



Dear CMA Transition Exam Candidate,

You have arrived at the final step of your CMA journey. The Transition Exam is designed to be a culminating experience, combining ethics with all of the previous topics that you have studied. The Transition Exam is also unique because it is a written response exam instead of a multiple-choice exam. Many candidates find the Transition Exam more challenging to prepare for than the other exams. However, just arriving at this point means that you are among the dedicated individuals who get this far, and you should be proud of your accomplishment of passing Parts 1, 2 and 3.

To prepare for this exam, you may be using various study materials. If you are using the HOCK study materials developed for the New Format (2-Part) CMA exams, you will be working with study materials that have been updated to prepare candidates for the more rigorous nature of the New Format exams, and they should prepare you well for the Transition Exam. If you have Old Format (4-Part) HOCK study materials, you can use these as well.

Some of the topics in the New Format CMA exams were not covered under the Old Format exams, and you will not be responsible for that new material on the Transition Exam. If you use the HOCK study materials developed for the New Format CMA exams, you can skip the newly added topics in those materials, and this guide will tell you which topics you can skip.

Some of the topics covered on the Old Format CMA exams were not carried over to the New Format exams. You are not be responsible for those topics, *unless they are considered assumed knowledge on the New Format exams*. If you are using Old Format HOCK study materials, this guide will tell you which topics in the Old Format materials you will be responsible for and thus should review.

If you took good notes as you prepared for the Parts 1, 2 and 3 exams, you will find those notes very helpful in your review, and your review should go faster.

If you received a waiver for the old CMA Part 1 exam and did not sit for it, you may find that you need to spend more time on the topics covered on the old CMA Part 1 exam that you will need to know for the Transition Exam. You may need to obtain study materials covering those topics if you do not have them already.

The IMA's Statement of Ethical Professional Practice is an important part of this exam. You will need to be able to quote the sections of it that apply to a particular situation and discuss their relevance. Ethical considerations could also be integrated with any question on any topic.

This study guide is less structured than the study plans for the first three Old Format exams. Anything from the first three Old Format exams could be tested on the Transition Exam. You will need to be able to integrate the material from the first three exams with ethics concepts.

We wish you every success in this, your final step to completing your CMA journey, and we stand ready to assist you however we can. If you have any questions during your preparation, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Brian J. Hock". The signature is written in a cursive style with a clear, legible font.

Brian Hock, CMA, CIA
President and CEO

November 2010

Administrative Task: As you begin your studies for the Transition Exam, decide when you want to take the exam. The exam is offered only during the windows of January-February, May-June, and September-October. Whichever window you choose, you should probably register for the exam about 4-6 weeks before you plan to take the exam.

The ICMA states that they process exam registrations within 3 to 4 business days, and they send the authorization number out by the U.S. postal service. Therefore, it could take 1-2 weeks for persons in the U.S. to receive their authorization number after registering and much longer for persons outside the U.S. After you have registered, you can send an email to the IMA at ima@imanet.org and ask them to send your authorization number to you by email so you can get it sooner. But you must make a special request to receive it by email if you want to receive it that way.

Your exam registration will authorize you to take the exam within the next two-month testing window.

The ICMA recommends that you schedule your exam appointment at least 4 weeks before your desired date to insure your first choice of date, time, and location.

Since you will need 1-2 weeks for your registration to be processed and then 4 weeks to schedule your exam appointment, you really should register 5-6 weeks before you expect to take the exam.

Using the Practice Essay Questions: If you are using the HOCK study materials for the New Format CMA exams to prepare for the Transition Exam, you will have Practice Essay Questions available in My Studies on our website on the Study Materials pages for each of the two exams, in Adobe Reader (pdf) format. Answers to the Practice Questions are in a separate pdf file. These Practice Essay questions are in the same style and format as the current exam questions. You will also have available to you some Supplemental Essay Problems, also in pdf format. If you have the HOCK study materials for the Old Part 4 exam, you will have the same Practice Essay Questions and Supplemental Essay Problems available. (If you do not have access to either set of Practice Essay Questions, you can obtain practice essay questions from the IMA.)

In order to simulate the actual Prometric testing environment, we have formatted the Practice Essay Questions so that they can be viewed on one-half of the computer screen. Size the Adobe Reader window so that it is as long as your monitor screen is tall and fills the left half of your screen. Then, open Notepad on a Windows computer or TextEdit on a Mac computer or any similar basic text editor (not a full word processor like Microsoft Word) and position the text editor window beside the window containing the questions. Size the text editor window so that it is also as long as your monitor screen is tall and fills the right half of your screen. With the Adobe Reader question window on the left and the text editor answer window on the right, compose your answers to the questions directly into the text editor window as you read the questions in Adobe Reader.

We are not able to calculate a score for your answers. However, by comparing your answer with the suggested answer, you should be able to get a good idea of whether you know enough about the topic. The real value in this exercise is in learning what kind of questions you might face and becoming comfortable with reading a long question on the screen and composing your answer directly on the computer.

The ICMA has provided one sample question with a grading guide, which you can also download from My Studies. This should help you get a feel for how the essays are graded.

Note: The following information is for those using the *New Format* HOCK study materials to prepare for the Transition Exam. If you are using HOCK *Old Format* study materials to prepare for the Transition Exam, please skip this section and go to "Study Guide for Those Using HOCK *Old Format* Study Materials."

If you are using the HOCK New Format study materials for your review of topics from Parts 1, 2 and 3 of the old exam and to prepare for the ethics portion of the Transition Exam, you can skip the new topics that were added to the New Format exams because they will not be tested on the Transition Exam, and review/study everything else in the study materials.

The **new topics that you can skip** are:

New Part 1

Top-Level Planning and Analysis in Section A

New Part 2

Off-Balance Sheet Financing in Section A

Fair Value Accounting in Section A

Financial Analysis and Differences Between U.S. GAAP and IFRS in Section A

Corporate Restructuring in Section B

Risk Assessment and Enterprise Risk Management in Section C

Valuation in Section D

Ethical Considerations for the Organization in Section E

Any topic **not** listed above is an Old Format topic that you **should review** for the Transition Exam because it has been carried over to the New Format exams. You will find new information has been added to many of these "carried-over" Old Format topics. This has been done to prepare candidates for the more rigorous nature of the New Format exams. The new information will be helpful in your preparation for the Transition Exam, since the Transition Exam may well have some of the same rigorous nature, so please do not disregard it.

Review

You should download and install the new 2-Part ExamSuccess and use it in your review instead of the old 4-Part ExamSuccess, because it will follow the textbook you will be using. The questions are the same as in the old 4-Part ExamSuccess, but they have been rearranged and some new ones have been added.

Begin your review of the topics carried over to the New Format exams from the Old Format exams by doing study sessions in ExamSuccess from each of the topics and subtopics to find out where you are weak. It is not necessary to do all of the available questions; a sampling from each subtopic will do. Then, re-read and re-study in the textbook the topics that you did not do well on.

Because of the many places where information has been added to the Old Format topics, it would be a good idea to also skim through the full text of the books so you don't miss the new information. Spend extra time on the topics where low scores in ExamSuccess pointed out areas of weakness.

If you took notes as you were studying these topics for the Old Format exams, review those notes now. As you are reviewing, think about ways in which each topic could be applied to a management situation. Know the benefits, advantages, disadvantages, effect on employee behavior, etc. of each topic. It is more important to have a good understanding of the major topics and the issues relating to them than it is to know every little detail about a subject.

If you have not been using them up to this point, now is a good time to use your flash cards. The flash cards do not cover every little detail in the materials, but they address the main topics, definitions and formulas that are most likely to be tested. Get out the flash cards whenever you can, even for a few minutes. Use them to drill on any formulas or theories that you need to memorize.

You may know someone who has taken the Transition Exam and has told you that certain topics were or were not asked on their exam. Do not expect that you will get questions on the same topics on your exam. There are several different versions of the exam at any given time, and furthermore, the questions are changed frequently. Any topic is fair game on this exam.

Ethics

On the Old Format exams, Ethics was covered in the Part 4 exam and not in any of the other three exams. Ethics **is** covered on the Transition Exam. To prepare for the Ethics portion of the Transition Exam, use Section E of the New Format Part 1 study materials. You will also find ethics information in the New Format Part 2 study materials, and you can disregard that. But do not disregard Ethics in the Part 1 textbook. You will also find some Ethics multiple-choice questions in the new 2-Part ExamSuccess Part 1 question base.

Ethics may be tested in conjunction with any other topic area. We recommend that you memorize, but not only memorize, that you **understand** the items listed in the IMA's Statement of Ethical Professional Practice. That Statement is reproduced in your HOCK Part 4 book along with some commentary. If you do not have the HOCK Part 4 book, you can download the Statement from the IMA's website.

Be sure that you have memorized the IMA's Statement of Ethical Professional Practice. You will need to be able to quote specific sections of it when taking the exam and apply those sections to the situation presented. Ethics is not a topic that you can bluff your way through, and you cannot get away with paraphrasing the Statement. You must know it word for word.

Practice Essay Questions

Practice essay questions should be a part of your preparation. Be aware, though, that practice essay questions are not intended to teach you the concepts. The practice essay questions cannot possibly be the same questions as will be asked on the exam. They are intended only to give you an idea of what kind of questions you will face on the exam and to help you get comfortable with the format. To review the concepts, you will need to use your textbook and ExamSuccess.

You will find Practice Essay Questions in pdf format on the download pages for both new Part 1 and new Part 2 in My Studies on the HOCK website. The Practice Essay questions are formatted to be read and answered onscreen using a text editor, to simulate the Prometric testing environment. Instructions for doing this are in the question document file. The Practice Essay Answers are in a separate pdf file.

If you would like even more practice with the written response style of questions, you will find Supplemental Essay Problems available on the same download pages in My Studies, also in pdf format. The Supplemental Essay Problems are previously released questions from the ICMA from the 1990s. Do not be concerned if some of the content does not exactly match the topics that you have been studying. These problems can still be used to test your knowledge of the major topics and to practice answering more complex questions. Each document file contains one scenario with several questions followed by the ICMA's answers to those questions.

The Supplemental Essay Problems are formatted differently from the Practice Essay Questions. You may be able to read them onscreen and answer them onscreen, or you may need to download each individual problem file and print it. Either way, we recommend that you compose your answers to the Supplemental Problems onscreen using a word processor or text editor in order to gain more experience in the way you will need to answer questions on the exam.

Note: You should always show the steps you took to arrive at your answer. Showing your work and calculations when completing a numerical problem will allow the grader to award partial credit if you used the right process but perhaps made a mathematical error. You will find a "Sample Grading" document posted in My Studies that will give you an idea of how the graders will be scoring your answers.

Our final piece of advice for the Transition Exam is not to get too bogged down in entering and formatting your answers. It is more important to have the correct answer than have it be perfectly formatted. As long as your answer is reasonably presented, you will not be penalized for the way it looks. You will also not be graded on your spelling or grammar.

Note: The following information is for those using the *Old Format* HOCK study materials to prepare for the Transition Exam. If you are using HOCK *New Format* study materials to prepare for the Transition Exam, please see "Study Guide for Those Using HOCK *New Format* Study Materials."

Below are the topics from the Old Format exam that have been carried over to the New Format exam and thus are subject to being tested on the Transition Exam. They are organized according to Old Format exam part, and the page numbers where the topics can be found in the Old Format HOCK books are provided. These page references are from the current edition of the books only.

Old Part 1

Basic economics and statistics concepts are "assumed knowledge." In addition, we include here a few topics in economics and statistics that are specifically referenced in the New Format exam's Learning Outcome Statements in the contexts of decision analysis and forecasting for planning and budgeting. You will need to know how these items affect decision-making or planning and budgeting, as appropriate.

- Elasticity of Demand (pages 11-18)
- Opportunity Cost, Economic and Accounting Profit (pages 44-47)
- Decisions About Production (pages 52-63)
- Market Structures (pages 64-81)
- Foreign Exchange (pages 192-221)
- Internal Control (pages 232-304)
- Forecasting and Learning Curves (pages 308-330)
- Probability and Expected Value Concepts (pages 331-344)
- Sensitivity Analysis (pages 356-357)
- Financial Statement Analysis (pages 371-451)

Old Part 2

External financial reporting is "assumed knowledge." In addition, we include here a few topics from external financial reporting that are specifically referenced in the New Format exam's Learning Outcome Statements in the context of Financial Statement Analysis. You will need to know how these items in external financial reporting affect financial statement analysis.

Volume 1:

- Budget Preparation (pages 3-40)
- Cost Management (pages 41-112)
- Performance Measurement (pages 166-252)

Volume 2:

- Financial Accounting (pages 1-20)
- Accounting Changes and Corrections (pages 241-246)
- Statement of Cash Flows (pages 261-284)
- Accounting for Foreign Operations (pages 285-290)

Old Part 3

- Manufacturing Paradigms (pages 38-47)
- Business Process Performance and the Value Chain (pages 48-52)
- Corporate Finance (pages 124-236)
- Decision Analysis (pages 239-299)
- Investment Decisions (pages 300-359)

Old Part 4

Ethical Considerations (pages 67-71).

Ethics may be tested in conjunction with any other topic area. We recommend that you memorize, but not only memorize, that you **understand** the items listed in the IMA's Statement of Ethical Professional Practice. That Statement is reproduced in your HOCK Part 4 book along with some commentary. If you do not have the HOCK Part 4 book, you can download the Statement from the IMA's website.

Be sure that you have memorized the IMA's Statement of Ethical Professional Practice. You will need to be able to quote specific sections of it when taking the exam, and apply those sections to the situation presented. Ethics is not a topic that you can bluff your way through, and you cannot get away with paraphrasing the Statement. You must know it word for word.

Review

Begin your review of the topics above from the Part 1, Part 2 and Part 3 exams by doing study sessions in ExamSuccess from each of the topics and subtopics to find out where you are weak. It is not necessary to do all of the available questions; a sampling from each subtopic will do. Then, re-read and re-study in the textbook the topics that you did not do well on.

If you took notes as you were studying these topics for the Old Format exams, review those notes now. As you are reviewing, think about ways in which each topic could be applied to a management situation. Know the benefits, advantages, disadvantages, effect on employee behavior, etc. of each topic. It is more important to have a good understanding of the major topics and the issues relating to them than it is to know every little detail about a subject.

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If you have the HOCK Old Format Part 4 study materials, you will find Practice Essay Questions and Supplemental Essay Problems on your Part 4 download page in My Studies. If you do not have access to that page, you can contact the IMA for some practice essay questions to use.

The Practice Essay Questions on the Part 4 download page are formatted to be read and answered onscreen using a text editor, to simulate the Prometric testing environment. Instructions for doing this are in the question document file. The Practice Essay Answers are in a separate pdf file.

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