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Question 1

Question Type: MultipleChoice

You are the manager of the finance function of a large engineering company. According to IFAC's drivers of sustainable corporate success, which of the following would be a method by which you could improve the value of your department to the company?

Options:

- A- Providing ethical leadership which focuses on minimizing environmental costs sustainably.
- B- Providing ethical and strategic leadership which focuses on sustainable value creation.
- C- Providing strategic leadership which sustains the maximization of short term value.
- D- Providing sustainable ethical and strategic leadership which focuses on operating profit.

Answer:

B

Question 2

Question Type: MultipleChoice

Corporate governance codes may either be rules-based or principles-based

Which of the following statements correctly describes a rules-based approach to corporate governance?

Options:

- A-** A rules-based approach requires that a company complies with the rules or explains why it has not.
- B-** A rules-based approach instils the code into law but leaves the sanctions for non-compliance to be decided and enforced by the shareholders.
- C-** A rules-based approach instils the code into law but encourages compliance with the spirit of the law.
- D-** A rules-based approach instils the code into law with appropriate penalties for transgression.

Answer:

D

Question 3

Question Type: MultipleChoice

Which of the following statements are correct regarding companies'?

1. Both public and private companies must have a minimum amount of share capital before they can commence trading.
2. The shareholders of both public and private companies cannot interfere in the management of the company.
3. The minimum number of directors for both public and private companies is two

Options:

- A- 1 only
- B- 2 and 3 only
- C- 1 and 2 only
- D- 2 only

Answer:

A

Question 4

Question Type: MultipleChoice

Which THREE of the following statements are correct regarding the CIMA Code of Ethics for Professional Accountants?

Options:

- A- Where a statutory requirement is in conflict with a provision of the CIMA Code, the CIMA Code requirement prevails
- B- The CIMA Code is mandatory for all CIMA members and students, and is applicable to all professional services.
- C- The CIMA Code imposes an obligation on CIMA members and students to comply with relevant laws and regulations
- D- Professional accountants should consider the ethical requirements contained in the CIMA Code as the basic principles which they should follow in performing their work
- E- The CIMA Code is an example of a compliance driven ethical framework

Answer:

A, B, C

Question 5

Question Type: MultipleChoice

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest Therefore:

Options:

- A- the public interest will always be served if an accountant complies with his or her employer's corporate ethical policies
- B- frauds which are detected in an audit must be reported to the public
- C- a professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer
- D- professional accountants must be prepared to break laws that they consider to be against the public interest

Answer:

B

Question 6

Question Type: MultipleChoice

X is in the process of setting up a private company limited by shares X is considering including certain provisions in the articles of association. Which of the following provisions would be enforceable by and against the company?

- 1 Dividend rights of the members
2. Terms relating to bonuses of directors
3. Payment terms of suppliers.

Options:

A- 1 only

B- 1 and 2 only

C- 2 and 3 only

D- 1,2 and 3

Answer:

A

Question 7

Question Type: MultipleChoice

Which THREE of the following statements are correct in relation to the essential elements of a contract?

Options:

- A-** A conditional offer cannot be accepted until the condition has been satisfied
- B-** A revocation of an offer is only valid when it is received by the offeree, unless it is sent by post in which case it is valid as soon as it is posted
- C-** Even if the parties are fully in agreement, the agreement will be unenforceable unless at least one of the parties has provided consideration
- D-** A request for further information in relation to an offer has the effect of cancelling the offer
- E-** If an offer is rejected it can only be revived by the person who made the offer
- F-** Once an offer has been made it does not exist forever but will lapse after a reasonable time

Answer:

A, D, F

Question 8

Question Type: MultipleChoice

Which of the following statements reflects the leadership principles of corporate governance on board behavior?

Options:

- A-** Good governance practice vests the responsibility for board decision making with the CEO
- B-** Good governance practice encourages control to be concentrated in the hands of one director
- C-** Good governance practice encourages independent challenge and rigour in strategic development
- D-** Good governance practice encourages compromise, consensus and discourages confrontation in board decision-making

Answer:

C

Question 9

Question Type: MultipleChoice

Which of the following statements is correct in relation to business organisations?

Options:

- A-** In the event of a company limited by shares going into insolvent liquidation the shareholders become fully liable for the debts of the company
- B-** Although a public company may offer its shares and securities to the general public it can only do so if it is listed on a stock exchange
- C-** A limited liability partnership is a separate legal entity distinct from the partners in a similar way to how a private company is a legal

entity distinct from its shareholders and directors

D- A general partnership and a private limited company can be formed without the need for any written documents

Answer:

B

Question 10

Question Type: MultipleChoice

Company X has a good CSR record, and ensures that its employees enjoy safe working conditions, reasonable work hours and are paid fairly. Company Y is known to employ child laborers in the countries in which it operates, where the practice is not illegal. Company X has entered into a joint business partnership with Company Y to carry out a specific project. In order to comply with the OECD Guidelines, what best describes Company X's responsibilities?

Options:

A- Company X would only have a duty to try to stop Company Y from employing child labour if it was illegal in the countries concerned

B- Company X does not have any responsibilities, as its own record is good and it is not employing any children

- C-** It should ensure that it does not inadvertently use any of Company Y's child workers in carrying out its own work on the project
- D-** It should attempt to persuade Company Y of its ethical responsibilities to stop employing children.

Answer:

C

Question 11

Question Type: MultipleChoice

Which THREE of the following are characteristics of Limited Liability Partnerships ("LLPs")?

Options:

- A-** LLPs can enter into contracts in their own name
- B-** LLPs have no perpetual succession
- C-** An LLP's partners are jointly and severally liable for the debts of the LLP
- D-** LLPs can hold property in their own name
- E-** LLPs are usually created by formal registration under statute

Answer:

A, D, E

Question 12

Question Type: MultipleChoice

The majority of developed countries require publicly quoted companies and large companies to produce annual financial statements which are then audited by an external auditor.

Which of the following statements regarding the requirement for external audit is Incorrect?

Options:

- A-** Independent external audit gives confidence in the financial statements which is required as the directors have incentives to manipulate the financial statements presented to the shareholders
- B-** As the directors are responsible for the day-to-day management of the company, they hold more detailed information which is resolved by the presentation of financial statements to the shareholders and this needs to be guaranteed by independent external audit.
- C-** Independent external audit gives confidence in the financial statements by including the auditor's opinion on whether or not they show a true and fair view.

D- As the directors are responsible for the day-to-day management of the company, they hold more detailed information which is resolved by the presentation of financial statements to the shareholders and there is a need for this to be assured by independent external audit

Answer:

B

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