



Free Questions for CMAPRA19-P03-1 by certsdeals

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Question 1

Question Type: MultipleChoice

HWG is a large company which grows and processes coffee. The coffee is sold to supermarkets, branded with their names for sale as "own brand" products. HWG brands and packages the coffee using the supermarkets' own designs.

HWG's directors are considering a strategic proposal to develop a range of coffees to be sold under a brand that HWG will develop.

Which TWO of the following should the directors consider as part of their strategic analysis?

Options:

- A- The design of packaging for the new brand
- B- The reaction of the supermarkets who currently buy coffee from HWG
- C- The sales volume forecast for the new coffee
- D- The choice of name for the new brand
- E- Recruiting a marketing firm to advertise the new coffee

Answer:

B, C

Question 2

Question Type: MultipleChoice

JC is a car manufacturing company in country C and manufactures diesel cars. It is facing a number of serious risks. Which TWO of the following risk factors are external?

Options:

- A- JC's marketing director is considering an attractive job offer from one of J's main competitors
- B- Country F, JC's main market, is threatening to impose tariffs on car imports
- C- JC is facing court action arising from injuries to customers caused by an alleged brake failure in one of its cars
- D- Diesel cars are being criticised by experts because it is believed they cause more harmful pollution than petrol
- E- JC's production staff are complaining that their wages are too low compared to wages paid to other employees.

Answer:

B, D

Question 3

Question Type: MultipleChoice

The Board of Directors of VCX, a state-owned electricity company, includes four executive directors the Chief Executive Officer, the Finance Director the Operation Director and the Technical Director

All of the shares in the company vest in the Office of the Minister for Energy, who is entitled to appoint two non-executive directors to the Board It has been alleged that the Minister appoints political "insiders" who have no particular knowledge of. or interest in. the electricity industry

There are three further non-executive directors

* L, who spent seven years as Chief Executive of VCX, but retired from that role two years ago,

* M, who spent several years on the Board of a state electricity company in a different country to VCX but who resigned from it before accepting the position with VCX: and

* N, who is a qualified and experienced professional accountant

In relation to best practice in respect of Corporate Governance, which of the following statements are valid? Select ALL that apply

Options:

A- None of the executive directors should be allowed to sit on the Remuneration Committee

B- M is unsuitable to be part of the Board because his previous involvement with a similar company in another country is a conflict of interest.

- C-** L can now be considered to be an independent non-executive director
- D-** M and N are both suitable appointees to the Audit Committee
- E-** The Finance Director should be part of the Audit Committee because of her expertise
- F-** Non-executive directors should be responsible for monitoring the performance of executive management especially with regard to company strategy and objectives

Answer:

A, D, F

Question 4

Question Type: MultipleChoice

The Head of IT Security has been asked to conduct a detailed forensic analysis of a suspected data breach that led to customer credit card details being intercepted.

Which TWO of the following would be suitable objectives for such a forensic analysis?

Options:

- A- Recovering the stolen credit card details before they can be abused by criminals
- B- Developing an understanding of the vulnerabilities that led to the breach
- C- Identifying customers whose details have been stolen
- D- The collection of evidence that can be used to convict the perpetrators of the breach.
- E- Preventing the credit card companies from blaming the entity for fraudulent charges

Answer:

B, C

Question 5

Question Type: MultipleChoice

Company directors who exercise executive share options generally resell the shares immediately, rather than holding them Which of the following best explains this behavior?

Options:

- A- The directors receive a risk-free gain

- B- Shareholders become nervous when the directors hold shares
- C- The shares are out of the money at the exercise date
- D- It is a conflict of interest for directors to be shareholders.

Answer:

A

Question 6

Question Type: MultipleChoice

The internal audit department has just completed an investigation into the HR department's procedures relating to new staff appointments. The head of HR is unhappy with the draft report prepared by the lead internal auditor. The report lists several cases in which appointments were made despite the fact that one or more of the entity's formal procedures were not followed.

The head of HR has complained that the internal auditor's comments do not allow for the fact that the HR department's staff members are often very busy and do not always have time to conduct every check.

The internal auditor's comments also reflect a failure to complete documents. None of the omissions have led to the appointment of an unsuitable member of staff.

Which TWO of the following statements reflect an appropriate response by the board of directors to this report?

Options:

- A- Ignoring a compliance error altogether may undermine the control environment
- B- The procedures should be removed if the HR department staff believe that they are unnecessary
- C- The board should be seen to support the internal audit
- D- The errors are immaterial because they did not lead to an inappropriate appointment
- E- The members of staff responsible for these omissions should be subjected to disciplinary action

Answer:

C, E

Question 7

Question Type: MultipleChoice

COM is a well established company in the construction industry The company was founded by the Mac family 30 years ago and several family members still serve on the Board The company obtained a listing five years ago The Board has an appropriate balance between executive and non-executive members It also has audit remuneration and nomination committees The average age of board members is 68

COM is profitable but profit margins have been falling steadily and this year's revenues are lower than it was achieved last year. The Board recognises that it does not have a long term strategy in place and has been losing business to newer, more aggressive competitors.

Which THREE of the following statements are correct?

Options:

- A-** The remuneration committee should consider incentives such as share options to encourage the Board to focus on COM's long term strategy
- B-** The nomination committee should have had a succession plan in place for directors.
- C-** The nomination committee should be operating for the benefit of the directors.
- D-** The audit committee should have alerted the Board to the impact of falling profit margins
- E-** The non-executive directors should have challenged the lack of long term strategic planning

Answer:

A, B, E

Question 8

Question Type: MultipleChoice

Which THREE of the following are true with regard to managing the changeover from an old to a new computer system?

Options:

- A-** Pilot changeover moves the simplest part of the business to the new system first
- B-** Parallel running involves keeping the old system running normally until certain data retention criteria are met or confidence is gained, while the new system deals with the new workload Data input is usually earned out on both systems
- C-** All methods of changeover carry high risk and it is the preparation consideration of data compatibility and data cleansing before the changeover which has the biggest impact on the smoothness of the transition
- D-** Phased changeover moves individual portions of the business to the new system one at a time
- E-** Direct changeover, or big bang, is only used when the systems are significantly different such that comparing the outputs of the two systems is largely irrelevant
- F-** Phased changeover is the safest and slowest method of changeover

Answer:

D, E, F

Question 9

Question Type: MultipleChoice

CW is a large company in the food production industry. It has grown over the years by the acquisition of several smaller rivals CW has ten branches located in its home country and has just opened a foreign branch for the first time It has recently made some changes to the structure and implementation of its control system.

Which TWO of the following changes would be most likely to improve the overall control system?

Options:

- A-** CW has just opened a bank account in the currency in which the newly opened branch is now operating
- B-** Establishing an internal audit department
- C-** Excess funds are now invested, by the finance director, in short-term securities The finance director initiates buy and sell transactions and she also receives and retains all correspondence relating to the investments
- D-** Purchase invoices are now approved for payment at branches and a list of approved invoices are sent to head office for payment The invoices, supporting documentation and suppliers' statements are retained at the branches
- E-** A policy has been initiated to complete a physical inventory of all non-current assets at least annually This is then reconciled with the non-current asset register

Answer:

B, D

Question 10

Question Type: MultipleChoice

WTW is a global company which produces high-tech equipment such as smart televisions and mobile phones The CFO has just resigned, having been offered a post at a competitor The CFO was well regarded and WTWs share price has fallen in response to the announcement

At a board meeting the production director commented that the share price fall is the fault of the nomination committee

Which THREE of the following statements are correct?

Options:

- A-** The nomination committee should prepare a description of the role and capabilities required for the CFO's replacement
- B-** If the nomination committee had been working effectively the CFO would not have resigned
- C-** When planning the CFO's replacement the nominations committee should consider the diversity of the board
- D-** The nomination committee should have considered succession planning for directors before the CFO resigned
- E-** Most of the members of the nomination committee should be executive directors as they are responsible for ensuring the share price recovers quickly.

Answer:

A, C, D

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