



Free Questions for **CIMAPRO19-P03-1**

Shared by **Jacobson** on **12-12-2023**

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## Question 1

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Question Type: MultipleChoice

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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 2

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Question Type: DragDrop

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E purchases parts for one of the machines it manufactures from Country X Place the risk classification next to the risk it relates to:

The currency in Country X strengthens against the currency in E's country.		<div style="border: 1px solid gray; padding: 5px;"> <div style="border: 1px solid gray; padding: 2px; margin-bottom: 2px;">Reputation risk</div> <div style="border: 1px solid gray; padding: 2px; margin-bottom: 2px;">Financial risk</div> <div style="border: 1px solid gray; padding: 2px; margin-bottom: 2px;">Business risk</div> <div style="border: 1px solid blue; padding: 2px;">Ethical risk</div> </div>
The factory where the parts are made uses child labour.		
There are defects in approximately 2 parts in every 50 parts purchased. If the parts with defects are used in the manufacturing process the machine will breakdown within six months of use by a customer.		
A factory in Country X may manufacture the machines themselves and be able to sell them at a lower price.		

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Answer:

See the Answer in the Premium Version!

## Question 3

Question Type: MultipleChoice

Company C wishes to recruit an employee who will have responsibility for, among other things, the receipt and handling of cash. Which THREE of the following would be most likely to provide useful information about the candidate from the point of view of the Internal Auditor?

Options:

- A- The candidate's academic qualifications.
- B- References from previous employers of the candidate.
- C- The candidate's personal referees.
- D- The candidate's membership of a professional body.
- E- Confirmation that the candidate does not have a criminal record.

Answer:

B, D, E

## Question 4

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Question Type: MultipleChoice

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You have just been employed as a management accountant in a small business with an annual turnover of \$0.5 million.

You have a wide range of duties because the business is small.

Which of the following is an ethical risk?

Options:

- A- Being asked to buy very small gifts for key clients.
- B- Being asked to work weekends, playing golf with clients.
- C- Being asked to work weekends, taking clients to night clubs making sure they have as much alcoholic drink as they want so that they will sign contracts.
- D- Being asked to work weekends working out tenders for new contracts.

Answer:

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C

## Question 5

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Question Type: MultipleChoice

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M is a multinational IT company with headquarters in Asia and with operations in all continents.

It is now trying to expand its operations in Europe. This is seen as a major challenge as the European market is very well developed with established players in fierce competition against each other.

As well as developing and producing its own products, it sources products across Asia, America and Europe as part of infrastructure deals which have to include as much of its own equipment as possible. In doing this, transfer prices can be set in YEN, USD, EURO, GBP. Transfer prices are revised every month in line with production times as most goods are made on short order times with sales cycles running at 3-4 months.

The longer sales cycle against committed transfer pricing presents problems as customers expect quotes to be valid for 90 days whereas M's suppliers reserve the right to revise pricing at the end of every month with quotes only valid for 8 days in the following month.

How should M deal with this problem?

### Options:

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- A- Use a centralised treasury function to set up unilateral netting so that all trades can be balanced off against each other before any money is transferred.
- B- Offer a small discount for any customers who pay in M's home currency.
- C- Do nothing, everyone is in the same situation.
- D- Incentivise sales persons to be more accurate when forecasting prices.

### Answer:

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A



## Question 6

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Question Type: MultipleChoice

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You are a consultant to an international charity which provides aid to people displaced by war, civil unrest, and natural disaster. The charity has requested you to carry out a post implementation review on their new procurement and logistics system. Which TWO of the following should you be most concerned about when conducting this review?

### Options:

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- A- An assessment of how the aid is used once it has arrived at its destination.
- B- The identification of the reason for any cost overruns so as to be able to assign responsibility to particular individuals so that the management can deal with them as they see fit.
- C- An assessment of the extent to which the new system has led to more efficient delivery of aid to those in need.
- D- To create a record of good and bad experiences in relation to the implementation of the project so that the charity is able to learn from them should they decide to implement a similar project in the future.

### Answer:

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C, D

## Question 7

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Question Type: MultipleChoice

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TDC is a company which runs gas-fired power stations in western Europe. The Risk Committee has just received a report that a power station built to the same design and specification in a developing country has recently collapsed. The causes of the collapse are unclear but the consequences for TDC would be catastrophic if something similar were to happen in Europe

Which of the following actions being considered by the Risk Committee are ethical?

Select ALL that apply

Options:

- A- Commission a reputable firm of structural engineers to carry out a review of all power stations owned by TDC
- B- Send experts employed by TDC to the site of the collapse so that they can gather information first hand on what happened
- C- Draw up contingency plans in case some of TDC's power stations need to be shut down
- D- Decide that the information available to date is too uncertain to take any action for now
- E- Attempt to increase the level of insurance cover against this type of eventuality
- F- Issue a press release confirming that all TDC's power stations are 'entirely safe'.

Answer:

A, B, C

## Question 8

Question Type: MultipleChoice

A UK based company is considering an investment of GB1,000,000 in a project in the US

Options:

- A- It is anticipated that the following cash flows will arise from this project.  
The cash flows will be either US\$400,000 with a probability of 40% or US\$700,000 with a probability of 60% for each of the next three years; remitted to the UK at the end of each year.  
Currently GB1.00 is worth US\$1.30.  
The expected inflation rates in the two countries over the next four years are 2% in the UK and 4% in the US.  
Applying the Purchasing Power Parity Theory, which of the following represents the expected net present value of the project in GP (to the nearest whole pound)?
- A- GB287,639

- B- GB391,640
- C- GB(111,973)
- D- GB554,047

Answer:

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A, A



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