

Content Specification Outlines



**Financial & Managerial
Accounting Associate**

Effective: March 1, 2024

Institute of Certified Management Accountants

Effective March 1, 2024

Content Specification Outlines Financial & Managerial Accounting Associate (FMAA™) Certification

The content specification outlines presented below represent the body of knowledge that will be covered on the Financial & Managerial Accounting Associate (FMAA™) examination. The outlines may be changed in the future when new subject matter becomes part of the common body of knowledge.

Candidates are responsible for being informed on the most recent developments in the areas covered in the outlines. This includes understanding public pronouncements issued by accounting organizations as well as being up to date on recent developments reported in current accounting, financial, and business periodicals.

The content specification outlines serve several purposes. They are intended to:

- Establish the foundation from which each examination will be developed.
- Provide a basis for consistent coverage on each examination.
- Communicate to interested parties more detail as to the content of each examination part.
- Assist candidates in their preparation for each examination.
- Provide information to those who offer courses designed to aid candidates in preparing for the examinations.

Important additional information about the content specification outlines and the examinations is listed below.

1. The coverage percentage given for each major topic represents the relative weight given to that topic in the examination. The number of questions presented in each major topic area approximates this percentage.
2. Each examination will sample from the subject areas contained within each major topic area to meet the relative weight specifications. No relative weights have been assigned to the subject areas within each major topic. No inference should be made from the order in which the subject areas are listed or from the number of subject areas as to the relative weight or importance of any of the subjects.
3. Each major topic has been assigned a coverage level designating the depth and breadth of topic coverage, ranging from an introductory knowledge of a subject area (Level A) to a thorough understanding of and application of a subject area (Level B). Detailed explanations of the coverage levels and the skills expected of

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candidates are presented below.

4. The FMAA exam is a two-hour exam and contains 80 multiple-choice questions. A small number of the multiple-choice questions on each exam are being validated for future use and will not count in the final score.

In order to more clearly define the topical knowledge required by a candidate, varying levels of coverage for the treatment of major topics of the content specification outlines have been identified and defined. The cognitive skills that a successful candidate should possess and that should be tested on the examination can be defined as follows:

Knowledge: Ability to remember previously learned material such as specific facts, criteria, techniques, principles, and procedures (i.e., identify, define, list).

Comprehension: Ability to grasp and interpret the meaning of material (i.e., classify, explain, distinguish between).

Application: Ability to use learned material in new and concrete situations (i.e., demonstrate, predict, solve, modify, relate).

Analysis: Ability to break down material into its component parts so that its organizational structure can be understood; ability to recognize causal relationships, discriminate between behaviors, and identify elements that are relevant to the validation of a judgment (i.e., differentiate, estimate, order).

The two levels of coverage can be defined as follows:

Level A: Requiring the skill levels of knowledge and comprehension.

Level B: Requiring the skill levels of knowledge, comprehension, application, and analysis.

The levels of coverage as they apply to each of the major topics of the content specification outlines are shown on the following pages with each topic listing.

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FMAA Content Specification Overview

(2 hours – 80 multiple choice questions)

General Accounting and Financial Management	25%	Levels A and B
Financial Statement Preparation and Analysis	25%	Levels A and B
Planning and Budgeting	20%	Levels A and B
Cost Management and Performance Metrics	20%	Levels A and B
Professional Ethics	10%	Levels A and B

**Content Specification Outlines
Financial and Managerial Accounting Associate (FMAA) Certification**

A. General Accounting and Financial Management (25% - Levels A and B)

1. Accounting terminology and definitions

- a. Role of accounting in business
- b. Comparison of management accounting to financial accounting
- c. Types of businesses
- d. The accounting equation
- e. Common accounting terminology
- f. Accounting principles

2. Recording business transactions

- a. Double-entry bookkeeping
- b. Analyzing a business transaction
- c. The accounting cycle
- d. Recording journal entries
- e. General ledger
- f. Trial balance

3. Types and elements of financial statements

- a. Definition of asset, liability, revenue, expense, and equity
- b. Balance sheet
- c. Income statement
- d. Statement of changes in equity
- e. Statement of cash flows

4. Internal controls

- a. Internal control risk
- b. Organizational structure and management philosophy
- c. Policies for safeguarding and assurance

5. Managing a company's daily finances

- a. Working capital
- b. Cash management
- c. Accounts receivable management
- d. Inventory management
- e. Accounts payable management

B. Financial Statement Preparation and Analysis (25% - Levels A and B)

1. Recognition and valuation in financial statements

- a. Asset valuation
- b. Valuation of liabilities
- c. Revenue recognition

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- d. Equity transactions
- e. Income measurement

2. Basic financial statement analysis

- a. Common-size financial statements
- b. Common base year financial statements

3. Financial statement ratio analysis

- a. Liquidity
- b. Leverage
- c. Activity
- d. Profitability

C. Planning and Budgeting (20% - Levels A and B)

1. Budgeting concepts

- a. Performance goals
- b. Characteristics of a successful budgeting process

2. Budgeting methodologies

- a. Master budget
- b. Flexible budgeting
- c. Rolling budget
- d. Zero-based budget

3. Annual operating plan and supporting schedules

- a. Operational budgets
- b. Financial budgets
- c. Capital expenditures budgets

D. Cost Management and Performance Metrics (20% - Levels A and B)

1. Cost measurement concepts

- a. Cost behavior and cost objects
- b. Fixed costs vs. variable costs
- c. Actual and normal costs
- d. Standard costs
- e. Product/service costing systems

2. Variable and fixed overhead expenses

- a. Classifying fixed, variable, and mixed overhead expenses
- b. Corporate-wide vs. departmental overhead expenses
- c. Allocation of overhead costs to products

3. Cost and variance measures

- a. Comparison of actual results to planned results

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- b. Use of flexible budgets to analyze performance
- c. Price and efficiency variances for direct material and direct labor
- d. Overhead variance

4. Performance measurement

- a. Product profitability analysis
- b. Business unit profitability analysis
- c. Customer profitability analysis
- d. Return on investment

5. Cost information for decision making

- a. Breakeven analysis
- b. Sunk costs and opportunity costs
- c. Marginal costs and marginal revenue

E. Professional Ethics (10% - Levels A and B)

1. Business ethics

- a. Ethical decision making
- b. Types of business fraud

2. Ethical considerations for accountants in business

- a. IMA Statement of Ethical Professional Practice
- b. The fraud triangle
- c. Evaluation and resolution of ethical issues