CERTIFIED MANAGEMENT ACCOUNTANT PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://cma.examzify.com

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright 1
Table of Contents 2
Introduction 3
How to Use This Guide 4
Questions 5
Answers 8
Explanations 10
Next Steps 16

SAMPLE

Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

SAMPLE

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

SAMPLE

Questions

SAMPLE

1. How is the Dividend Growth Model calculated?

A. Expected dividend per share divided by retention ratio

B. Expected dividend per share divided by discount rate plus dividend growth rate

C. Expected total dividends divided by the number of shares

D. Expected growth rate divided by market price per share

2. Which ethical framework emphasizes the actions themselves regardless of the consequences?

A. Deontology

B. Teleology

C. Consequentialism

D. Situational Ethics

3. What is the primary purpose of detective controls?

A. To correct past errors

B. To encourage good practices

C. To discover control problems that were not prevented

D. To eliminate all risks entirely

4. What does value engineering primarily evaluate?

A. Overall profitability of a company

B. Trade-offs between product functionality and cost

C. Market position of a product

D. Employee productivity levels

5. What does unexpected loss refer to in risk management?

A. The anticipated loss amount

B. The potential for loss to exceed expectations

C. The total financial loss

D. The historical average loss

SAMPLE

6. Why might a company choose to utilize commercial paper?

A. It is more expensive than bank loans.

B. It provides long-term financing options.

C. It is a tool for short-term liquidity needs.

D. It guarantees stock price performance.

7. Which calculation might affect the cost of goods sold?

A. The average balance of accounts receivable

B. The dividend payout ratio

C. Increased investment in receivables

D. The calculated carrying costs of inventory

8. Which of the following can be classified under 'Speculative' motives for holding cash?

A. Cover unpredictable cash needs

B. Invest temporarily when interest rates are favorable

C. Facilitate daily transactions

D. Prepare for unexpected expenses

9. What benefit may a company experience when it improves its corporate image by going public?

A. Increased market competition

B. Enhanced financial stability

C. Greater ease in attracting investors

D. Reduced operational costs

10. What is one of the primary implications of having high financial leverage?

A. Increased risk due to fixed interest obligations

B. Decreased operational flexibility

C. Reduced competition in the market

D. Improved cash flow management

SAMPLE

Answers

SAMPLE

1. B
2. A
3. C
4. B
5. B
6. C
7. D
8. B
9. C
10. A

SAMPLE

Explanations

SAMPLE

1. How is the Dividend Growth Model calculated?

A. Expected dividend per share divided by retention ratio

B. Expected dividend per share divided by discount rate plus dividend growth rate

C. Expected total dividends divided by the number of shares

D. Expected growth rate divided by market price per share

The Dividend Growth Model, also known as the Gordon Growth Model, is a valuation method used to determine the fair value of a stock based on the future series of dividends that are expected to grow at a constant rate. The correct formula used in this model is to take the expected dividend per share and divide it by the sum of the discount rate and the constant dividend growth rate. This approach reflects the present value of an infinite series of future dividends, adjusted for the anticipated growth rate. The inclusion of both the discount rate and the growth rate is crucial because it captures the trade-off between the return required by investors and the expected increase in dividends over time, allowing for a comprehensive assessment of a stock's value. Other options do not accurately represent the methodology of the Dividend Growth Model, focusing instead on other financial metrics or ratios that are not part of this specific valuation technique. This model is particularly useful in evaluating stable companies that consistently distribute dividends and are expected to continue growing their dividends at a steady rate.

2. Which ethical framework emphasizes the actions themselves regardless of the consequences?

A. Deontology

B. Teleology

C. Consequentialism

D. Situational Ethics

The correct answer is Deontology, which is an ethical framework that focuses on the morality of actions themselves rather than their outcomes. This approach is often associated with the philosopher Immanuel Kant, who argued that the rightness or wrongness of actions is determined by whether they adhere to certain moral rules or duties. In deontological ethics, the principle behind the action is paramount; individuals are expected to act according to moral principles, regardless of the potential consequences that may result from those actions. In contrast, the other frameworks, such as Teleology and Consequentialism, prioritize the results or outcomes of actions to determine their ethical value. Teleology, which encompasses consequentialist theories, evaluates whether an action is good or bad based on its consequences, focusing on the overall good that results from the action. Situational Ethics, meanwhile, considers the context of an action and the unique circumstances surrounding it, allowing for flexibility based on the specific situation rather than adhering strictly to universal moral rules. This illustrates how Deontology stands apart by emphasizing duty and adherence to moral norms above results.

SAMPLE

3. What is the primary purpose of detective controls?

A. To correct past errors

B. To encourage good practices

C. To discover control problems that were not prevented

D. To eliminate all risks entirely

Detective controls are primarily implemented to identify and discover control problems or errors that may have occurred despite the presence of preventive controls. Their main function is to provide assurance that any issues that slip through the preventive measures are detected in a timely manner. This allows organizations to take corrective action, thus minimizing the impact of those issues on operations and financial results. In a well-structured control environment, preventive controls are designed to avoid issues proactively, while detective controls serve as a critical second line of defense by monitoring and revealing any discrepancies, fraud, or inefficiencies after they have happened. This dual approach helps organizations maintain effectiveness in their risk management strategies. The other options, while having their own importance within a broader management control framework, do not accurately define the essence of detective controls. For example, correcting past errors relates more to corrective actions rather than the discovery and identification process central to detective controls. Encouraging good practices aligns more closely with preventive controls intended to foster compliance and ethical behavior. Lastly, the notion of eliminating all risks is unrealistic, as risk management typically focuses on reducing risks to an acceptable level rather than complete eradication.

4. What does value engineering primarily evaluate?

A. Overall profitability of a company

B. Trade-offs between product functionality and cost

C. Market position of a product

D. Employee productivity levels

Value engineering primarily evaluates the trade-offs between product functionality and cost. This approach focuses on improving the value of a product by analyzing its functions and identifying ways to lower costs while maintaining or enhancing the product's performance and quality. By examining how each function contributes to the overall value, value engineering helps businesses eliminate unnecessary costs that do not add to the product's desirability or utility. The goal is to deliver the best performance at the lowest total cost, ensuring that products meet customer needs effectively while still being cost-efficient. The other options pertain to different aspects of business management. Overall profitability looks at the financial performance of the entire company rather than specific product features. Market position deals with how a product is perceived in relation to competitors, and employee productivity focuses on the effectiveness and efficiency of the workforce. While these areas are important for overall business success, they do not align with the specific objective of value engineering.

SAMPLE

5. What does unexpected loss refer to in risk management?

A. The anticipated loss amount

B. The potential for loss to exceed expectations

C. The total financial loss

D. The historical average loss

In the context of risk management, unexpected loss is understood as the potential for loss to exceed expectations. This concept focuses on losses that occur beyond what is typically predicted or accounted for in standard risk assessments. Risk management frameworks often incorporate various models that estimate expected loss, which is based on historical data and anticipated trends. However, unexpected loss pertains to those extreme events or outcomes that fall outside of the normal risk profile. These losses can result from unforeseen circumstances or low-probability but high-impact events, making it critical for organizations to maintain adequate capital reserves and prepare for such scenarios. The estimation and management of unexpected loss help firms to safeguard against significant financial downturns that can significantly affect overall operations and stability. In contrast, anticipated loss, total financial loss, and historical average loss define more predictable and quantifiable risk factors rather than focusing on the unforeseen magnitude of potential loss that can arise in risk scenarios.

6. Why might a company choose to utilize commercial paper?

A. It is more expensive than bank loans.

B. It provides long-term financing options.

C. It is a tool for short-term liquidity needs.

D. It guarantees stock price performance.

A company might choose to utilize commercial paper primarily because it serves as an effective tool for addressing short-term liquidity needs. Commercial paper is an unsecured, short-term debt instrument that corporations issue to finance their immediate operational costs, such as accounts payable, payroll, and inventory purchases. The key benefit of commercial paper lies in its ability to provide quick access to funds at typically lower interest rates than alternative short-term borrowing options, such as bank loans. This can be especially advantageous for companies needing to manage cash flow fluctuations or bridge gaps between receivables. Issuing commercial paper allows firms to respond swiftly to financial pressures without the lengthy negotiation processes associated with other forms of credit. In contrast to the options involving more expensive financing methods or long-term commitments (which are not the principal functions of commercial paper), the focus on short-term liquidity clearly highlights the strategic use of commercial paper in corporate finance. Additionally, the concept of guaranteeing stock price performance does not relate to the operational purposes of commercial paper at all, underscoring its specific role within financial management.

SAMPLE

7. Which calculation might affect the cost of goods sold?

A. The average balance of accounts receivable

B. The dividend payout ratio

C. Increased investment in receivables

D. The calculated carrying costs of inventory

The calculation of carrying costs of inventory significantly impacts the cost of goods sold (COGS) because it relates directly to the expenses associated with storing and managing inventory. Carrying costs include costs such as warehousing, insurance, spoilage, obsolescence, and the opportunity cost of the capital tied up in inventory. Higher carrying costs can lead to a higher COGS when businesses adjust how they value their inventory. If carrying costs increase, this might prompt a company to reduce inventory levels or alter pricing strategies, both of which directly influence how COGS is computed. A company might utilize a method for inventory valuation, like FIFO or LIFO, which could also be affected by these carrying costs. Therefore, the calculated carrying costs of inventory are integral to determining how much it truly costs a company to sell its products during a specific period.

8. Which of the following can be classified under 'Speculative' motives for holding cash?

A. Cover unpredictable cash needs

B. Invest temporarily when interest rates are favorable

C. Facilitate daily transactions

D. Prepare for unexpected expenses

The classification of holding cash under 'Speculative' motives primarily refers to the desire to capitalize on potential investment opportunities that may arise due to fluctuating market conditions. The correct answer, which focuses on temporarily investing cash when interest rates are favorable, aligns perfectly with this definition of speculative motives. In this context, a company or individual may choose to hold cash not merely for immediate expenditure or liquidity needs but rather to take advantage of the opportunity to invest in securities or assets at a favorable interest rate. This can generate additional income or yield during times when the market conditions are advantageous. Therefore, this strategy can be seen as speculative because it involves anticipating future market movements rather than meeting operational or urgent cash requirements. Meanwhile, other choices primarily tackle the fundamental needs of cash management, highlighting operational or precautionary motives. For instance, covering unpredictable cash needs or facilitating daily transactions represents a focus on liquidity management or operational stability, which are more aligned with transactional or precautionary motives rather than speculative ones. Preparing for unexpected expenses falls into a similar category, as it emphasizes safeguarding against uncertainties rather than aiming to leverage cash for investment gains.

SAMPLE

9. What benefit may a company experience when it improves its corporate image by going public?

A. Increased market competition

B. Enhanced financial stability

C. Greater ease in attracting investors

D. Reduced operational costs

When a company improves its corporate image by going public, one of the most significant benefits is the greater ease in attracting investors. A positive corporate image can lead to increased trust and confidence from potential investors, making them more likely to invest in the company. This trust can manifest in various ways, such as higher demand for shares, better pricing of securities, and favorable conditions when seeking additional capital. When a company is publicly traded, its financial data and performance metrics are readily available to the market, and a strong corporate image can enhance these perceptions. A favorable reputation can help in establishing relationships with institutional investors and can be a key factor in an investor's decision-making process. Enhanced visibility in the market also often results from going public, further attracting interest from potential investors who are looking for solid companies to invest in. Incorporating transparency and accountability through public reporting can further bolster this image, reassuring investors that their investment is in capable and responsible hands. This combination of factors significantly facilitates access to capital, making it easier for the company to fund growth and expansion efforts through successful investor engagement.

10. What is one of the primary implications of having high financial leverage?

A. Increased risk due to fixed interest obligations

B. Decreased operational flexibility

C. Reduced competition in the market

D. Improved cash flow management

High financial leverage refers to the use of borrowed funds to finance the acquisition of assets or to fund operations. One of the primary implications of high financial leverage is the increased risk it introduces due to fixed interest obligations. When a company takes on debt, it must make regular interest payments regardless of its financial performance. This creates a fixed cost that can strain cash flow, especially in periods of economic downturn or decreased revenue. If the company's earnings are insufficient to cover these obligations, it risks defaulting on its debt. Consequently, while financial leverage can enhance returns when a company is performing well, it equally increases vulnerability in challenging times, leading to heightened risk for creditors and investors. The impact emphasizes the importance of careful management of leverage to balance the potential benefits against the associated risks. The other options, while relevant to different aspects of business operations or financial management, do not capture the fundamental nature of financial leverage and its inherent trade-offs as effectively as the chosen answer.

SAMPLE

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://cma.examzify.com

We wish you the very best on your exam journey. You've got this!

SAMPLE