

MS-4701: MS SUBJECT OVERVIEW

MANAGEMENT SERVICES (MS)

- The word “advisory” is dropped from the subject title: MAS → MS
- One of the six CPA board exam subjects (other subjects: AUD, TAX, RFBT, FAR & AFAR)
- Date & Time of October 2024 CPALE: 25 October 2024, Friday, 8 AM – 11 AM
- Number of items: 70 multiple-choice questions (MCQs), mixture of theories and problems
- Topics covered (based on the latest version of CPALE Syllabus):

Part I – MANAGEMENT ACCOUNTING (40 items or 57%)

- ✓ Cost Concepts and Behavior
- ✓ Cost-Volume-Profit Analysis
- ✓ Standard Costing & Variance Analysis
- ✓ Variable Costing vs. Absorption Costing
- ✓ Financial Planning & Budgets
- ✓ Responsibility Accounting & Transfer Pricing
- ✓ Balanced Scorecard
- ✓ Relevant Costing & Differential Analysis

Part II – FINANCIAL MANAGEMENT (25 items or 36%)

- ✓ Financial Statement Analysis
- ✓ Working Capital Management
- ✓ Capital Budgeting
- ✓ Risks & Leverage
- ✓ Capital Structure & Long-Term Financing Decision
- ✓ Financial Markets

Part III – ECONOMICS (5 items or 7%)

- ✓ Macroeconomics
- ✓ Microeconomics

- Omitted topics in MS: *Management Consultancy, Project Feasibility Study, ABC & Activity-Based Management, Strategic Cost Management, PERT-CPM, Code of Ethics, among others.*
- Majority of the topics under MS are also covered in the US CMA Exams. Consider the following coverage of CMA Exam Parts 1 and 2:

CMA Part 1 – Financial Planning, Performance, and Analytics

(3 hours for 100 MCQs and 1 hour for the Essay portion)

- ✓ External Financial Reporting Decisions (15%)
- ✓ Planning, Budgeting & Forecasting (20%)
- ✓ Performance Management (20%)
- ✓ Cost Management (15%)
- ✓ Internal Controls (15%)
- ✓ Technology and Analytics (15%)

CMA Part 2 – Strategic Financial Management

(3 hours for 100 MCQs and 1 hour for the Essay portion)

- ✓ Financial Statement Analysis (20%)
- ✓ Corporate Finance (20%)
- ✓ Decision Analysis (25%)
- ✓ Risk Management (10%)
- ✓ Investment Decisions (10%)
- ✓ Professional Ethics (15%)

MANAGEMENT ACCOUNTING (Part 1) vs. FINANCIAL MANAGEMENT (Part 2)

1. The main purpose of management accounting is to
 - a. Assess past performance
 - b. Project future transactions
 - c. Help managers make decisions
 - d. Help investors & creditors make decisions
2. Management accounting
 - a. Is primarily concerned with providing information to external users
 - b. Tends to summarize information more than financial accounting
 - c. Is more concerned with precision than timeliness
 - d. Is more future oriented than financial accounting
3. Management accounting is *similar* to financial accounting in that
 - a. Both are concerned with monetary information only
 - b. Both classify reported information in the same way
 - c. Both focus on business as a whole
 - d. Both deal with economic events
4. Determine the TRUE statement about managerial accounting.
 - a. It complies with external reportorial requirements
 - b. It is concerned with reporting to external users of accounting information
 - c. Reports are often based on estimates and are seldom useful for everything other than the purpose for which they are prepared
 - d. It specifically covers various cost accumulation procedures such as job order costing, process costing, standard costing, backflush costing and activity-based costing (ABC)
5. Which is the most accurate statement?
 - a. Financial accounting is a subset of cost accounting
 - b. Management accounting is a subset of cost accounting
 - c. Cost accounting is a subset of both management & financial accounting
 - d. Management accounting is a subset of both cost and financial accounting
6. Decision-making is required in which of the following management function(s)?
 - a. Planning
 - b. Planning and control
 - c. Planning and organizing
 - d. Planning, organizing and control
7. Which of the following is not a function of financial management?
 - a. Financing
 - b. Internal control
 - c. Capital budgeting
 - d. Risk management
8. The primary goal of financial management is to:
 - a. To maximize profit
 - b. To minimize the risk
 - c. To maximize the return
 - d. To maximize shareholders' wealth
9. Profit maximization does not take into consideration:
 - a. Risk and EPS
 - b. Risk and cash flow
 - c. EPS and cash flow
 - d. EPS and stock price
10. The long-run objective of financial management is to:
 - a. Maximize market share
 - b. Maximize earnings per share
 - c. Maximize return on investment
 - d. Maximize the value of the firm's common stock