

# An Inside Look at the FMAA Certification

Faculty Friday Webinar

April 12<sup>th</sup>, 2024



The Association of  
Accountants and  
Financial Professionals  
in Business

**Gleim® FMAA**

# About Our Sponsor

**Gleim<sup>®</sup> FMAA**

# Featured Presenter

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Accountants and  
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# IMA Guest Speaker

**Amy Ford**  
Senior Instructor  
Western Illinois University



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# Agenda

- FMAA Overview
- Who is the FMAA for?
- Benefits of Earning the FMAA
- FMAA Exam Details
- Sample FMAA Questions
- Prior Learning Assessment



**Financial & Managerial  
Accounting Associate**

# Institute of Management Accountants



A global network of around 140,000 members worldwide and more than 300 student and professional chapters



6 regions and 13 global offices

Offers 3 globally recognized certifications:

- FMAA™ (Financial & Managerial Accounting Associate)
- CMA® (Certified Management Accountant)
- CSCA® (Certified in Strategy and Competitive Analysis)



# Poll Question 1:

Are you familiar with IMA's newest certification the FMAA?

- a. No, I'm looking to learn more
- b. Yes, but only minimal knowledge
- c. Yes, I actually plan to sit for the FMAA

# Poll Question 1 Results: (Placeholder)



# What is the FMAA certification?

The FMAA™ (Financial and Managerial Accounting Associate) instills the **fundamental knowledge and competencies in accounting and finance**, allowing professionals early in their careers to showcase their expertise to employers and build a foundation to expand their skills.

**The FMAA  
Certification covers  
5 content domains:**



## Poll Question 2:

Do you teach these FMAA topics in your introductory accounting courses at your University?

- a. Yes
- b. No

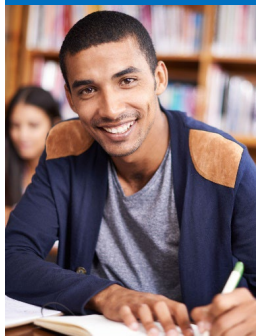
# Poll Question 2 Results: (Placeholder)

# Who is the FMAA Exam For?

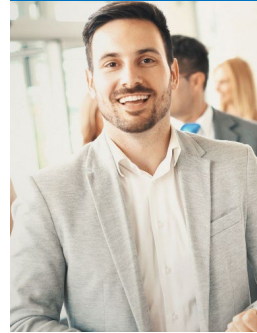
2-Year College  
Student



4-Year College  
Student



MBA  
Student



Business  
Professional



fmaa™

# Professional Certifications from IMA



- 2-Year College Students (accounting/business)
- 4-Year College Students (Early in academic career or to give yourself an edge to start your career)
- Business Professionals (HR, Marketing, Operations, Business Owners)

- 4-Year College Students (accounting/finance majors)
- Early and mid-level accounting and finance professionals
- CPAs moving from audit to industry/career changers

- Certified accounting and finance professionals seeking a specialized skillset in strategy and competitive analysis



# Benefits of Earning the FMAA



**Gain confidence**



**Demonstrate your skillset**



**Advance your career**



**Stand out**

# FMAA Certification Details

<b>Exam Format</b>	<b>2-hour exam: 80 MCQ</b>
<b>Eligibility Requirements</b>	<b>None</b>
<b>Exam Preparation Time</b>	<b>Approx. 50 hours</b>
<b>Exam Cost</b>	<b>\$299</b>
<b>Exam Availability</b>	<b>June 2024</b>
<b>Continuing Education</b>	<b>15 hours annually; 1 hour ethics-related</b>
<b>Renewal Fees</b>	<b>\$49</b>



# Sample FMAA Questions

**Gleim<sup>®</sup> FMAA**





## Poll Question 3:

Do you teach introductory financial accounting courses?

- a. Yes
- b. No

# Poll Question 3 Results: (Placeholder)

# Sample FMAA Questions

## General Accounting and Financial Management

### 1. Accounting terminology and definitions

The candidate should be able to:

- a. explain the role of accounting in business
- b. define management accounting and distinguish it from financial accounting
- c. identify and explain the different types of business enterprises, including corporation, sole proprietorship, private company, public company, partnership, joint venture, and nonprofit
- d. demonstrate an understanding of the accounting equation ( $\text{assets} = \text{liabilities} + \text{equity}$ )
- e. define the following terms: business transaction, recordkeeping, debits, credits, journal, accounts, ledger, financial statements, accounting period, cash flow, and profit/loss
- f. demonstrate an understanding of the following accounting principles: cash accounting vs. accrual accounting, conservatism, consistency, matching revenue and expense, accruals/deferrals, and depreciation/amortization

# Sample FMAA Questions

## General Accounting and Financial Management

### 2. Recording business transactions

The candidate should be able to:

- a. describe double-entry bookkeeping
- b. analyze a business transaction into its debit and credit components and record in a journal
- c. define the accounting cycle and demonstrate an understanding of the eight steps of the accounting cycle
- d. define a general ledger and explain its purpose
- e. define a trial balance and explain its purpose



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

A medical office purchased \$2,000 worth of office supplies on March 1. The office did not pay on the purchase date, but payment is due in 30 days. Which one of the following is the journal entry for this purchase?

- A. Debit office supplies for \$2,000 and credit cash for \$2,000
- B. Debit office supplies for \$2,000 and credit accounts payable for \$2,000
- C. Credit office supplies for \$2,000 and debit accounts payable for \$2,000
- D. Credit office supplies for \$2,000 and debit cash for \$2,000

General Accounting  
and Financial  
Management



Source: **Gleim** FMAA

# Sample FMAA Questions

## General Accounting and Financial Management

### 3. Types and elements of financial statements

The candidate should be able to:

- a. define asset, liability, revenue, expense, and equity
- b. identify the users of financial statements and their needs
- c. demonstrate an understanding of the purposes and uses of the balance sheet, income statement, statement of changes in equity, and statement of cash flows
- d. identify the major components and classifications of each financial statement
- e. identify the limitations of each financial statement
- f. demonstrate an understanding of the relationship among the financial statements



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

Which one of the following is a limitation of the income statement?

- A. It is independent of the balance sheet.
- B. Expenses do not match related revenue.
- C. Income accounting rules do not reflect increases and decreases in cash.
- D. Owner-related transactions are not reported.

General Accounting  
and Financial  
Management



Source: **Gleim** FMAA

# Sample FMAA Questions

## General Accounting and Financial Management

### 4. Internal controls

The candidate should be able to:

- a. demonstrate an understanding of internal control risk
- b. demonstrate knowledge of the fact that an organization's structure and management philosophy impact the effectiveness of internal controls
- c. demonstrate knowledge of the fact that internal controls are designed to provide reasonable assurance of the (i) effectiveness and efficiency of operations, (ii) reliability of financial reporting, and (iii) compliance with applicable laws and regulations
- d. define segregation of duties
- e. demonstrate an understanding of why the following four types of responsibilities should be performed by different individuals: (i) authority to execute transactions, (ii) recording transactions, (iii) custody of assets involved in the transactions, and (iv) periodic reconciliations of the existing assets to recorded amounts
- f. explain the importance of independent checks and verification
- g. identify examples of how companies safeguard assets, including physical controls (e.g., locked doors) and software controls (e.g., passwords)



# Sample FMAA Questions

## General Accounting and Financial Management

Managing a company's daily finances

Working  
Capital

Cash  
Management

Accounts  
Receivable  
Management

Inventory  
Management

Accounts  
Payable  
Management

# Sample FMAA Questions

A company is changing its credit terms from net 30 to 2/10, net 30. The least likely effect of this change would be a(n)

- A. Increase in sales
- B. Shortening of the cash conversion cycle
- C. Increase in short-term borrowings
- D. Lower number of days sales outstanding

General Accounting  
and Financial  
Management



Source: **Gleim** FMAA

# Sample FMAA Questions

## Financial Statement Preparation and Analysis

### 1. Recognition and valuation in financial statements

The candidate should be able to demonstrate an understanding of how a balance sheet, an income statement, a statement of changes in equity, and a statement of cash flows (indirect method) are prepared. Specifically, the candidate should be able to:

#### Asset valuation

- a. determine the amount of accounts receivable to be recognized, including timing of recognition and estimation of the allowance for credit losses
- b. determine the amount of inventory to be recognized
- c. demonstrate an understanding of the first-in-first-out (FIFO) and last-in-first-out (LIFO) cost flow assumptions and calculate inventory balances using these assumptions
- d. demonstrate an understanding of FOB shipping point and FOB destination
- e. demonstrate an understanding of straight-line, double-declining balance, and sum-of-the-years' digits methods of depreciation and calculate depreciation using these methods
- f. demonstrate an understanding of amortization of intangible assets over the asset's useful life

#### Valuation of liabilities

- g. identify transactions that affect liabilities such as credit purchases, year-end accruals, and debt issuance

# Sample FMAA Questions

## Financial Statement Preparation and Analysis

### Revenue recognition

- h. apply revenue recognition principles to various types of transactions
- i. demonstrate an understanding of the matching principle with respect to revenues and expenses

### Equity transactions

- j. identify transactions that affect paid-in capital and those that affect retained earnings such as stock issuance, cash and stock dividends, and income recognition

### Income measurement

- k. define gains and losses
- l. demonstrate an understanding of the treatment of gain or loss on the disposal of fixed assets
- m. demonstrate an understanding of expense recognition practices
- n. define and demonstrate an understanding of comprehensive income
- o. identify the correct treatment for discontinued operations



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

## Financial Statement Preparation and Analysis

### 2. Basic financial statement analysis

The candidate should be able to demonstrate capabilities to analyze a set of financial statements. Specifically, the candidate should be able to:

- a. for the balance sheet and income statement, prepare and analyze common-size financial statements (vertical analysis)
- b. for the balance sheet and income statement, prepare and analyze common base year statements (horizontal analysis)
- c. calculate the growth rate of individual line items on the balance sheet and income statement



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

## Financial Statement Preparation and Analysis

### 3. Financial statement ratio analysis

The candidate should be able to:

#### Liquidity

- a. calculate and interpret the current ratio, the quick (acid-test) ratio, the cash ratio, the cash flow ratio, and the net working capital ratio

#### Leverage

- b. define solvency
- c. define operating leverage and financial leverage
- d. calculate the following ratios: debt-to-equity, long-term debt-to-equity, debt-to-total assets, and times interest earned

#### Activity

- e. calculate accounts receivable turnover, inventory turnover, and accounts payable turnover
- f. calculate days sales outstanding in receivables, days sales in inventory, and days purchases in accounts payable
- g. calculate total assets turnover and fixed asset turnover

#### Profitability

- h. calculate gross profit margin percentage, operating profit margin percentage, and net profit margin percentage
- i. calculate return on assets (ROA) and return on equity (ROE)



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

A sporting goods store reported net income of \$250,000 and net credit sales of \$2 million for the year just ended. The cost of goods sold was \$1.5 million. The year-end balance sheet shows a net accounts receivable balance of \$500,000. The prior year's net accounts receivable balance was \$750,000. What is the accounts receivable turnover ratio?

- A. 2.0 times
- B. 2.4 times
- C. 2.7 times
- D. 3.2 times

Financial Statement  
Preparation and Analysis



Source: **Gleim** FMAA

# Sample FMAA Questions

## Financial Statement Preparation and Analysis

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- i. calculate return on assets (ROA) and return on equity (ROE)



Source: FMAA Learning Outcome Statements



## Poll Question 4:

Do you teach introductory managerial accounting courses?

- a. Yes
- b. No

# Poll Question 4 Results: (Placeholder)

# Sample FMAA Questions

## Planning and Budgeting

Budgeting  
concepts

Budgeting  
methodologies

Annual  
operating plan  
and supporting  
schedules

# Sample FMAA Questions

Of the following budgets in the annual master budget, which is the last prepared?

- A. Production budget
- B. Cash budget
- C. Capital budget
- D. Sales budget

Planning and  
Budgeting



Source: **Gleim** FMAA

# Sample FMAA Questions

A manufacturer is preparing its annual plan. The sales forecast in the sales budget for one its products is 320,000 units. The beginning inventory for this product is 30,750 units. The goal is to have 40,500 units in inventory at the end of the year. Approximately how many units should be produced?

- A. 310,250
- B. 320,000
- C. 329,750
- D. 360,500

Planning and  
Budgeting



Source: **Gleim** FMAA

# Sample FMAA Questions

## Cost Management and Performance Metrics

### 1. Cost measurement concepts

The candidate should be able to:

- a. calculate fixed, variable, and mixed costs and demonstrate an understanding of the behavior of each in the long and short term
- b. identify and define cost measurement techniques such as actual costing, normal costing, and standard costing
- c. identify the differences between variable (direct) costing and absorption (full) costing
- d. define job order costing
- e. define activity-based costing
- f. define process costing



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

## Cost Management and Performance Metrics

### 2. Variable and fixed overhead expenses

- a. identify the components of variable overhead expense
- b. identify the components of fixed overhead expense
- c. demonstrate an understanding of the differences between corporate-wide overhead expenses and departmental overhead expenses
- d. calculate corporate-wide overhead expenses and departmental overhead expenses using proper overhead rate
- e. calculate overhead costs allocated to products by spreading the overhead costs based on specific measures



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

## Cost Management and Performance Metrics

### 3. Cost and variance measures

The candidate should be able to:

- a. calculate favorable and unfavorable variances from a budget and provide explanations for variances
- b. calculate the flexible-budget variance by comparing actual results to the flexible budget
- c. define a standard costing system and identify the reasons for adopting a standard costing system
- d. demonstrate an understanding of price (rate) variances and calculate the price variances related to direct material and direct labor inputs
- e. demonstrate an understanding of efficiency (usage) variances and calculate the efficiency variances related to direct material and direct labor inputs
- f. demonstrate an understanding of fixed overhead variances



Source: FMAA Learning Outcome Statements



# Sample FMAA Questions

A company planned to sell 2,000 units in its master budget. Its budgeted sales revenue is €500,000; budgeted variable expense is € 350,000; and budgeted fixed expense is € 45,000. If the company only manufactured and sold 1,750 units during the year, how much is the company's flexible budget operating income?

- A. € 42,500
- B. € 86,250
- C. € 91,875
- D. € 105,000



Cost Management and  
Performance Metrics

Source: **Gleim** FMAA

# Sample FMAA Questions

## Cost Management and Performance Metrics

### 4. Performance measurement

The candidate should be able to:

- a. calculate product-line profitability, business unit profitability, and customer profitability
- b. define and calculate return on investment (ROI)
- c. analyze and interpret ROI calculations
- d. define residual income (RI)



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

## Cost Management and Performance Metrics

### 5. Cost information for decision making

The candidate should be able to:

- a. demonstrate an understanding of cost/volume/profit (CVP) analysis (breakeven analysis), and calculate breakeven volume
- b. identify and define relevant costs (incremental, marginal, or differential costs), sunk costs, avoidable costs, and explicit and implicit costs
- c. explain why sunk costs are not relevant in the decision-making process
- d. demonstrate an understanding of and calculate opportunity costs
- e. calculate relevant costs given a numerical scenario
- f. define and calculate marginal cost and marginal revenue



Source: FMAA Learning Outcome Statements

# Sample FMAA Questions

A manufacturing company sells each unit that it produces for \$145. Over the last year the company sold 120,000 units. Total fixed costs are \$2,640,000 and total variable costs are \$4,200,000. What is the company's breakeven point in units?

- A. 18,207 units
- B. 24,000 units
- C. 28,966 units
- D. 47,172 units



Cost Management and  
Performance Metrics

Source: **Gleim** FMAA

# Sample FMAA Questions

## Professional Ethics

Business Ethics

IMA Statement  
of Ethical  
Professional  
Practice

Fraud Triangle

# Sample FMAA Questions

The controller of XYZ Company has awarded a vendor contract to a firm where her brother works. The firm charges a higher price than other competing firms and their products are of comparable quality to other firms, but not better. The controller did not disclose this family relationship as required by company policy. These facts are an example of

- A. A conflict of interest
- B. Rationalization
- C. A breach of confidentiality
- D. Misappropriation of assets

Professional Ethics



Source: **Gleim** FMAA

# FMAA Fast FAQs

## Are there any prerequisites to sit for the FMAA?

- No, there are no prerequisites and you do not need to be an IMA member to sit for the exam.

## What is the format of the FMAA exam?

- The exam is two hours long with 80 multiple choice questions.

## Can I take the exam remotely?

- No, candidates will need to go to local test centers to sit for the exam.

## When can I take the FMAA exam?

- The next testing window is June 2024 – Registration is now open!

- **How much does the exam cost?**

- The regular price of the exam is \$299 USD. Candidates will need to purchase review materials separately through IMA's education partners. There will be an annual renewal fee of \$49 USD to keep your certification active after you passed the exam.



# The FMAA Certification aligns to domains and skills employers want and students need

We see opportunity to award FMAA holders with credit for prior learning (PLA), let's talk!



## Planning & Budgeting

**EVALUATED SKILLS & KNOWLEDGE:**

Budgeting concepts and methodologies



## Financial Statement Preparation & Analysis

**EVALUATED SKILLS & KNOWLEDGE:**

Asset and liability valuation, basic financial statement analysis, profitability ratios



## Professional Ethics

**EVALUATED SKILLS & KNOWLEDGE:**

Business and professional ethics



## General Accounting & Financial Management

**EVALUATED SKILLS & KNOWLEDGE:**

Accounting terminology, debits, credits, and t-accounts, adjusting entries, statement of cash flows, cash management, inventory management



## Cost Management & Performance Metrics

**EVALUATED SKILLS & KNOWLEDGE:**

Cost measurement concepts, variable and fixed overhead expenses, performance measurement



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Financial Professionals  
in Business



# Getting Started

- Visit: [www.imanet.org/FMAA](http://www.imanet.org/FMAA)
- Enter your email to download sample questions from the FMAA exam
- Purchase FMAA Study Materials from our education partners



# Register for the FMAA Exam

**Register now to take the FMAA exam in June 2024!**

- Scan the QR code



**OR**

- Follow this link: [www.imanet.org/FMAA](http://www.imanet.org/FMAA)



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# Questions and Answers



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