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**Exam : CMA Strategic Financial Management**

**Title : CMA Part 2: Strategic Financial Management Exam**

**Version : DEMO**

1. Javier makes hand-looted learner dog collars. The materials cost \$10 per collar and the collars are sold for \$50 each. Javier sells me collars at a local farmer's market mat charges S100 per month for space rental if Javier's income tax rate is 30%, how many collars must Javier sell each year to earn \$1,000 net income?

- A. 29
- B. 53
- C. 66
- D. 263

**Answer: C**

2. A foreign subsidiary of a U S company has an intercompany loan from the parent company. Which one of the following statements about the subsidiary's functional currency is true?

- A. It should be the U S dollar if the local currency is hyper inflated
- B. It should be determined by the management of the U.S. Company
- C. It is the US dollar because the parent company is in the US
- D. It is the U S dollar because the subsidiary has an intercompany loan from the parent company

**Answer: A**

3. A company had an operating cycle of 110 days, a cash cycle of 40 days, and an accounts receivable period of so days. The company s inventory period and accounts payable period are

- A. inventory period = 50 days ana accounts payable period - 150 flays
- B. inventory period = 70 flays and accounts payable period = 50 flays
- C. inventory period = 10 days and accounts payable period = 50 days
- D. inventory period = 50 days and accounts payable period = 70 days

**Answer: D**

4. Below is the income statement and balance sheet for a retail corporation.

|                            | Year 1       | Year 2       |
|----------------------------|--------------|--------------|
| Sales                      | \$2,500      | \$5,000      |
| Cost of goods sold         | <u>750</u>   | <u>2,000</u> |
| Gross Profit               | 1,750        | 3,000        |
| Operating expense          | <u>500</u>   | <u>700</u>   |
| Operating income           | 1,250        | 2,300        |
| Non-operating expense      | <u>450</u>   | <u>300</u>   |
| Net income                 | \$ 800       | \$2,000      |
| Cash                       | \$1,000      | \$2,000      |
| Accounts receivable        | 500          | 1,500        |
| Inventory                  | 500          | 800          |
| Prepaid expenses           | 200          | 500          |
| Fixed assets               | <u>4,500</u> | <u>4,000</u> |
| Total assets               | \$6,700      | \$8,800      |
| Accounts payable           | \$800        | \$1,400      |
| Accrued expenses           | 1,000        | 1,250        |
| Short-term debt            | 750          | 500          |
| Long-term debt             | <u>1,000</u> | <u>500</u>   |
| Total liabilities          | 3,500        | 3,650        |
| Equity                     | <u>3,150</u> | <u>5,150</u> |
| Total Liabilities & equity | \$6,700      | \$8,800      |

What is the corporation's debt to total capital in year 2?

- A. 71%
- B. 41%

C. 19%

D. 6%

**Answer: C**

5. Genco Healthcare has asked its controller to summarize the company's financial performance for the past two years. The accountant provided the following two years financial ratios for reference.

A. Less liquid more profitable more solvent

B. Less liquid more profitable less solvent

C. More Liquid Less profitable less solvent

D. More liquid, less profitable more solvent

**Answer: B**