

CIMA Fundamentals of Management Accounting (BA2) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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.

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!

Questions

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- 1. For ungrouped data, the mean is calculated as which formula?**
 - A. The maximum value**
 - B. The sum of values divided by the count**
 - C. The mean of squared deviations**
 - D. Sum of values of items / number of items**

- 2. Which lines are plotted on a breakeven chart?**
 - A. Sales revenue line, Fixed costs line, Total costs line**
 - B. Profit line, Variable costs line, Fixed costs line**
 - C. Contribution line, Variable costs line, Fixed costs line**
 - D. Sales revenue line, Contribution line, Total costs line**

- 3. Which term describes a situation where financial accounting and cost/management accounting use separate systems?**
 - A. Integrated systems**
 - B. Wages control account**
 - C. Bookkeeping**
 - D. Interlocking systems**

- 4. Operational Decisions are best described as:**
 - A. They set long-term goals.**
 - B. They coordinate strategic initiatives.**
 - C. They monitor external regulatory compliance.**
 - D. They focus on ensuring that specific tasks are carried out in an efficient and effective way.**

- 5. Which term refers to costs incurred to assess whether a firm's activities comply with environmental laws and standards?**
 - A. Environmental prevention costs**
 - B. Non-environmental costs**
 - C. Environmental appraisal costs**
 - D. Production overheads**

- 6. Grouped data is characterized by which feature?**
- A. Frequency shown in ranges (continuous)**
 - B. Data where frequency is shown for discrete values**
 - C. Data organized into separate non-overlapping classes**
 - D. Data without any grouping**
- 7. If actual activity is 8,000 units and the predetermined OAR is 6 per unit, what is overhead absorbed?**
- A. 8,000**
 - B. 48,000**
 - C. 6**
 - D. 14,000**
- 8. Production cost centres are those which are:**
- A. Administrative units with no production activities.**
 - B. Marketing-only units.**
 - C. External contractors.**
 - D. Actively involved in the production process.**
- 9. Which technique calculates the annual percentage return given by a project?**
- A. A discounted cash flow technique that calculates the annual percentage return given by a project.**
 - B. The discounted rate used to calculate Payback.**
 - C. The present value of all future cash outflows.**
 - D. The total expected cash outflows.**
- 10. Which statement best describes contribution?**
- A. Selling price less all fixed costs used for decision making.**
 - B. Selling price less all variable costs used for short-term decision making.**
 - C. Net profit after fixed costs.**
 - D. Contribution per unit times quantity.**

Answers

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

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Explanations

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1. For ungrouped data, the mean is calculated as which formula?

- A. The maximum value**
- B. The sum of values divided by the count**
- C. The mean of squared deviations**
- D. Sum of values of items / number of items**

The key idea is that the mean (the everyday average) of ungrouped data is found by adding every value and dividing by how many values there are. You use each data point individually, not any grouping or class intervals. This gives a single representative value that summarizes the data set. The maximum value is just the largest observation, not an average. The mean of squared deviations relates to dispersion, not the overall average of the data points. So the correct approach is to take the sum of all values and divide by the number of values.

2. Which lines are plotted on a breakeven chart?

- A. Sales revenue line, Fixed costs line, Total costs line**
- B. Profit line, Variable costs line, Fixed costs line**
- C. Contribution line, Variable costs line, Fixed costs line**
- D. Sales revenue line, Contribution line, Total costs line**

Breakeven charts show how revenue compares with costs as output changes, highlighting the point where income just covers all costs. For this, you plot the sales revenue line, which increases with quantity, a fixed costs line that stays horizontal since fixed costs don't vary with output, and the total costs line, which starts at the fixed cost level and rises with output due to variable costs. The breakeven point is where the sales revenue line equals the total costs line, indicating zero profit. This standard setup directly demonstrates whether revenue is enough to cover all costs and how profit turns positive beyond that point. While some charts may include a contribution line in other analyses, the conventional breakeven chart uses the revenue line, fixed costs line, and total costs line.

3. Which term describes a situation where financial accounting and cost/management accounting use separate systems?

- A. Integrated systems**
- B. Wages control account**
- C. Bookkeeping**
- D. Interlocking systems**

When financial accounting and cost/management accounting operate on separate systems, they stay distinct but connected so data can move between them as needed. This arrangement is called interlocking systems. It allows each side to serve its purpose—external financial reporting and compliance for financial accounting, internal decision-making for management accounting—while still sharing essential information through reconciliations and interfaces. The idea contrasts with integrated systems, which would be a single unified system; a wages control account is a payroll sub-ledger, and bookkeeping is the act of recording transactions, not describing how the two streams are structured.

4. Operational Decisions are best described as:

- A. They set long-term goals.
- B. They coordinate strategic initiatives.
- C. They monitor external regulatory compliance.
- D. They focus on ensuring that specific tasks are carried out in an efficient and effective way.**

Operational decisions are about the day-to-day execution of tasks, focusing on how to carry out specific activities in an efficient and effective way. They translate plans into action for the current period, dealing with how resources are allocated, how work is scheduled, and how processes run to produce goods or deliver services. The aim is to maximize output while minimizing waste and meeting required quality and timelines. This differs from setting long-term goals, which is about strategy and future direction, and from coordinating strategic initiatives, which involves aligning broader projects and programs. It also isn't primarily about monitoring external regulatory compliance, which belongs to governance and control activities. So the description that emphasizes making sure tasks are carried out efficiently and effectively captures what operational decisions focus on in the everyday run of the business.

5. Which term refers to costs incurred to assess whether a firm's activities comply with environmental laws and standards?

- A. Environmental prevention costs
- B. Non-environmental costs
- C. Environmental appraisal costs**
- D. Production overheads

Appraisal costs are costs incurred to verify whether processes comply with required standards. In an environmental context, that means audits, inspections, testing, and monitoring to ensure activities meet environmental laws and standards. This type of cost focuses on checking conformance before any issues arise, which is why it fits here. These costs are distinct from environmental prevention costs, which aim to stop pollution or noncompliance in the first place by improving processes or equipment. Production overheads cover general manufacturing costs and aren't specific to compliance checks, and "non-environmental costs" isn't a standard designation for this purpose.

6. Grouped data is characterized by which feature?

- A. Frequency shown in ranges (continuous)
- B. Data where frequency is shown for discrete values
- C. Data organized into separate non-overlapping classes**
- D. Data without any grouping

Grouped data is formed by placing individual observations into class intervals. The defining feature is that these intervals are separate and non-overlapping, and together they cover the entire data range so every observation falls into one class. This structure—data organized into distinct, non-overlapping classes—is what characterizes grouped data. If you were listing exact values with frequencies, that would be ungrouped or discrete data, not grouped data. Reporting frequencies in ranges is common in grouped data, but the essential point is the creation of non-overlapping classes.

7. If actual activity is 8,000 units and the predetermined OAR is 6 per unit, what is overhead absorbed?

- A. 8,000
- B. 48,000**
- C. 6
- D. 14,000

The concept being tested is applying a predetermined overhead absorption rate to actual activity to allocate overhead to production. Since the rate is per unit, you multiply the rate by the actual number of units produced. Here, 8,000 units \times 6 per unit = 48,000. This 48,000 is the overhead absorbed into production costs. The other figures don't fit because 8,000 is the activity level, 6 is the rate, and 14,000 would require a different calculation or context.

8. Production cost centres are those which are:

- A. Administrative units with no production activities.
- B. Marketing-only units.
- C. External contractors.**
- D. Actively involved in the production process.

A production cost centre is an internal unit where costs are incurred in the process of turning inputs into finished goods. It is the part of the organisation that is actively involved in the production activity, so the costs charged to it relate directly to manufacturing output. Administrative units with no production activities don't accumulate production costs because they aren't part of making the product. Marketing-focused units similarly don't bear production costs; their costs relate to selling and promoting rather than manufacturing. External contractors operate outside the organisation; while you may pay them to perform production work, they aren't internal cost centres within your firm. Their costs aren't accumulated inside the company's production cost centre structure. So the description that fits best is the unit actively involved in the production process.

9. Which technique calculates the annual percentage return given by a project?

- A. A discounted cash flow technique that calculates the annual percentage return given by a project.**
- B. The discounted rate used to calculate Payback.**
- C. The present value of all future cash outflows.**
- D. The total expected cash outflows.**

The idea being tested is using a discounted cash flow method to express the project's profitability as an annual percentage return. That return is the internal rate of return, which is the discount rate that makes the net present value of all cash flows (inflows and outflows) equal to zero. In other words, IRR is the annualized rate of return you'd earn from the project if you could reinvest at that same rate. That's why this option is the best fit: it directly yields the annual percentage return from the project's cash flows. The other ideas don't give a project return. The discounted rate used for Payback relates to how long it takes to recover the initial investment, not to the project's overall rate of return. The present value of all future cash outflows measures how much you must invest, not the return you expect. The total expected cash outflows are simply costs, not a measure of profitability.

10. Which statement best describes contribution?

- A. Selling price less all fixed costs used for decision making.**
- B. Selling price less all variable costs used for short-term decision making.**
- C. Net profit after fixed costs.**
- D. Contribution per unit times quantity.**

Contribution is the amount by which sales revenue covers variable costs, leaving something to contribute toward fixed costs and profit. It reflects what is available to absorb fixed costs in the short term, so decisions are based on what varies with output. The standard way to describe it is selling price minus variable costs, which matches the option that states selling price less all variable costs and notes its use in short-term decision making. While total contribution can be written as contribution per unit times quantity, the description focused on the short-term decision context and the variable-cost deduction best captures what contribution represents.

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://cimaba2.examzify.com>

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

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