



CIMAPRA17-BA4-1 Practice Questions

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Question 1

Question Type: MultipleChoice

Which of the following identifies criminal as opposed to civil proceedings?

Options:

- A- The case was heard by the Supreme Court.
- B- The case was proved beyond reasonable doubt.
- C- The case was brought by a claimant.
- D- The case resulted in an award of damages.

Answer:

B

Question 2

Question Type: MultipleChoice

R and P are the only shareholders in RP Ltd, each holding 100 ordinary 1 shares. They have both paid half the nominal value of the shares. The company has been placed in creditors' voluntary liquidation on the ground that it is unable to pay its debts.

Which of the following is correct?

Options:

- A- As it is a limited company, RP Ltd is not obliged to pay its debts.
- B- As the liability of R and P is limited they are not obliged to pay anything towards the company's debts.
- C- Rebecca and Paul must each pay 50% of the company's debts.
- D- Rebecca and Paul are each obliged to pay the other half of the nominal value of their shares, and no more.

Answer:

D

Question 3

Question Type: MultipleChoice

Zed plc wishes to issue 500,000 of shares on terms that the holders will receive a dividend before the other shareholders and they will be bought back by the company in 12 months' time. Which of the following best describes these shares?

Options:

- A- Ordinary shares
- B- Redeemable ordinary shares
- C- Preference shares
- D- Redeemable preference shares

Answer:

D

Question 4

Question Type: MultipleChoice

Which of the following is incorrect in relation to a reduction of capital by a private company?

Options:

- A- The company must pass a special resolution to authorize the reduction of capital.
- B- The reduction may affect the company's creditors.
- C- It is necessary for the company's Articles of Association to authorize a reduction of capital.
- D- The directors must make a solvency statement.

Answer:

C

Question 5

Question Type: MultipleChoice

Which of the following are listed among the IFAC's drivers for sustainable organisational success?

Select ALL that apply.

Options:

- A- Customer and stakeholder focus
- B- Effective leadership and strategy
- C- Integrated governance, risk and control
- D- Innovation and adaptability
- E- Financial management
- F- People and talent management
- G- Operational excellence
- H- Effective and transparent communication
- I- Rights and equitable treatment of shareholders
- J- Interests of other stakeholders
- K- Role and responsibilities of the board
- L- Integrity and ethical behaviour
- M- Disclosure and transparency

Answer:

A, B, C, D, E, F, G, H

Question 6

Question Type: MultipleChoice

Which of the following is an advantage of carrying on a business through the medium of a private company limited by shares?

Options:

- A- The ability to carry on business without holding an annual general meeting
- B- The fact that business can be earned on with a minimum of one company secretary.
- C- The ability to keep the articles of association private
- D- The fact that business can be carried on with a minimum of two directors

Answer:

A

Question 7

Question Type: MultipleChoice

Which of the following is incorrect in relation to shareholder meetings held by a public company?

Options:

- A- A failure by a public company to hold an AGM is an offence by every officer of the company who is in default
- B- A public company must hold an AGM within six months of the end of its accounting reference date
- C- A public company must give at least 14 days notice of the AGM to its members
- D- Short notice of an AGM by a public company must be given by all the members

Answer:

C

Question 8

Question Type: MultipleChoice

Which option best is INCORRECT in relation to the recommendations of the Greenbury Committee Report of 1995?

Options:

- A- All the recommendations were incorporated into the Stock Exchange Listing Rules.
- B- Directors should never be given discounted share options.
- C- Annual bonuses should not be pensionable.
- D- Any long-term incentive schemes to be offered to directors should first be approved by the shareholders.

Answer:

A

Question 9

Question Type: MultipleChoice

Charles is one of the three directors of Cee Ltd. The company has recently agreed to purchase Charles' house at its market value of 250,000. Which of the following is correct?

Options:

- A- The purchase is unlawful as a company cannot contract with one of its own directors.
- B- Charles need not formally disclose his interest as he is in a minority on the board.
- C- The purchase must be approved by the shareholders passing an ordinary resolution.
- D- Charles is not entitled to vote as a shareholder to approve the purchase.

Answer:

C

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