenue and costs as well as understand the relevance of market structures when determining prices
- How to calculate variance when managing financial risk
- How to construct a cash flow statement as part of an analysis of transactions and assess the impact of the transactions on the financial statements

Please note that prior courses in accounting and finance are highly recommended to ensure this knowledge competency when preparing for the exam.

Overall Expectations for the CMA Candidates

Completing the CMA exams requires a high level of commitment and dedication of up to 150 hours of study for each part of the CMA exam. Completing the two-part exam is a serious investment that will reap many rewards, helping you to build a solid foundation for your career, distinguish yourself from other accountants, and enhance your career in ways that will pay dividends for a lifetime.

Your success in completing these exams will rest heavily on your ability to create a solid study plan and to execute that plan. IMA offers many resources, tools, and programs to support you during this process—the exam content specifications, assessment tools to identify the content areas you need to study most, comprehensive study tools such as the Online Test Bank, classroom programs, and online intensive review courses. We encourage you to register as a CMA candidate as soon as you begin the program to maximize your access to these resources and tools and to draw on these benefits with rigor and discipline that best supports your unique study needs. We also suggest candidates seek other sources if further knowledge is needed to augment knowledge and understanding of the ICMA LOS.

For more information about the CMA certification, the CMA exams, or the exam preparation resources offered through IMA, visit www.imanet.org.