DUMPSQUEEN

CMA Part 1: Financial Planning - Performance and Analytics Exam

IMA CMA-Financial-Planning-Performance-and-Analytics

Version Demo

Total Demo Questions: 10

Total Premium Questions: 112

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Topic Break Down

Topic	No. of Questions
Topic 1, SECTION: 1	99
Topic 2, SECTION: 2	13
Total	112

QUESTION NO: 1

Return on investment (ROI) is a performance measure that requires managers to respond to several factors that are under their Influence or control Decisions Intended to influence ROI are often from a short-term perspective and may conflict with the long-term objectives of the organization. This lack of goal congruence can be minimized by

A. providing the manager with limitations on what can be used to influence the factors involved in computing the ROI.

B. using the two components of ROI (investment turnover and return on sales) instead of only ROI.

C. allowing different minimum returns for different investments.

D. requiring multiple-year measures of ROI and evaluating these results along with the residual incomes from the same periods.

ANSWER: D

QUESTION NO: 2

The type of data anarytics mat seeks to identify the best action to take in oraer to achieve a desired result is

A. directive analytics

B. prescriptive analytics

C. diagnostic analytics

D. predictive analytics

ANSWER: B

QUESTION NO: 3

Which of the following represents a significant deficiency m the design of controls?

A. Failure to follow up and correct previously identified internal control deficiencies

B. Inadequate controls over access to computer systems, data and files

C. Evidence of misrepresentation by accounting personnel

D. Management overrides of the accounting for transactions

ANSWER: B

QUESTION NO: 4

A company has four product noes and must decide to discontinue one so mat it can focus on its more profitable products Information about the four product lines is shown below.

Product Line	Sales	Operating Margin	Average Assets
W	$125,000	25%	$125,000
X	200,000	15%	150,000
Y	375,000	20%	225,000
Z	450,000	10%	200,000

if the company evaluates profitability based on ROI. which product line should be discontinued? m£ Calculator

A. Product line W.

B. Product line X.

C. Product line Y.

D. Product line Z.

ANSWER: B

QUESTION NO: 5

Which one of the following activities is not a pan of the data mining process?

A. Applying statistical techniques to derive information from large sets of data

B. Using artificial intelligence to identify patterns in large data sets

C. Generating recommendations based on insights derived from large databases

D. Creating valid and useful information from large data sets using statistical methods

ANSWER: C

QUESTION NO: 6

in times of declining prices using the Last-in First-Out (LIFO) cost flow assumption rather than the First-in, First-Out (FIFO) assumption will yield

A. higher assets and higher income

B. higher assets and lower Income

C. lower assets and higher income

D. lower assets and lower income

ANSWER: A

QUESTION NO: 7 - (SIMULATION)

CORRECT TEXT

Describe one example of predictive data analytics that the proposed human resources management software can perform.

Essay

Zhiliang Foods Inc. (ZFI) is a privately-held food distributor ZFI has two production departments' the Meat Department is labor-intensive. while the Bakery Department is highly automated ZFI applies a single overhead allocation rate, using the number of pounds produced as an allocation base for the whole company The expected annual overhead costs of ZFI for 100 million pounds produced are as follows (¥ in millions).

Rent	¥ 10
Depreciation	60
Factory utilities	30
Administrative salaries	40
Production payroll	20
Other variable overhead costs	40
Total overhead costs	¥200

ZFI has one payroll administrator in its Human Resources department, but most of the payroll related work is outsourced to a payroll service provider ZFI's payroll administrator is responsible for tracking the list of current employees and maintaining the most up-to-date employee information, including bank accounts for payroll direct deposits.

Each pay period, the payroll administrator emails the information for all current employees' hours worked to the payroll service provider. The service provider then processes the payroll, makes direct deposits to employees' bank accounts, mails payroll stubs to employees' homes and emails payroll reports to ZFI's payroll administrator. The payroll administrator then makes payroll journal entries to ZFI's accounting system based on the payroll reports received ZFI's accountant prepares a bank reconciliation each month to ensure ZFI s payroll payments on ZFI's bank statement match the amounts shown on the payroll reports from the service provider.

ZFI's management is evaluating the purchase of data encryption software and human resources management software next year. The human resource management software is expected to provide various human resources and payroll-related functions.

In addition, the human resource software can generate a report to indicate the monthly employee turnover rate and the average service length of employees who have resigned. The system can also generate a report to indicate the main reasons for resignations and identify current employees who are at risk of resigning. The system will recommend actions to help retain these employees, such as more training opportunities or a pay raise.

ANSWER:

Explanation:

See the Answer below in Explanation details.

The HRm software can help lo predict the turnover rate of the labour which then can he used by the department heads to counter and ensure that the talent is retained within the company]

2nd Essay

QUESTION NO: 8

Which one of the following best describes the difference between a normal costing system and an actual costing system?

A. Direct labor cost is estimated using a predetermined rate under a normal costing system, while it is the actual value under an actual costing system.

B. Direct material cost is estimated using a predetermined rate under a normal costing system while it is the actual value under an actual costing system

C. Factory overhead cost is estimated using a predetermined rate under a normal costing system, while it is me actual value under an actual costing system.

D. Both direct labor cost and direct material cost are estimated using a predetermined rate under a normal costing system, while they are the actual value under an actual costing system

ANSWER: C

QUESTION NO: 9 - (SIMULATION)

CORRECT TEXT

Discuss how FDL's allocation of shared corporate services costs may overstate the profitability of the Food-To-Go division, and provide your recommendation on shared corporate services costs allocation.

Essay

Food Depot Ltd (FDD is a privately-held company that provides catering services to airlines and operates several restaurant chains including fast food, casual dining, and fine dining restaurants FDL has been profitable m recent years and has a very strong cash position FDL's newest division. Food-To-Go. is an online meal ordering and delivery platform acquired by FDL two years ago.

In 20X7. sales for the entire company were SI billion, with 50% of the business coming from the Airline Catering division. FDL is the country's leading airline catering services provider and controls 60% of the market share. However, the outlook of the airline catering industry is gloomy. The compound annual growth rate of the industry for the past five years was only 0.5% as airline networks have increasingly dropped catering on short domestic flights.

The Food-To-Go division only contributed 5% of FDL's total sales in 20X7 and is far behind in competing for market share of the online meal ordering and deliver, industry. It is estimated that Food-To-Go's sales were only 20% of the industry leader's sales However, the outlook for the online meal ordering and delivery services industry is bright. The compound annual growth rate of the industry since it started three years ago was 50%. It is estimated the rapid growth of the industry will continue in the foreseeable future.

The costs of shared corporate services are allocated based on each division s revenue FDL usually caps its capital expenditure budget to 4% of budgeted sales revenue In a recent capital budget coordination meeting. Smith Whitney, the head of the Airline Catering division. complained that his division is underfunded on capital projects . The budgeted capital expenditure had been much less than 4 % of the division’s budgeted sales in the past three years He argued that his division is the company's best-performing division, and it needs more funds to maintain its market share m the industry Whitney wants to reduce the capital expenditure budget for Food-To-Go and reallocate those funds to his division.

Susan Wiley, the bead of Food-To-Go, does not agree that the Airline Catering division is the best-performing division in the company Wiley argues that her division had the highest ROI in 20X7. and it deserves more capital funding FDL's required rate of return is 12%. The selected financial data for the Airline Catering division and Food-To-Go division in 20X7 are as follows (in $ millions).

	Airline Catering	Food-To-Go
Sales	$ 500	$50
Operating income	300	5
Net book value of assets (average for the year)	2,000	10

ANSWER:

Explanation:

See the Answer below in Explanation details.

The revenues of food to go division are less as compared to airline catering division which means less proportion of the overheads win he diverted to the division irrespective of the use

Recommended method

-stand-alone

-incremental method of allocating the snares corporate service costs|

QUESTION NO: 10

Aeronautics Inc. has designed a new airplane that entails an extremely complex manufacturing process Upon reviewing the market Aeronautics' management believes the price of the plane will need to be set below current manufacturing costs. Some on the management team have recommended stopping the project, however, the CFO believes that the plane will become profitable in the near future. The CFO most likely used which forecasting method?

A. Time series.

B. Learning curve analysis

C. Exponential smoothing

D. Cost-volume-profit analysis

ANSWER: A