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NEW QUESTION: 1

As part of risk assessment exercise for a low-cost airline you are requested to match the risks listed below with the most appropriate method of minimising or dealing with each risk.

Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
Fuel price increase	Maintain proper Human Resource procedures
Industrial relations difficulties with crew	Use appropriate financial instruments
Increase in capital cost of aircraft	Careful capacity planning and forecasting

Answer:

Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
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NEW QUESTION: 2

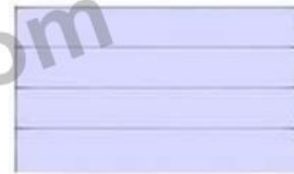
Select the correct ethical principle that corresponds to each ethical dilemma described.

A client has asked you to inflate your consultancy fee and share the increased amount with him.

You have been asked to do some work designing some new software for calculating bonus packages for directors and senior employees. Your son is one of the directors.

A large company needs someone to do some work developing a balanced scorecard. The fee it is offering is large. You have never done this type of consultancy work before but the fee is attractive so you decide to tender for the work.

A client discusses a plan in one of the companies he works for to expand into a new and unique market. He had asked you whether to purchase shares in the company as the forecast profits are exceptionally high. You cannot decide whether to let your friends know so they can also purchase shares.



Objectivity

Integrity

Confidentiality

Professional competence

Answer:

NEW QUESTION: 3

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 WTW's 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?

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

Answer: (SHOW ANSWER)

NEW QUESTION: 4

CDE, an online ticket sales agent, has unwittingly become an accomplice in cyber crime and is suffering attacks on its own business as a result. CDE's website was poorly designed and cyber-attackers have managed to inject the site with malware, so that it collects all of CDE's customer log-in information and enables the cyber-attackers to retrieve it.

The cyber-attackers subsequently use this information to set up Botnet agents in the customers' devices which are then used in a Distributed Denial of Service (DDoS) attack whenever very popular tickets are being placed on sale such as international football matches.

The cyber-attackers secure access to a single portal on the site and buy multiple tickets for subsequent sale on the black market while the DDoS causes all other portals to be overloaded preventing real fans acquiring the tickets at face value.

Which TWO of the following apply in this scenario?

- A. CDE will remain just as profitable selling to the black market as to real fans
- B. CDE will need to implement a new firewall to prevent this type of attack.
- C. CDE is likely to lose the ticket franchise for international football events
- D. CDE customers will turn to other ticket sources for their tickets
- E. CDE is likely to face significant fines for the breach.

Answer: B,E (LEAVE A REPLY)

NEW QUESTION: 5

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- E. CDE will remain just as profitable selling to the black market as to real fans

Answer: B,C (LEAVE A REPLY)

NEW QUESTION: 6

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 gray; padding: 2px; margin-bottom: 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.		

Answer:

The currency in Country X strengthens against the currency in E's country.	Financial risk	<div style="border: 1px solid gray; padding: 5px;"> <div style="border: 2px dashed green; padding: 2px; margin-bottom: 2px;">Reputation risk</div> <div style="border: 2px dashed green; padding: 2px; margin-bottom: 2px;">Financial risk</div> <div style="border: 2px dashed green; padding: 2px; margin-bottom: 2px;">Business risk</div> <div style="border: 2px dashed green; padding: 2px; margin-bottom: 2px;">Ethical risk</div> </div>
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A factory in Country X may manufacture the machines themselves and be able to sell them at a lower price.	Ethical risk	

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A factory in Country X may manufacture the machines themselves and be able to sell them at a lower price.	Ethical risk

NEW QUESTION: 7

An internal auditor has just completed an investigation into human resource (HR) procedures in the Springtown branch of IUY. The Springtown branch is too small to have its own full-time HR staff. All HR work is undertaken by the Branch Manager, assisted by the Branch Administrator. The internal auditor has discovered a number of problems with branch HR records. These are due to a misunderstanding of the regulations by the Branch Manager and the Branch Administrator, neither of whom has any specific HR training. The Branch Manager has asked that the problems be omitted from the internal audit report because they were due to a lack of training and will be rectified immediately. Which TWO of the following actions should the internal auditor take with regard to the audit report on the Springtown Branch?

- A. Include the Branch Manager's claim that the HR problems are due to a lack of HR training in the report.
- B. Describe the problems encountered at the branch in detail and recommend that disciplinary action be taken against the Branch Manager.
- C. Omit the problems from the report, but recommend that the Branch Manager and Branch Administrator should both receive HR training.
- D. Expand the report to develop it into a description of IUY's HR procedures, but tailored to the needs of the Springtown Branch.
- E. Document the changes that are required at the branch in the audit report and set a time for a return visit to review the changes.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 8

Match the descriptions shown in the boxes below with the method of quantifying risk exposure it best describes.

Can be used to measure a company's exposure to various risk factors at the same time.		Simulation analysis
Can be used to evaluate the sensitivity of the value of a company, or its cash flows, to a variety of risk factors.		Value at risk
Can be used to calculate the maximum loss on a portfolio occurring within a period of time with a given probability.		Regression analysis
Can be used when statistical estimates are available for the probabilities of different outcomes, and the value for each outcome, risk can be measured as the likely value of gain or loss.		Expected value of risk

Answer:

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Can be used when statistical estimates are available for the probabilities of different outcomes, and the value for each outcome, risk can be measured as the likely value of gain or loss.	

NEW QUESTION: 9

ABC is a large supermarket chain which also has online shopping and home deliveries. It has a 24/7 service which runs on a central server allowing all customers to enter new orders at any time. This is a business critical service which, if not available, may lead to customers turning to alternative supermarket chains offering similar services, resulting in immediate turnover loss and possible long term customer loss.

ABC is contemplating the implementation of a hot standby facility, not only to cover for emergency disaster recovery, but also to allow for business continuity, allowing necessary maintenance and updates without service interruption.

Which of the following cybersecurity objectives is ABC concerned about in this scenario?

- A. Confidentiality
- B. Integrity of processing
- C. Integrity of data
- D. Availability

Answer: D (LEAVE A REPLY)

NEW QUESTION: 10

A US company enters into a five year borrowing with bank A at a floating rate of USD Libor plus 2%.

It simultaneously enters into an interest rate swap with bank B at 3.5% fixed against USD Libor plus 1%.

What is the hedged borrowing rate, taking the borrowing and swap into account?

Give your answer to 1 decimal place

Answer:

4.5%

NEW QUESTION: 11

Company H operates a fleet of lorries. The Internal Auditor recently conducted an investigation into the transport needs of the company. Their report recommended that the lorries be disposed of, the drivers made redundant, and the distribution of the company's products be outsourced. The type of investigation carried out by the Internal Auditor is best described as a:

- A. Effectiveness Audit
- B. Efficiency Audit
- C. Compliance Audit
- D. Economy Audit

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 12

VBN is a multinational company that has 60 subsidiary companies that operate in 11 countries. VBN evaluates the performance of each subsidiary as an investment centre, using residual income to measure performance.

Which THREE of the following threats of dysfunctional behaviour may arise from VBN's use of residual income to measure subsidiaries' performance?

- A. Subsidiary boards may actively hedge translation risks.
- B. Subsidiary boards may waste time and incur unnecessary fees in order to recognise gains on the revaluation of property.
- C. Subsidiary boards may take a short-term view to investment projects.
- D. Subsidiary boards may be motivated to spend heavily on capital expenditure in order to ensure that budget allocations are maintained and even increased.
- E. Subsidiary boards may waste time by arguing over transfer prices.

Answer: A,C,E ([LEAVE A REPLY](#))

NEW QUESTION: 13

Which of the following is NOT a financial risk.

- A. Selling goods on credit terms.
- B. Sourcing raw materials overseas to manufacture goods.
- C. Taking out variable rate loans to finance short term investments.
- D. Global warming.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 14

Which of the following represents the greatest risk associated with introducing a system of post-completion audit for investment projects?

- A. The entity may withdraw from a project without good cause.
- B. The entity will realise that its approach to project appraisal is flawed.
- C. Decision makers may be deterred from taking responsible risks.

D. The audit itself will waste time.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 15

R is a manufacturer of biscuits. The market for biscuits is extremely competitive with many companies competing for contracts with large supermarkets. The intensity of the competition means that prices are kept low; and the buyers can demand higher levels of quality, and greater flexibility in supply arrangements.

Which of the following represent ways that the use of an Information System could help R to win and retain supermarket contracts in such a competitive market?

- A. It could be used to facilitate more timely and accurate delivery which would minimise waste.
- B. It could facilitate product ordering and selection by the use of Electronic Data Interchange.
- C. It would mean that R's products would be more prominently displayed on the supermarket shelves.
- D. If R's system is integrated to that of a particular supermarket then other supplier's systems cannot also be integrated to that supermarket system.
- E. If R's system is integrated with that of a particular supermarket, then this will make it more expensive for the supermarket to change to a different supplier.

Answer: A,B,E ([LEAVE A REPLY](#))

NEW QUESTION: 16

A government department is conducting a value for money audit on a school.

The school's pupils sit leaving exams. Classify each of the audit tests as either economy and efficiency or effectiveness.

The proportion of school leavers who obtain a place at university.		Economy and efficiency	
The cost per pupil per academic year.			Effectiveness
The cost per pupil per leaving exam pass.			
The proportion of school leavers who are unemployed and who do not enter further or higher education within six months of leaving.			
The number of serious disciplinary cases resulting in suspension or expulsion.			
The proportion of pupils who participate in school sports activities.			

Answer:

The proportion of school leavers who obtain a place at university.		Economy and efficiency	
The cost per pupil per academic year.			Effectiveness
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NEW QUESTION: 17

B is a family run security company with a number of prestigious clients who rely on it to maintain online access to their CCTV and alarm systems and respond to any detected intrusions or malfunctions.

It designs and installs security systems for a number of UHNW (Ultra High Net Worth) individuals who may have several seasonal and city residences largely unoccupied for many months of the year.

B's reputation as 100% secure is crucial to its on-going success in this very specialised marketplace.

Select THREE factors which should be given prominence in B's fraud risk management strategy.

- A.** B should have an active whistle-blower policy whereby all staff are encouraged by positive reward to report any suspicions they may have about other employees.
- B.** B should ensure that employees who design or install security systems are not involved with the operation of those systems once implemented.
- C.** B should ask new employees to fill in a declaration that they are honest and have no criminal convictions for dishonesty. That can be filed as evidence that the company took this precaution.
- D.** B Should revise and publish their fraud policy document to employees every three months, highlighting any new elements and industry developments.
- E.** B should carry out background security, health and financial checks on all employees, their immediate family members and associates on an annual basis.
- F.** B should inform clients that they have a stringent anti-fraud policy.

Answer: (SHOW ANSWER)

NEW QUESTION: 18

The management of U is reviewing internal controls throughout the company. It has noted the following:-

1. In the trade receivables section, journal adjustments are made by the clerks, without any reference to their supervisor. Journal adjustments may relate to sales returns, discounts allowed, or transfers between accounts.
2. In the purchasing department, the purchasing manager selects and approves all suppliers, as they are the only person with sufficient experience to do so. They use a very limited number of suppliers because they can rely on these suppliers to provide goods of the quality required at a competitive price. They do not keep any documents in relation to negotiations with other potential suppliers or other quotes obtained.

In relation to the above, which of the following statements are valid?

- A.** The fact that the purchasing manager uses a very small number of suppliers is, in itself, a sign of poor internal controls.
- B.** The way the role of purchasing manager is carried out in U increases the chance that the company will fall victim to fraudulent activity.
- C.** Clerks making journal adjustments without reference to their supervisor is evidence of inadequate separation of duties.
- D.** It is acceptable for clerks in the trade receivables section to make journal adjustments without authorisation provided the amounts involved are not material to U's financial statements.
- E.** It is acceptable for clerks in the trade receivable section to make journal adjustments without authorisation, provided they have no access to cash receipts.
- F.** The fact that the purchasing manager does not keep documentation relating to negotiations with suppliers, or potential suppliers, is evidence that they are involved in fraudulent activity.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 19

G plc has decided to move its production plant to overseas Country A.

This would make the product cheaper to produce. The technology used to make the product is very advanced and some of the staff would have to move to Country A.

The Production Director has identified that there are some political risks in moving to Country A.

Match the methods of reducing the political risks associated with the move to Country A with the corresponding risks.

The Government of Country A could introduce high taxes for outside companies which would make it difficult for G plc to continue production in		Import partly completed products from G plc's own country
The Government of country A could refuse to grant visas to G plc's staff who have to move to country A		Employ at least 50% local people in the production plant
Local staff could find out how to make the product and use that knowledge to start a production plant of their own		Take out a loan with a bank in country A.
The Government of country A could refuse to renew visas for staff brought from G plc's own country		

Answer:

The Government of Country A could introduce high taxes for outside companies which would make it difficult for G plc to continue production in	Take out a loan with a bank in country A.	Import partly completed products from G plc's own country
The Government of country A could refuse to grant visas to G plc's staff who have to move to country A	Employ at least 50% local people in the production plant	Employ at least 50% local people in the production plant
Local staff could find out how to make the product and use that knowledge to start a production plant of their own	Import partly completed products from G plc's own country	Take out a loan with a bank in country A.
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Take out a loan with a bank in country A.
Employ at least 50% local people in the production plant
Import partly completed products from G plc's own country
Employ at least 50% local people in the production plant

NEW QUESTION: 20

Z is a multinational pharmaceuticals company with operations across Europe, America and Asia. It is currently investigating the possibility of setting up a chemical and specialist production facility in South America. This would be a multi \$billion investment. What steps should Z take to manage the following risks in this long term venture.

Z has concerns that a future government may try to nationalise the assets.
 Z has concerns about not being allowed to repatriate profits.
 Z has concerns about future lack of political stability.
 Z has concerns that construction period may be disrupted by local industrial action.
 Z has concerns that it may be difficult to persuade research staff to transfer to South America.
 Z has concerns over accusations of exploitation of cheap workforce.

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Look at future economic predictions for the country.
 Invest in local education and healthcare.
 Set up a joint venture with the government for the investment.
 Set up local financing.
 Sponsor graduate and doctorate program in local universities.
 Seek consultation with local industrial representatives.

Answer:

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 Look at future economic predictions for the country.
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NEW QUESTION: 21

S Doc is an out-of-hours service provided by a country's government. The service allows members of the public to call and speak to a nurse who can advise on medical situations which are not obviously emergencies.

Depending on the situation the caller can be referred to the full emergency services, or be advised to go to Accident and Emergency at the nearest hospital. Alternatively, a callout from a general practitioner (GP) can be organised; the caller can be advised of where GP services are available; advice can be given over the phone; or a decision can be taken that no further action is required at least until normal services resume on the next working day.

There has been a suggestion that the nurses who take these calls could be replaced by suitably trained operatives who have available to them a specially designed expert system.

Which of the following are advantages of using an expert system instead of nurses?

- A. The operatives would be too careful and therefore would recommend unnecessary treatments or interventions.
- B. The use of an expert system would ensure that only relevant questions were asked of the caller and that operatives did not miss something vital due to distraction or fatigue.
- C. The expert system will always follow the same path whereas the nurses may have more knowledge about some health issues and very little about others.
- D. Some callers may present with complicated scenarios that a non-medically trained operative or expert system would be unable to recognise (for example, psychological issues).
- E. Using an expert system would make operatives less inclined to feel sorry for the caller and ensure that only relevant facts were considered in coming to a decision.

Answer: B,C,E (LEAVE A REPLY)

NEW QUESTION: 22

The managers of a company are agents for the shareholders tasked with increasing shareholders' wealth.

Which of the following will usually increase shareholders' wealth?

- A. Not paying a dividend for several years in order to invest in new projects.
- B. Investing in projects with positive net present value.
- C. Investing in projects with the shortest payback period.
- D. Investing in projects with the greatest level of risk.

Answer: (SHOW ANSWER)

NEW QUESTION: 23

Select the correct ethical principle that corresponds to each ethical dilemma described.

A client has asked you inflate your consultancy fee and share the increased amount with him.

You have been asked to do some work designing some new software for calculating bonus packages for directors and senior employees. Your son is one of the directors.

A large company needs someone to do some work developing a balanced scorecard. The fee it is offering is large. You have never done this type of consultancy work before but the fee is attractive so you decide to tender for the work.

A client discusses a plan in one of the companies he works for to expand into a new and unique market. He had asked you whether to purchase shares in the company as the forecast profits are exceptionally high. You cannot decide whether to let your friends know so they can also purchase shares.

Objectivity
Integrity
Confidentiality
Professional competence

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Answer:

Integrity
Objectivity
Professional competence
Confidentiality

CIMA

NEW QUESTION: 24

A Firewall is an element of a company's Information Technology infrastructure.

Which THREE of the following are characteristics of a Firewall?

- A. A Firewall protects against viruses.
- B. A Firewall determines the boundary of the "Trusted" components of the company's Information Technology infrastructure.
- C. A Firewall can screen every message coming into or out of the company network looking for key words, or attachments.
- D. A Firewall protects the computer suite against physical attack.

- E. A Firewall protects against unauthorised network access.
- F. A Firewall protects sensitive data against accidental or malicious damage.

Answer: B,C,E ([LEAVE A REPLY](#))

NEW QUESTION: 25

ABC is an online retail chain which operates on a 24/7 basis It has been updating its Cyber Security processes and has implemented a centralised monitoring process to track activity through its web access portal Which of the following activities will increase the awareness of its cyber security risk most effectively?

- A. ABC should monitor and record every keystroke of every user.
- B. ABC should monitor and record every device type used for access
- C. ABC should monitor and record every out of hours access
- D. ABC should monitor and record all failed access attempts.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 26

ABC has recently appointed a Chief Information Officer who has announced that he wants to start a major clean up starting with all desktop and laptop equipment.

Which THREE of the following measures should be adopted to help enhance security'?

- A. Issue a corporate policy on email use
- B. Set up a hot line in the service desk for any security queries.
- C. instruct all staff not to click on any links in emails from anyone outside the company
- D. Make an employee of the month award for whoever spots the most bogus emails.
- E. Automate anti-virus update processes so they cannot be avoided
- F. Make security training available to anyone who wants it.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 27

ERT is choosing between two maintenance policies for its vehicles. The outcomes of these policies are difficult to predict and so ERT has run a simulation of both.

Policy 1 has an expected annual cost of \$400,000 per year, with a standard deviation of \$80,000.

Policy 2 has an expected value of \$350,000, with a standard deviation of \$150,000.

Which of the following statements are correct?

- A. Policy 2 is clearly the better policy.
- B. Policy 2 is the more likely to cost more than \$500,000 in any given year.
- C. Policy 2 has the greater potential upside risk.
- D. Policy 2 is the more risky.
- E. Policy 1 will always be the more expensive in any given period.

Answer: B,C,D ([LEAVE A REPLY](#))

NEW QUESTION: 28

Company N is considering opening another production plant in Northland, a country 2000 km from its current production plant location N would also sell its products in Northland Which TWO of the following are business risks'

- A. The risk that Northland may not be able to support N's technology requirements.
- B. The risk that interest rates may rise making N's loans expensive.
- C. The risk that the Northland currency may strengthen making it expensive.
- D. The risk that Northland's government may introduce policies that would be unfavorable to N.
- E. The risk that it may be difficult to sell its products in Northland.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 29

CVB is a consulting firm that occupies a large office with many individual staff offices Staff access the corporate network through a wired network AM work files and company emails are accessed through this network CVB is upgrading its office heating system At present, each room in the building has a simple, mechanical thermostat that can be used to regulate the heating CVB plans to install smart thermostats in each room These will make it possible to reduce heating costs by monitoring room temperatures centrally, using software that will be installed on the corporate network It would be expensive to connect the thermostats to CVB's existing wired network but it would be possible to connect a wireless router to the network so that CVB could install wireless smart thermostats instead The software on the network's server could then monitor and control the thermostats via the Wi-Fi connection that would be created by the wireless router.

Which TWO of the following statements are correct?

- A. Wired network connections are outdated and should not be used
- B. The wireless thermostats will be designed to be secure
- C. Security concerns should not prevent CVB from upgrading its heating system
- D. Cyber criminals could not identify and exploit vulnerabilities in the heating system
- E. The wireless thermostats could enable a breach of CVB's data

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 30

Rio owns an architects business which employs 12 skilled architects and four administrative staff. The Office Manager has just attended a workshop on internal controls and the way in which they can improve organisations. He intends to implement some internal controls as soon as possible. What are the limitations of an internal control system in Rio's business?

- A. If Rio does not support the internal control system then the controls may not be adhered to.
- B. Internal controls are only suitable for large businesses.
- C. Internal controls may slow down the speed with which the architects can respond to enquiries.
- D. Employees could ignore the internal controls.
- E. Internal controls will usually mean hiring more staff.

Answer: A,C,D ([LEAVE A REPLY](#))

NEW QUESTION: 31

T has its computer facilities in a building adjacent to its headquarters. Severe structural problems have been discovered with this building and T has been advised that the only option is demolition and rebuild. This leaves T with strategic decisions to make about its IT provision and it has decided to investigate the outsourcing of its services.

Which TWO of the following factors should T consider as most important at this stage?

- A. A supplier who provides a wide range of services
- B. A supplier who can act as its agent in choosing the cheapest options
- C. A supplier who has facilities conveniently located close to its headquarters
- D. A supplier who can act as a partner in considering all its business needs
- E. A supplier with a long history of providing outsourcing services

Answer: C,E (LEAVE A REPLY)

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NEW QUESTION: 32

TT is a jewellery manufacturer in country A. It makes jewellery from precious metals and stones and sells it to shops in country A and also overseas. It is the 3rd largest company in country A with a huge turnover. TT has found it very difficult to prevent staff committing fraud and last year the Board was sure that the year end inventory was lower than it should have been. Gross profit was also slightly lower than expected. Which TWO of the following internal controls would be most effective in helping to reduce staff fraud within TT?

- A. Perform random checks of staff bags as they leave work and ensure the staff all wear overalls provided by the company in the workshop. Their own clothes must be left in lockers during working hours.
- B. Carry out inventory checks daily to make sure the correct quantity of materials is being used every day and the correct number of items are being produced.
- C. Have a senior manager such as the Production Director to supervise the workshop at all times.
- D. Install several CCTV cameras in the workshop.
- E. Employ two more managers to watch the staff working and look for them stealing items.

Answer: (SHOW ANSWER)

NEW QUESTION: 33

DRF is a manufacturing company

The internal auditor is conducting an investigation into the operation of the payroll system and has discovered a compliance error. The Head of Human Resources (HR) is required to add any new names to the payroll, using a specific computer password. The Head of HR was absent for a month because of ill health. During that period a senior member of the Wages Office, who is normally responsible only for organising wage payments, was issued a temporary password in order to add new names to the payroll. The password was cancelled when the Head of HR returned to work. Which TWO of the following statements are correct?

- A. The payroll should be checked thoroughly to ensure that only authorised staff are present
- B. The internal auditor should ignore the error because it only lasted for one month
- C. The compliance error should be overlooked because it was as a result of staff absence
- D. The senior member of the Wages Office could have committed fraud
- E. The senior member of the Wages Office should be disciplined for being in breach of the rules

Answer: A,E (LEAVE A REPLY)

NEW QUESTION: 34

THG is a quoted company that manufactures expensive clothes that are sold to upmarket department stores. THG's Board has commissioned a stress test to identify the impact of strategic risks. The consultant who is conducting the test is currently investigating the impact that a 1 % increase in interest rates would have on THG.

Which TWO of the following are valid reasons for including an increase in interest rates in the stress test?

- A. THG might change its prices if interest rates rise
- B. THG is highly geared.
- C. Stress testing was first developed for bank supervision.
- D. Interest rates affect consumers' disposable income
- E. Many of the retailers who resell THG's clothes are highly geared

Answer: B,D (LEAVE A REPLY)

NEW QUESTION: 35

You are the Management Accountant for P, a food manufacturing company with an annual sales revenue of \$5 million.

You discover that the Production Manager's records are inconsistent. Raw materials purchased do not agree to the total recorded for transfers to production plus wastage. There is an average shortfall of 2% of purchases.

You investigated and discovered that there are often mistakes made during manufacturing that results in food that is safe to eat, but cannot be sold because of visual flaws. The Production Manager is supposed to scrap all such damaged product and write all such losses off as waste, but you discovered that he has been giving the damaged food to a charity that assists homeless people. No records are made of such gifts in order to conceal the losses due to manufacturing errors.

What should you do?

- A. Instigate disciplinary action, this is both theft and poor management.
- B. Instigate a confidential, but documented, review with the Production Manager and tell him to stop.
- C. Instigate a review of the production process to potentially reduce the amount of wastage.
- D. Instigate a process whereby edible but unsellable items can be given to the charity officially.
- E. Do nothing, this is a good cause and the amount is insignificant.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 36

Z is a multinational pharmaceuticals company with operations across Europe, America and Asia. It is currently investigating the possibility of setting up a chemical and specialist production facility in South America. This would be a multi \$billion investment. What steps should Z take to manage the following risks in this long term venture.

- Z has concerns that a future government may try to nationalise the assets.
- Z has concerns about not being allowed to repatriate profits.
- Z has concerns about future lack of political stability.
- Z has concerns that construction period may be disrupted by local industrial action.
- Z has concerns that it may be difficult to persuade research staff to transfer to South America.
- Z has concerns over accusations of exploitation of cheap workforce.



- Look at future economic predictions for the country.
- Invest in local education and healthcare.
- Set up a joint venture with the government for the investment.
- Set up local financing.
- Sponsor graduate and doctorate program in local universities.
- Seek consultation with local industrial representatives.

Answer:

- Z has concerns that a future government may try to nationalise the assets.
- Z has concerns about not being allowed to repatriate profits.
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Set up a joint venture with the government for the investment.

Set up local financing.

Look at future economic predictions for the country.

Seek consultation with local industrial representatives.

Look at future economic predictions for the country.

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Set up local financing.

Look at future economic predictions for the country.

Seek consultation with local industrial representatives.

Look at future economic predictions for the country.

Invest in local education and healthcare.

NEW QUESTION: 38

A large department store has just discovered that the staff in the store coffee shop have been defrauding the company for the past three years. The six employees who work in the coffee shop have been keeping a proportion of the cash takings, concealing the theft by not recording all sales up in the till. They shared the proceeds of this fraud between them. The fraud was only uncovered when one of the employees left and his replacement reported the theft to management rather than becoming involved in the crime. Which of the following best describes the role of the store's internal controls in the context of this fraud?

- A. The store's board of directors should face disciplinary action for failing to prevent this fraud
- B. Even a well-designed system can be overridden by collusion between employees
- C. The coffee shop should be closed down because it is impossible to control its revenues.
- D. This fraud indicates that there are serious shortcomings in the store's system of internal controls

Answer: B (LEAVE A REPLY)

NEW QUESTION: 39

A's directors do not believe that they always get value for money from their investment in capital projects.

Over the past decade the company has invested in 55 projects that have cost more than \$1m. They are considering introducing a system of post completion audit to see if this will help them to understand any problems they have had with projects in the past. They hope to use the results of

the post completion audits to significantly improve the results of their capital investments State whether you agree or disagree with the points raised by A's directors.

Agree	Disagree
--------------	-----------------

Post completion audits will not prevent dysfunctional behaviour by project sponsors	
It may be complex to introduce post completion audits into their processes.	
Post completion audits will only look at financial matters within projects.	
Only projects starting after the post completion audits are introduced will be audited	
Project sponsors should be held liable for the findings of the post completion audit	

Answer:

<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 50%;">Agree</td> <td style="width: 50%;">Disagree</td> </tr> </table>		Agree	Disagree
Agree	Disagree		
Post completion audits will not prevent dysfunctional behaviour by project sponsors	Agree		
It may be complex to introduce post completion audits into their processes.	Agree		
Post completion audits will only look at financial matters within projects.	Disagree		
Only projects starting after the post completion audits are introduced will be audited	Disagree		
Project sponsors should be held liable for the findings of the post completion audit	Disagree		
Post completion audits will not prevent dysfunctional behaviour by project sponsors	Agree		
It may be complex to introduce post completion audits into their processes.	Agree		
Post completion audits will only look at financial matters within projects.	Disagree		
Only projects starting after the post completion audits are introduced will be audited	Disagree		
Project sponsors should be held liable for the findings of the post completion audit	Disagree		

NEW QUESTION: 40

H sells machinery and also associated services, such as advice and repairs. H's industry is going through considerable transformation.

Classify each of the examples of information available to H's management as strategic, operational or of having little value.

Strategic	Operational	Little value
Details of all service calls processed over the past two years		
Details of forecast data for 3 years per product line		
Details of sales figures and forecasts for regional areas for both the previous 3 years and the next		
Details of market research data carried out 4 years ago		
Details of qualifications held by staff.		
Details of customer base evolution over the past 3 years		

Answer:

Strategic	Operational	Little value
Details of all service calls processed over the past two years	Operational	
Details of forecast data for 3 years per product line	Strategic	
Details of sales figures and forecasts for regional areas for both the previous 3 years and the next	Strategic	
Details of market research data carried out 4 years ago	Little value	
Details of qualifications held by staff.	Operational	
Details of customer base evolution over the past 3 years	Strategic	

Operational
Strategic
Strategic
Little value
Operational
Strategic

NEW QUESTION: 41

Amber selects appropriate suppliers and places purchase orders.

Brian passes invoices for payment and submits payment instructions to the bank.

Chris checks incoming inventory and unpacks goods from their containers.

Dirwan posts purchase invoices and files invoices and supporting documents.

Which member of staff could most easily commit fraud?

- A. Chris
- B. Amber
- C. Dirwan
- D. Brian

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 42

Passwords are frequently used to control access to computer systems.

Which of the following characteristics should a password have in order to make it effective?

- A. Passwords should be changed on a regular basis.
- B. Passwords should contain 20 characters or more.
- C. Passwords should be written down in a secret place.
- D. Passwords should never be shared.
- E. The strength of a password is increased by using upper and lower case and including numerals.
- F. Passwords should be short words or names that users will easily remember.

Answer: A,D,E ([LEAVE A REPLY](#))

NEW QUESTION: 43

K plc is a large listed company in the retail industry. It has recently appointed T as a non-executive director. T has never had any previous involvement with K plc but is well known to K's Chief Executive P because T is the Managing Director of K plc's largest supplier.

K has recently expanded into Asia. Doubts about the wisdom of the move have been expressed in the financial press with some journalists commenting that it has exposed K plc to higher degrees of risk than previously.

The move had been approved by the Risk Committee which consists of four Non-Executive Directors (NEDs) all of whom have significant experience in business.

K plc does not have a Nominations Committee. Nominations to the Board are usually proposed by P and generally agreed by the other directors.

In relation to the above scenario which of the following comments is valid?

- A. The Risk Committee should have rejected the proposal to enter the Asian market merely because it exposed K to greater risk than the other markets in which it operates.
- B. The absence of a Nominations Committee exposes K plc to the risk that the Chief Executive may have unfettered power.

- C. K plc is in line with best practice as it only has NEDs on its Risk Committee.
- D. There is no possible conflict of interest in relation to T's position as a NED and as Managing Director of a supplier company since, in both roles, he would clearly want K plc to prosper.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 44

An oil company has entered into a joint venture with a competing oil company to develop a new oil field. The joint venture arrangement is intended to mitigate the risks associated with developing the oil field.

The following disclosure appears in the oil company's risk report:

"Many of our large projects and operations are conducted through joint ventures. These arrangements involve complex risk allocation and indemnification arrangements and we have less control over these activities than we would have if we had full ownership and control. Our partners may have economic or business interests that are opposed to ours, and may exercise the right to block key decisions or actions. We believe the joint arrangement is in our best interest." Which of the following statements are correct?

- A. Now the shareholders know the directors are aware of the risk.
- B. The risk report says nothing useful about the risk.
- C. The risk report means that the shareholders know exactly how bad the risk is.
- D. If the risk report had not reported the risk the shareholders might not have been aware of the risk.
- E. The shareholders now have more useful information.

Answer: A,D,E (LEAVE A REPLY)

NEW QUESTION: 45

L is a specialist deep sea diving company. The company specialises in challenging tasks that are often rejected by other companies as being too risky. Most assignments are difficult and some are very dangerous. L has very experienced divers who are highly trained and are safety conscious. In spite of the dangerous work, L has an excellent success rate and is highly sought after. L charges very high fees for its work. Despite L's precautions, the likelihood of accidents is high and the consequences are also high. L has an excellent insurance which has always been very expensive but the price has just been increased by 40%. Which of the following is correct?

- A. L should diversify into low risk diving contracts.
- B. L should stop accepting these risky contracts.
- C. L should pay the very high insurance premiums demanded by its insurance company.
- D. L should cease trading.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 46

C Ltd is a private, family-owned company which is hoping to become listed on a recognised Stock Exchange within the next two years. At the moment, the Board of Directors comprises five

directors; four of whom are from the founding family and all of whom are involved in the day-to-day running of the business. The remaining director obtained a seat on the Board three years ago as a condition of an investment by a venture capital fund.

The Board meets in half-day sessions once a fortnight and the Board meetings are reasonably well run. All decisions are taken by the Board as a whole. There are no sub-committees.

Which of the following steps would it be appropriate for C Ltd to take in the light of the proposed listing?

- A. Ensure that the current executive directors are given 10 year contracts starting on the day the company is floated, to ensure consistency and continuity in the management of the company.
- B. Appoint one of the NEDs as Chair of the Board.
- C. Set up at least three sub-committees namely remuneration, nomination, and audit committees.
- D. Insist that the venture capital company director be removed as he is not necessarily motivated to act in the best interests of C Ltd.
- E. Set up an "agenda setting" sub-committee consisting of the current executive directors to decide the agenda for each Board meeting.
- F. Appoint enough independent non-executive directors (NEDs) that they make up at least 50% of the Board.

Answer: B,C,F ([LEAVE A REPLY](#))

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NEW QUESTION: 47

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?

- A. Being asked to work weekends working out tenders for new contracts.
- B. Being asked to buy very small gifts for key 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, playing golf with clients.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 48

Which of the following are true of an effective risk management culture?

- A. All staff should be aware of risks affecting the entity.
- B. Staff should be penalised for being associated with negative events.
- C. All risk should be eliminated.
- D. The directors should take an active interest in risk management.
- E. Responsibility for risk management should be devolved to a risk manager.
- F. Risk management should be regarded as part of the overall business strategy.

Answer: A,D,F (LEAVE A REPLY)

NEW QUESTION: 49

A large, publicly funded university is considering introducing a new information system in order to enhance its ability to store and retrieve academic records for past and current students, including the registration and deregistration of students.

In conducting an evaluation of the system, which THREE features would the management of the college be most likely to consider as essential prerequisites to implementation?

- A. The system is capable of being run in parallel with the current system so as to have the opportunity to examine and overcome any unforeseen difficulties that might arise.
- B. The system has been demonstrated to operate with a degree of accuracy at least as good as the existing system and as good as that used by similar universities.
- C. All information on the system can be accessed easily from outside the university through the internet.
- D. The system can link seamlessly with the system used by the university for processing financial transactions and producing financial statements.
- E. The system has the capacity to deal with all existing records and all new records to be created in the foreseeable future.

Answer: B,D,E (LEAVE A REPLY)

NEW QUESTION: 50

An IT security consultant has been asked to conduct a forensic analysis of a client's systems after the discovery of a system breach. The consultant discovered several fake user accounts that appeared to have been created by the perpetrators of the breach. Before deleting the accounts, the consultant took care to copy as much detail as possible concerning the accounts.

Which TWO of the following are valid explanations for the consultant's decision to copy the details concerning the fake accounts'?

- A. If the fake accounts reappear after deletion that will be a warning that the breach has recurred.
- B. The consultant can charge more for the time spent analysing the fake accounts.
- C. The analysis of the accounts might help the consultant understand the motive for the breach.
- D. The details could be of value as evidence in any subsequent criminal trial.
- E. The client could use the account details to target a breach of the perpetrator's systems.

Answer: C,D (LEAVE A REPLY)

NEW QUESTION: 51

R is a company running 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 if something similar were to happen in Europe the consequences for R could be catastrophic.

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

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

Answer: C,F,G (LEAVE A REPLY)

NEW QUESTION: 52

JKL makes large export sales to customers in country X, whose currency fluctuates significantly against JKL's home currency JKL also makes large purchases from suppliers in countrrOC All of these transactions are in country X's currency JKL's treasurer does not actively hedge currency risks because there is a natural hedge in place due to the company making both sales and purchases in the same currency JKL's board has instructed the treasurer to put active hedging measures in place because the risk report would otherwise have to disclose the fact that JKL has a currency risk which is not actively hedged Which of the following statements are correct? Select ALL that apply.

- A. Risk reports can change behaviour
- B. The board does not want to be blamed for ignoring a risk.
- C. Risk reporting is a bad thing
- D. Risk reporting drives the whole risk management process
- E. The board may be concerned it will be criticised if it does not hedge

Answer: (SHOW ANSWER)

NEW QUESTION: 53

Which of the following statements concerning the role of a non-executive director (NED) is correct?

- A. Individual NEDs should be on at least five boards if possible so as to give them wide experience.
- B. NEDs are not responsible for determining executive directors' remuneration.
- C. NEDs should satisfy themselves on the integrity of financial information and should develop the control systems to ensure that integrity is maintained.
- D. NEDs have a key role in removing executive directors.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 54

C is a large international supermarket chain. It has many thousands of suppliers and many thousands of potential suppliers competing for shelf space in its supermarkets.

Which of the following provisions would be appropriate for C to include in its ethical code in relation to its suppliers?

Select ALL that apply


- A. C shall endeavour to take as high a percentage of each supplier's output as possible
- B. C shall endeavour to adhere to the terms of its contracts with its suppliers at all times
- C. C shall not use its buying power unscrupulously.
- D. C shall continuously remind suppliers that it always has several alternative suppliers to choose from.
- E. C shall insist on an exclusivity agreement with each supplier so that identical products are not available from other outlets
- F. C shall keep confidential all information received from suppliers and potential suppliers

Answer: B,C,F ([LEAVE A REPLY](#))

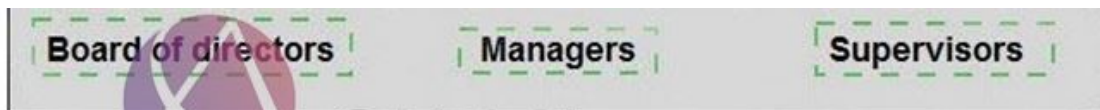
NEW QUESTION: 55

Select the most appropriate level of responsibility for managing each of the following risks.

Board of directors	Managers	Supervisors
Growth strategy may be inappropriate for the entity		
Badly designed advertising campaigns may lose sales		
Failure to implement internal checks may lead to employee fraud		
Staff may be injured through failure to adhere to safety rules		
Human resources policies may not keep up to date with changes in employment law		
Shareholders may be dissatisfied with dividend levels		



Answer:



CIMA

Growth strategy may be inappropriate for the entity

Badly designed advertising campaigns may lose sales

Failure to implement internal checks may lead to employee fraud

Staff may be injured through failure to adhere to safety rules

Human resources policies may not keep up to date with changes in employment law

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Failure to implement internal checks may lead to employee fraud

Staff may be injured through failure to adhere to safety rules

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Shareholders may be dissatisfied with dividend levels

Board of directors
Managers
Supervisors
Supervisors
Managers
Board of directors
Board of directors
Managers
Supervisors
Supervisors
Managers
Board of directors

NEW QUESTION: 56

A project has an NPV of £1,200,000. The present value of material costs which are included in the NPV calculation are £8,000,000.

What is the sensitivity of the project to changes in material costs?

Give your answer to the nearest whole percentage.

Answer:


15%

NEW QUESTION: 57


A's directors do not believe that they always get value for money from their investment in capital projects.

Over the past decade the company has invested in 55 projects that have cost more than \$1m.

They are considering introducing a system of post completion audit to see if this will help them to understand any problems they have had with projects in the past. They hope to use the results of the post completion audits to significantly improve the results of their capital investments. State whether you agree or disagree with the points raised by A's directors.

 CIMA Post completion audits will not prevent dysfunctional behaviour by project sponsors It may be complex to introduce post completion audits into their processes. Post completion audits will only look at financial matters within projects. Only projects starting after the post completion audits are introduced will be audited Project sponsors should be held liable for the findings of the post completion audit	Agree	Disagree	

Answer:

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			Agree
			Disagree
			Disagree
			Disagree

Post completion audits will not prevent dysfunctional behaviour by project sponsors It may be complex to introduce post completion audits into their processes. Post completion audits will only look at financial matters within projects. Only projects starting after the post completion audits are introduced will be audited Project sponsors should be held liable for the findings of the post completion audit	Agree
	Agree
	Disagree
	Disagree
	Disagree

NEW QUESTION: 58

Achieving the budget is often used as a good performance measure. However, there are problems with budgets which may mean they are not always good measures of performance. Which TWO of the following statements about budgets suggest that they should not always be used to measure performance?

- A.** Budgets may deliberately be set too low by managers so they are easily achieved and make the manager look good.
- B.** Budgets can be used to motivate staff if they are set correctly.
- C.** Budgets are a commitment. They therefore act as a constraint on doing anything different.

D. Budgets can give people goals to achieve and if everyone strives to achieve these goals the whole organisation will benefit.

Answer: A,C (LEAVE A REPLY)

NEW QUESTION: 59

Company A's gross profit percentage has fallen from 70% to 61 % Which of the following possible explanations would most concern the internal auditors?

- A. The sales director decided to reduce the selling price to increase the market share
- B. There had been an omission of several items from the inventory records
- C. During the year direct wages had been misclassified as indirect manufacturing expenses
- D. During the year the raw material price increased due to an international shortage of the material

Answer: B (LEAVE A REPLY)

NEW QUESTION: 60

CDE an online ticket sales agent, has unwittingly become an accomplice in cyber crime and is suffering attacks on its own business as a result CDE's website was poorly designed and cyber-attackers have managed to inject the site with malware, so that it collects all of CDE's customer log-in information and enables the cyber-attackers to retrieve it.

The cyber-attackers subsequently use this information to set up Botnet agents in the customers' devices which are then used in a Distributed Denial of Service (DDoS) attack whenever very popular tickets are being placed on sale such as international football matches.

The cyber-attackers secure access to a single portal on the site and buy multiple tickets for subsequent sale on the black market while the DDoS causes all other portals to be overloaded preventing real fans acquiring the tickets at face value.

Which TWO of the following apply in this scenario?

- A. CDE customers will turn to other ticket sources for their tickets
- B. CDE is likely to face significant fines for the breach.
- C. CDE will remain just as profitable selling to the black market as to real fans
- D. CDE will need to implement a new firewall to prevent this type of attack.
- E. CDE is likely to lose the ticket franchise for international football events

Answer: A,D (LEAVE A REPLY)

NEW QUESTION: 61

HIW manufactures motorcycles and has factories in several countries HIW produces several different types of motorcycle, with different models often being tailored to suit the needs of customers in specific countries HIW has identified a positive net present value project to build a new factory in Farland, which will make motorcycles for sale in Farland and for export to neighbouring countries HIW has not previously traded in Farland or its neighbours Farland is regarded as politically and economically unstable and its currency is highly volatile against other leading currencies HIW's Board wishes to consider the interests of different stakeholder groups

who will be affected by the investment in Farland The Board recognises that there could be conflict between the goals of maximising profit and of maximising shareholder wealth Which THREE of the following statements are correct?

- A. Shareholder wealth the project appraisal must consider the long term the Farland economy
- B. HIWs share price must rise when the Farland project is announced.
- C. In order to focus on profit maximisation, the appraisal needs to consider the time value of money
- D. The new facility will increase earning capacity but the instability may mean profits are lower than expected.
- E. In order to focus on maximising shareholder wealth the project appraisal must consider the long term impact of the project.

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 62

Which of the following are objectives of the audit planning procedure?

- A. To work out the time and resources required for the audit.
- B. To perform analytical review to identify possible areas for investigation.
- C. To perform substantive tests.
- D. To set out how audit objectives will be achieved.
- E. To work out how audit evidence will be obtained.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 63

The senior manager in the accounts department is going on annual leave for three weeks and Jo, a supervisor is being put in charge of the department for that time Which TWO of the following statements are correct?

- A. Authorisation of exceptional overtime due to the year end which takes place while the senior manager is on leave should be postponed until the senior manager returns
- B. Authorisation of expenses should wait until the senior manager returns.
- C. Job interviews for an office junior should be cancelled until the senior manager returns.
- D. Jo should not have all of the same authority as the senior manager
- E. The annual staff appraisals should be postponed until the senior manager returns

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 64

The internal audit department should always give a report at the end of its audit. This report is intended to be useful and help the company going forward. The report should always include any recommendations for improvements. Which of the following statements are true and which are false?

True
False

Internal audit should have a post implementation review to see how its recommendations have been implemented by the company.	
If residual risk is not reduced by its recommendations then they are not worth implementing.	
Even if the recommendations are not cost effective they should be implemented as they may increase internal control.	
The internal auditors should themselves implement the internal controls suggested.	

Answer:

True
False

Internal audit should have a post implementation review to see how its recommendations have been implemented by the company.	True
If residual risk is not reduced by its recommendations then they are not worth implementing.	True
Even if the recommendations are not cost effective they should be implemented as they may increase internal control.	False
The internal auditors should themselves implement the internal controls suggested.	False
Internal audit should have a post implementation review to see how its recommendations have been implemented by the company.	True
If residual risk is not reduced by its recommendations then they are not worth implementing.	True
Even if the recommendations are not cost effective they should be implemented as they may increase internal control.	False
The internal auditors should themselves implement the internal controls suggested.	False

NEW QUESTION: 65

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?

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 66

JNH is a major corporation that stores its customer database in the Cloud. JNH has suffered a data breach that has led to customer credit card details being made available for sale on the internet. JNH's Head of Security wishes to analyse network traffic at the cloud-based server in order to gain a better understanding of the manner in which the data was intercepted, but has been refused access.

Which of the following is the most likely explanation for the third-party owner's refusal to assist JNH's Head of Security?

- A. The server will contain data belonging to other clients
- B. Admitting the breach would harm the reputation of the Cloud
- C. The Cloud is impregnable and so the breach must have been elsewhere
- D. The network data will not have been stored by the server's owner

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 67

Which of the following statements best explains why a corporate treasury department should be established as a cost centre rather than a profit centre?

- A. There is no way for the Treasury Department to generate revenue.
- B. The Treasury Department should not be encouraged to speculate.
- C. The Treasurer should not have a great deal of responsibility.
- D. The Treasurer has the ability to manipulate the Department's reported profit.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 68

A small but rapidly expanding company has recently opened several branches in locations far away from the Head Office. All of the branches are relatively small with no one branch accounting for more than 5% of turnover. Management has decided that the company is not yet large enough to install an Internal Audit function but is, nonetheless, concerned about maintaining adequate

control and monitoring at the branches whilst allowing Branch Managers the opportunity to react to local circumstances as appropriate.

Which of the following measures would assist Head Office management in maintaining appropriate monitoring and control at the branches?

- A. Instituting the use of a formalised budgetary control system at head office for all branches.
- B. Dealing with all Human Resource, recruitment, and similar issues directly from Head Office.
- C. Establishing an open communication policy for employees at branches to allow them to contact Head Office on any matter that concerns them.
- D. Arranging visits by senior management to each branch periodically.
- E. Restricting the autonomy of individual Branch Managers to purely routine matters and instructing them to refer everything else to Head Office.

Answer: A,C,D (LEAVE A REPLY)

NEW QUESTION: 69

UIO sells mobile phones through a chain of 100 shops spread across the country. Shop managers have considerable discretion over pricing and the incentives offered to sales staff. Shop managers are evaluated on the monthly contribution from completed sales. Those who exceed targets by more than 10% for three successive months are promoted. Those who fail to achieve monthly targets in two successive months lose their jobs. Which of the following statements are true of the performance management of UIO's shop managers?

Select ALL that apply.

- A. UIO's shop managers have an incentive to offer excellent customer service.
- B. UIO's shop managers are encouraged to sell phones at a loss.
- C. UIO's shop managers are encouraged to take risks that may harm UIO.
- D. UIO's shop managers have an incentive to develop attractive sales promotions for their shops.
- E. UIO's shop managers may have very little sense of loyalty to the company.

Answer: B,C,E (LEAVE A REPLY)

NEW QUESTION: 70

A company has a sound system of internal controls that have been reviewed by the internal audit department.

Which TWO of the following correctly identify reasons why the company's control system might fail to prevent or detect an irregularity?

- A. Two fraudulent members of staff could collude.
- B. The accounting system could combine manual and computerised controls.
- C. A director could override a control procedure.
- D. A dishonest member of staff could input an invalid transaction.
- E. The internal audit department cannot be expected to identify control weaknesses.

Answer: A,C (LEAVE A REPLY)

NEW QUESTION: 71

Company A's gross profit percentage has fallen from 70% to 61 % Which of the following possible explanations would most concern the internal auditors?

- A. There had been an omission of several items from the inventory records
- B. The sales director decided to reduce the selling price to increase the market share
- C. During the year the raw material price increased due to an international shortage of the material
- D. During the year direct wages had been misclassified as indirect manufacturing expenses

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 72

Select the correct ethical principle that corresponds to each ethical dilemma described.

A client has asked you inflate your consultancy fee and share the increased amount with him.

You have been asked to do some work designing some new software for calculating bonus packages for directors and senior employees. Your son is one of the directors.

A large company needs someone to do some work developing a balanced scorecard. The fee it is offering is large. You have never done this type of consultancy work before but the fee is attractive so you decide to tender for the work.

A client discusses a plan in one of the companies he works for to expand into a new and unique market. He had asked you whether to purchase shares in the company as the forecast profits are exceptionally high. You cannot decide whether to let your friends know so they can also purchase shares.

- Objectivity
- Integrity
- Confidentiality
- Professional competence



Answer:

A client has asked you inflate your consultancy fee and share the increased amount with him.	Integrity	Objectivity
You have been asked to do some work designing some new software for calculating bonus packages for directors and senior employees. Your son is one of the directors.	Objectivity	Integrity
A large company needs someone to do some work developing a balanced scorecard. The fee it is offering is large. You have never done this type of consultancy work before but the fee is attractive so you decide to tender for the work.	Professional competence	Confidentiality
A client discusses a plan in one of the companies he works for to expand into a new and unique market. He had asked you whether to purchase shares in the company as the forecast profits are exceptionally high. You cannot decide whether to let your friends know so they can also purchase shares.	Confidentiality	Professional competence

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A client discusses a plan in one of the companies he works for to expand into a new and unique market. He had asked you whether to purchase shares in the company as the forecast profits are exceptionally high. You cannot decide whether to let your friends know so they can also purchase shares.

Integrity
Objectivity
Professional competence
Confidentiality

NEW QUESTION: 73

S is a senior production manager for LK, which is about to set up a new production line requiring S4 million of new specialist equipment.

S's daughter goes to school and is friends with the daughter of R.

the sales manager in GG. GG is a potential supplier of the specialist equipment that LK requires.

R owns a holiday home. S's daughter regularly accompanies R's daughter on family vacations at this holiday home, all at R's expense.

S is the only person working for LK who is qualified to select the specialist equipment. GG will definitely bid for the sale.

What should S do?

- A. S should exclude GG from the bidding process.

- B. S should declare an interest, giving details of his daughter's friendship with R's daughter, but should participate fully in the assessment process
- C. S should permit GG to bid, but should insist that R should not be involved.
- D. S should declare an interest and withdraw from the assessment process.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 74

A capital investment project shows a NPV of £3,450 at a discounted rate of 8% and an NPV of £1,210 at a discounted rate of 9%.

What is the internal rate of return?

- A. 9.54%
- B. 10.54%
- C. 11.85%
- D. 10.85%

Answer: A (LEAVE A REPLY)

NEW QUESTION: 75

B uses a balanced scorecard to monitor the performance of its divisions.

Classify each of the following decisions taken by a division's management team as either commercially sound or dysfunctional.

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.		
A prize has been offered for the production team that exceeds quality targets by the greatest margin.		Commercially sound
A senior manager was asked to assist in the development of a tender document for a large sales contract.		Dysfunctional
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.		
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.		
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.		

Answer:

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.	Dysfunctional	
A prize has been offered for the production team that exceeds quality targets by the greatest margin.	Commercially sound	Commercially sound
A senior manager was asked to assist in the development of a tender document for a large sales contract.	Commercially sound	
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.	Dysfunctional	Dysfunctional
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.	Dysfunctional	
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	Commercially sound	

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.	Dysfunctional
A prize has been offered for the production team that exceeds quality targets by the greatest margin.	Commercially sound
A senior manager was asked to assist in the development of a tender document for a large sales contract.	Commercially sound
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.	Dysfunctional
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.	Dysfunctional
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	Commercially sound

NEW QUESTION: 76

V buys vegetables and fruit from three farms located in a different part of V's country and sells them to large supermarket chains.

A recent newspaper magazine had an article on these farms showing that the farms employ illegal immigrants whose status was used by the factory's owners to force them to work for low wages and in unpleasant conditions. They are forced to live in small overcrowded caravans with no running water. They are also given meals which are cold and poor quality. These farms are located in a developed country with strong labour laws.

Classify each of the following statements as true or false.

True	False
------	-------

V's share price is likely to fall as a result of this article.	
V is entitled to blame the Government of the farms' host country for failing to supervise conditions properly.	
V's only responsibility is to its shareholders and those who are employed directly by the company.	
It will be difficult for V to restore its reputation.	
V should investigate the conditions at all of the other farms that it uses.	

Answer:

True	False
------	-------

V's share price is likely to fall as a result of this article.	True
V is entitled to blame the Government of the farms' host country for failing to supervise conditions properly.	False
V's only responsibility is to its shareholders and those who are employed directly by the company.	False
It will be difficult for V to restore its reputation.	True
V should investigate the conditions at all of the other farms that it uses.	True

True
False
False
True
True

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NEW QUESTION: 77

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

- 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. Phased changeover is the safest and slowest method of changeover
- D. 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
- 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 moves individual portions of the business to the new system one at a time

Answer: (SHOW ANSWER)

NEW QUESTION: 78

B, a construction company, has a policy of carrying out a post completion audit on every construction project undertaken where the value exceeds \$1 million.

What is the role of the post completion audit?

- A. To apportion blame for things not done well.
- B. To reward staff and celebrate success.
- C. To signify the end of the project.
- D. To highlight what can be done to improve similar future projects.

Answer: D (LEAVE A REPLY)

NEW QUESTION: 79

A government department is conducting a value for money audit on a school. The school's pupils sit leaving exams. Classify each of the audit tests as either economy and efficiency or effectiveness.

<p>The proportion of school leavers who obtain a place at university.</p> <p>The cost per pupil per academic year.</p> <p>The cost per pupil per leaving exam pass.</p> <p>The proportion of school leavers who are unemployed and who do not enter further or higher education within six months of leaving.</p> <p>The number of serious disciplinary cases resulting in suspension or expulsion.</p> <p>The proportion of pupils who participate in school sports activities.</p>		<table border="1" style="width: 100%; height: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>							<p>Economy and efficiency</p> <p>Effectiveness</p>

Answer:

<p>The proportion of school leavers who obtain a place at university.</p> <p>The cost per pupil per academic year.</p> <p>The cost per pupil per leaving exam pass.</p> <p>The proportion of school leavers who are unemployed and who do not enter further or higher education within six months of leaving.</p> <p>The number of serious disciplinary cases resulting in suspension or expulsion.</p> <p>The proportion of pupils who participate in school sports activities.</p>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Effectiveness</td></tr> <tr><td style="text-align: center;">Economy and efficiency</td></tr> <tr><td style="text-align: center;">Economy and efficiency</td></tr> <tr><td style="text-align: center;">Effectiveness</td></tr> <tr><td style="text-align: center;">Effectiveness</td></tr> <tr><td style="text-align: center;">Effectiveness</td></tr> </table>	Effectiveness	Economy and efficiency	Economy and efficiency	Effectiveness	Effectiveness	Effectiveness	<p>Economy and efficiency</p> <p>Effectiveness</p>
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NEW QUESTION: 80

Which TWO of the following scenarios should be considered in strategic scenario planning by a publishing company that specialises in academic textbooks?

- A. There could be a change in the technology used by consumers, such as smaller mobile phones with smaller screens
- B. Environmental concerns could lead to a decrease in the availability of trees to make paper
- C. The quality of output from printing presses might improve
- D. Budget changes could have an impact on the funding available to college and university libraries
- E. The terms offered by media companies for film rights for books could change

Answer: D,E (LEAVE A REPLY)

NEW QUESTION: 81

Which of the following are the Committee of Sponsoring Organisations (COSO) key principles of enterprise risk management?

Select ALL that apply.

- A. The creation of a risk aware culture
- B. A comprehensive and holistic approach to risk management
- C. Consideration of risk management in the context of business strategy
- D. Risk management is the responsibility of the risk committee
- E. Consideration of the main risk only which is financial risk

Answer: A,B,C (LEAVE A REPLY)

NEW QUESTION: 82

As part of risk assessment exercise for a low-cost airline you are requested to match the risks listed below with the most appropriate method of minimising or dealing with each risk.

Risk assessment	Appropriate method
Weather related flight disruptions	
Fuel price increase	
Industrial relations difficulties with crew	
Increase in capital cost of aircraft	

- Put appropriate insurance in place
- Maintain proper Human Resource procedures
- Use appropriate financial instruments
- Careful capacity planning and forecasting

Answer:

Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
Fuel price increase	Use appropriate financial instruments
Industrial relations difficulties with crew	Maintain proper Human Resource procedures
Increase in capital cost of aircraft	Careful capacity planning and forecasting

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Fuel price increase	Use appropriate financial instruments
Industrial relations difficulties with crew	Maintain proper Human Resource procedures
Increase in capital cost of aircraft	Careful capacity planning and forecasting

NEW QUESTION: 83

P Ltd, a service company, is seeking to recruit engineers to work in its maintenance division. Which TWO of the following suggestions will be most likely to help prevent fraud when recruiting the engineers?

- A. Checking that the engineers do not belong to a union.
- B. Having a defined fraud policy statement that includes recruitment issues.
- C. Checking that the engineers have previous experience in a similar business.
- D. Taking up references from previous employers.
- E. Checking that the engineers have a professional engineering qualification.

Answer: B,D ([LEAVE A REPLY](#))

NEW QUESTION: 84

Which of the following statements concerning the use of balanced scorecards to measure divisional performance is correct?

- A. The input for balanced scorecard reports comes from many sources so it is not possible to misrepresent performance.
- B. Dysfunctional behaviour is impossible because divisional managers are evaluated on so many different decisions.
- C. Dysfunctional behaviour is more difficult than under traditional reporting because a wide range of factors will be measured and reported.
- D. Contradictory and inconsistent targets prevent balanced scorecards being a useful tool for performance evaluation.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 85

A hospital is part of a government provided health service which is free to patients. The management of the hospital is concerned with the need to minimise the risks to which the hospital is exposed from patient litigation.

In this context, which TWO of the following are appropriate steps to manage this risk?

- A. The management refuses to allow the hospital to participate in the Major Accident Plan for the city in which it is located. It believes the Plan could expose the hospital to excessive risk.
- B. Ensure that proper documentation is in place for all patients showing such details as symptoms, treatments, and test results.
- C. Ensuring that a policy is in place to transfer or discharge critically ill patients so as to minimise fatalities in the hospital.
- D. Allocating a risk score to patients depending on age, general health and similar consideration and refusing to admit patients whose risk score exceeds a certain threshold.
- E. Ensuring that patients undergoing procedures sign documentation to confirm that the risks have been explained to them and that they understand.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 86

YHU manufactures flour from wheat (that it purchases from wheat wholesalers who buy the grain in bulk from farmers around the world and import it to YHU's home country).

YHU sells its flour as "organic and free from genetically modified grain" It is difficult to test wheat to ensure that it is organic and impossible to prove that it has not been obtained from genetically modified crops YHU must trust its wholesalers to check the provenance of the wheat that they buy for resale to YHU.

Without YHU's knowledge, a consignment of wheat that it has used to make flour was purchased from a farmer who used genetically modified seed. The wholesaler made an error in tracking this consignment through its inventory system and sold it to YHU as organic and free from genetically modified grain Which TWO of the following are correct?


- A. The risk of YHU discovering this error is minimal because the wholesaler will both have to realise its mistake and be willing to admit to it.
- B. YHU's total risk is affected by both the risk that the flour was incorrectly labelled and that the company was unaware of that fact
- C. YHU could easily eliminate the risks associated with such errors by putting a prominent warning on its flour bags that they may contain flour made from non-organic or genetically modified flour.
- D. YHU should ignore the interaction between risk factors when considering its response to the possibility of mislabelled ingredients
- E. If YHU admits to this error then there is a strong risk that customers will take legal action for being sold a dangerous product and that the courts will find in the customers' favors.

Answer: B,E (LEAVE A REPLY)

NEW QUESTION: 87

B uses a balanced scorecard to monitor the performance of its divisions.

Classify each of the following decisions taken by a division's management team as either commercially sound or dysfunctional.

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.	 CIMA Commercially sound Dysfunctional
A prize has been offered for the production team that exceeds quality targets by the greatest margin.	
A senior manager was asked to assist in the development of a tender document for a large sales contract.	
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.	
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.	
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	

Answer:

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.

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Dysfunctional	
Commercially sound	Commercially sound
Commercially sound	
Dysfunctional	Dysfunctional
Dysfunctional	
Commercially sound	

Dysfunctional
Commercially sound
Commercially sound
Dysfunctional
Dysfunctional
Commercially sound

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NEW QUESTION: 88

N, a large company in the food production industry, has grown over the years by the acquisition of several smaller rivals. The company 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 these would be most likely to improve the overall control system?

A. 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.

B. Establishing an Internal Audit department.

C. 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.

D. 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.

E. N has just opened a bank account in the currency in which the newly opened branch is now operating.

Answer: A,B (LEAVE A REPLY)

NEW QUESTION: 89

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?

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

Answer: A,C ([LEAVE A REPLY](#))

NEW QUESTION: 90

Risk management involves all parties in an organisation.

Which of the following describe the Board's responsibilities for risk management?

- A. The Board is responsible for safeguarding the company's assets.
- B. The Board is responsible for addressing any weaknesses in internal controls.
- C. The Board is responsible for considering whether weaknesses in internal controls need to be addressed.
- D. The Board is responsible for maintaining a robust system of internal controls.
- E. The Board is responsible for choosing the least risk products to promote.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 91

You are the Management Accountant for a company which supplies baked food to a string of retail outlets; biscuits, cakes, savoury snacks etc.

You discover that a trainee employee, who is responsible for cleaning out the delivery vans has been taking damaged goods and packets which have reached their sales expiry date and has been selling them to friends.

These products would otherwise have been discarded as waste.

The trainee in question is the nephew of one of the senior managers.

What is the correct course of action?

- A. Have a quiet word with the trainee and ask him to stop.
- B. Do nothing, the product was designated as waste anyway.
- C. Document the facts and escalate to the trainee's manager.
- D. Have a quiet word with the senior manager, the trainee's relative and ask them to deal with it.

Answer: C ([LEAVE A REPLY](#))

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NEW QUESTION: 92

A project requires a capital investment of £2.7million. The project will save £450,000 each year after taxation.

Assume the savings are in perpetuity. The business risk of the venture requires a 15% discount rate. The company has to borrow £1million to finance the project at a rate of 9% and the net tax shield is 30%, the project supports debt which generates an interest tax shield of $0.30 \times 0.09 \times £1\text{million}$, which is £27,000 per year in perpetuity.

Calculate the project's adjusted present value.

- A. 0
- B. £570,000
- C. £600,000
- D. £(30,000)

Answer: C (LEAVE A REPLY)

NEW QUESTION: 93

Which of the following best describes the conflict between maximising profit and maximising shareholder wealth?

- A. Profit and shareholder wealth are unrelated.
- B. Tax is paid on profit, but not on shareholder wealth.
- C. Profits can be increased from one year to the next without increasing shareholder wealth.
- D. Managers are generally more interested in maximising shareholder wealth than in maximising profits or sales.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 94

An internal audit investigation involved conducting compliance tests on the processing of purchase invoices.

The purchase ledger clerk compares invoices against purchase orders and passes them for payment. The invoices are then input into a computerised purchase ledger system. The system checks that the supplier has a valid purchase ledger account, as authorised by the chief buyer, before crediting the supplier's account with the value of the invoice.

The internal auditor checked a sample of recorded purchase invoices against their corresponding purchase orders. The internal auditor found four cases where invoices could not be agreed to corresponding purchase orders.

What is the potential significance of this compliance error?

- A. Payments could be made to non-existent suppliers
- B. The purchase ledger clerk could have ordered goods for her own personal use.
- C. The discrepancy is a minor one and should be ignored
- D. The purchase ledger clerk could make fraudulent payments to herself.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 95

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

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

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 96

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

MNB is attempting to expand its operations in Europe. This is seen as a major challenge as the European market is very well developed and highly competitive.

MNB develops and manufactures its own products. Parts and assemblies are sourced across Asia, America and Europe. These are sometimes purchased locally as a condition of a contract, but MNB aims to include as much of its own equipment as possible. Transfer prices between MNB's subsidiaries 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 with sales cycles running at 3-4 months.

What types of risk are being presented here?

- A. Economic risk
- B. Currency risk
- C. Legal risk
- D. Environmental risk
- E. Fraud risk
- F. Political risk

Answer: A,B,F ([LEAVE A REPLY](#))

NEW QUESTION: 97

As part of risk assessment exercise for a low-cost airline you are requested to match the risks listed below with the most appropriate method of minimising or dealing with each risk.

Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
Fuel price increase	Maintain proper Human Resource procedures
Industrial relations difficulties with crew	Use appropriate financial instruments
Increase in capital cost of aircraft	Careful capacity planning and forecasting

Answer:

Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
Fuel price increase	Use appropriate financial instruments
Industrial relations difficulties with crew	Maintain proper Human Resource procedures
Increase in capital cost of aircraft	Careful capacity planning and forecasting

Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
Fuel price increase	Use appropriate financial instruments
Industrial relations difficulties with crew	Maintain proper Human Resource procedures
Increase in capital cost of aircraft	Careful capacity planning and forecasting

NEW QUESTION: 98

Return on capital employed (ROCE) can be a useful measure of divisional performance. For which of the following types of company is ROCE likely to be most appropriate?

- A. Companies which have been created by extensive acquisition and merger activity and include divisions engaged in a variety of activities.
- B. Companies in the not-for-profit sector.
- C. Companies in which there is extensive investment in physical assets, such as plant and machinery, with divisions which undertake broadly similar activities.
- D. Companies in which there is extensive investment in intellectual property and intangible assets, such as brands and trade marks.

Answer: C (**LEAVE A REPLY**)

NEW QUESTION: 99

Which TWO of the following are NOT methods used for risk identification?

- A. Designing a process to deal with complaints
- B. Employing external advisors with specialist knowledge
- C. Accounting for waste in a manufacturing process
- D. Carrying out interviews on key members of staff
- E. Brainstorming ideas with colleagues from different disciplines within the business

Answer: A,C ([LEAVE A REPLY](#))

NEW QUESTION: 100

V buys vegetables and fruit from three farms located in a different part of V's country and sells them to large supermarket chains.

A recent newspaper magazine had an article on these farms showing that the farms employ illegal immigrants whose status was used by the factory's owners to force them to work for low wages and in unpleasant conditions. They are forced to live in small overcrowded caravans with no running water. They are also given meals which are cold and poor quality. These farms are located in a developed country with strong labour laws.

Classify each of the following statements as true or false.

True	False
V's share price is likely to fall as a result of this article.	
V is entitled to blame the Government of the farms' host country for failing to supervise conditions properly	
V's only responsibility is to its shareholders and those who are employed directly by the company	
It will be difficult for V to restore its reputation.	
V should investigate the conditions at all of the other farms that it uses.	

Answer:

True	False
V's share price is likely to fall as a result of this article.	True
V is entitled to blame the Government of the farms' host country for failing to supervise conditions properly	False
V's only responsibility is to its shareholders and those who are employed directly by the company	False
It will be difficult for V to restore its reputation.	True
V should investigate the conditions at all of the other farms that it uses.	True

True
False
False
True
True

NEW QUESTION: 101

RFD, a listed company, is considering making an investment in a risky new venture. RFD has a substantial cash surplus that will be used to acquire the necessary resources. It is unlikely that RFD would have been able to raise finance for this investment because the company is already highly geared.

Which of the following statements about stakeholders' conflicting interests are true?

- A. RFD's existing employees are likely to enjoy a significant upside risk from this project.
- B. RFD's shareholders are exposed to the systematic risk from this project and the directors are exposed to total risk.
- C. Neither RFD's shareholders or lenders are likely to have the means to prevent the directors from making this investment.
- D. RFD's lenders are likely to suffer a greater risk than RFD's equity investors.
- E. The diversification of RFD's interests will reduce the risks for all stakeholders.

Answer: B,C,D (LEAVE A REPLY)

NEW QUESTION: 102

VBN uses a balanced scorecard to monitor the performance of its divisions.

Classify each of the following decisions taken by a division's management team as either commercially sound or dysfunctional.

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.		Commercially sound
A prize has been offered for the production team that exceeds quality targets by the greatest margin.		
A senior manager was asked to assist in the development of a tender document for a large sales contract.		
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.		Dysfunctional
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.		
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.		

Answer:

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.	Dysfunctional	
A prize has been offered for the production team that exceeds quality targets by the greatest margin.	Commercially sound	
A senior manager was asked to assist in the development of a tender document for a large sales contract.	Commercially sound	
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.	Dysfunctional	
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.	Dysfunctional	
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	Commercially sound	

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.	Dysfunctional	
A prize has been offered for the production team that exceeds quality targets by the greatest margin.	Commercially sound	
A senior manager was asked to assist in the development of a tender document for a large sales contract.	Commercially sound	
Customers are being offered incentives to state that they are totally satisfied when surveyed by VBN's sales team.	Dysfunctional	
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.	Dysfunctional	
Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	Commercially sound	

NEW QUESTION: 103

B is a small retail bank that offers customers many on-the services B is keen to ensure sound security both to protect the bank's assets and also to safeguard customer privacy B's IT Security Manager has suggested that the bank should use two phase authentication for access to the on-line systems Which TWO of the following are examples of two phase authentication?

- A. Customer passwords must contain both letters and numbers and must be changed regularly.
- B. Customers first input a password and then receive an access code via email or text message that also has to be input
- C. Customers first input a password and then use a card or token to gain access
- D. Customers must input a valid user name and then input a password user name first input a password and then a pin number

Answer: A,B (LEAVE A REPLY)

NEW QUESTION: 104

SDF has a variable rate loan of \$100 million on which it is paying interest of LIBOR + 2%.

SDF entered into a swap with CV bank to convert this to a fixed rate 7% loan. CV bank charges an annual commission of 0.3% for making this arrangement.

Calculate the net payment from SDF to CV bank at the end of the first year if LIBOR was 3% throughout the year.

Give your answer in \$ million, to one decimal place.

Answer:

\$2.3 million

NEW QUESTION: 105

Physical access controls can greatly enhance the security of company assets.

Select THREE methods by which physical access security can be significantly enhanced.

- A. Use of CCTV cameras monitoring all access points, with security guards monitoring images and a secured system making a recording.
- B. Personal individual ID card access, logging individual person movement through every door, which is otherwise locked.
- C. Use of access control pads with numerical keys on every door, which is otherwise locked.
- D. Use of one way mirrors, so people can be observed undetected.
- E. Use of USB sticks and removable media should be prohibited.

F. Visitors to be logged in by security staff and to be accompanied by a member of staff at all times until they leave.

Answer: A,B,F (LEAVE A REPLY)

NEW QUESTION: 106

T has its computer facilities in a building adjacent to its headquarters. Severe structural problems have been discovered with this building and T has been advised that the only option is demolition and rebuild. This leaves T with strategic decisions to make about its IT provision and it has decided to investigate the outsourcing of its services. Which TWO of the following factors should T consider as most important at this stage?

- A. A supplier who has facilities conveniently located close to its headquarters
- B. A supplier with a long history of providing outsourcing services
- C. A supplier who provides a wide range of services
- D. A supplier who can act as its agent in choosing the cheapest options
- E. A supplier who can act as a partner in considering all its business needs

Answer: A,B (LEAVE A REPLY)

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NEW QUESTION: 107

BCD has recently experienced a cyber security breach which fortunately was carried out by someone more interested in demonstrating the weakness in its defence than by someone malicious. This has made BCD realise that its cyber defence is inadequate. BCD has engaged a cyber security consultant who has advised BCD to set up a Computer Incident Response Team (GIRT). What THREE of the following activities would this CIRT have responsibility for?

Recruit specialist security staff to avoid an incident

- A. Carry out or assist with any investigations of an incident
- B. Ensure all security policies are carried out to avoid an incident.
- C. Restore normal operations as soon as possible after an incident.
- D. Manage or assist with any communications throughout an incident
- E. Advise on best products against malware attacks to prevent an incident.

Answer: (SHOW ANSWER)

NEW QUESTION: 108

You are the management accountant for YY a food manufacturing company with an annual sales revenue of \$6 million

You discover that the production manager's records are inconsistent Raw materials purchased do not agree with the total recorded for transfers to production plus wastage There is an average shortfall of 2% of purchases You have investigated and discovered that there are often errors made during manufacturing that results in food that is safe to eat but. because of visual flaws, cannot be sold The production manager is supposed to scrap all such damaged products and write all such losses off as waste You have discovered however that he has been giving the damaged food to a charity that assists homeless people No records are made of such gifts in order to conceal the losses due to manufacturing errors Which of the following actions should you take? Select ALL that apply

- A. Instigate a review of the production process to potentially reduce the amount of wastage.
- B. Instigate a process whereby edible but unsellable items can be given to the charity officially
- C. Instigate disciplinary action this is both theft and poor management
- D. Instigate a confidential but documented review with the production manager and tell him to stop
- E. Do nothing; this is a good cause and the amount is insignificant

Answer: A,B,C ([LEAVE A REPLY](#))

NEW QUESTION: 109

In terms of Cyber Security, which THREE of the following represent Personally Identifiable Information (PII)?

- A. Old phone number
- B. Position held in a charity.
- C. Sports club membership number
- D. Model of first car.
- E. First pet's name
- F. Football team affiliation

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 110

Which of the following are true of interest rate swaps?

- A. Some companies use interest rate swaps to deliberately increase their risks because they believe that they are better at predicting future interest rates than the market.
- B. An interest rate swap is an external hedging technique.
- C. Risk of default is high from the floating interest rate payer if interest rates rise.
- D. An interest rate swap is an internal hedging technique.
- E. When interest rates are falling, the risk of default by the fixed interest rate payer is low.

Answer: A,B,C ([LEAVE A REPLY](#))

NEW QUESTION: 111

BCD has set up a number of functions within its security operations centre (SOC) One of these is a Hunt team.

Which of the following is the primary function of a Hunt team?

- A. To look for signs that BCD's system has been breached
- B. To look for weaknesses in BCD's cyber security system.
- C. To look for weaknesses in other peoples' systems
- D. To look for solutions in response to threats.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 112

Will owns \$400,000 of shares in Company X.

Company X has a daily volatility of 1% of its share price.

Calculate the 28 day value at risk that shows the most Will can expect to lose during a 28 day period.

(Will wishes to be 90% certain that the actual loss in any month will be less than your predicted figure).

Give your answer to the nearest \$000.

Answer:

\$27

NEW QUESTION: 113

Why do businesses take risks?

Select the TWO correct answers.

- A. Risk taking provides businesses with opportunities to make better returns.
- B. Risk taking allows businesses to save time by not having to find out all the facts before they embark on new projects.
- C. Risk taking can give the impression that senior management roles are very dynamic.
- D. Risk taking allows for multiple random outcomes, some of which may be worth chasing.
- E. Risk taking can assist businesses to gain an advantage on their competitors.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 114

UIO designs clothes and pays third parties to manufacture them A recent television programme showed that two of the factories used by UIO were employing illegal immigrants whose status was used by the factory's owners to force them to work for low wages and in unpleasant and dangerous conditions. These factories were located in a developed country with strong labour laws Classify each of the following statements as true or false:



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True	False
------	-------

UIO's share price is likely to fall because of this programme.	
UIO is entitled to blame the government of the factories' host country for failing to supervise conditions properly.	
UIO's only responsibility is to its shareholders and those who are employed directly by the company.	
It will be difficult for UIO to restore its reputation.	
It will be a valid defence if UIO can show that the factories were charging the full market rate for the work being done.	
UIO should investigate the conditions at all of the other factories that it uses.	

Answer:

True	False
------	-------

UIO's share price is likely to fall because of this programme.	True
UIO is entitled to blame the government of the factories' host country for failing to supervise conditions properly.	False
UIO's only responsibility is to its shareholders and those who are employed directly by the company.	False
It will be difficult for UIO to restore its reputation.	True
It will be a valid defence if UIO can show that the factories were charging the full market rate for the work being done.	False
UIO should investigate the conditions at all of the other factories that it uses.	True



UIO's share price is likely to fall because of this programme.	True
UIO is entitled to blame the government of the factories' host country for failing to supervise conditions properly.	False
UIO's only responsibility is to its shareholders and those who are employed directly by the company.	False
It will be difficult for UIO to restore its reputation.	True
It will be a valid defence if UIO can show that the factories were charging the full market rate for the work being done.	False
UIO should investigate the conditions at all of the other factories that it uses.	True

NEW QUESTION: 115

University B has several departments. Each department at times obtains funding from different sources such as government grants and industry sponsorships. The central management of the university has decided to develop a module within its current Information System to track these funds centrally.

The central management of the University has decided to utilise in-house expertise in order to build this module.

Which THREE of the following represent advantages of developing this module and doing so using in-house expertise?

- A. In-house experts will be more easily able to integrate the module into the existing system.
- B. The system may limit the freedom of heads of department to act with autonomy.
- C. There is a better chance that in-house experts will spot long-standing inefficiencies or anomalies in the existing system.
- D. Time will be saved because there will be no need to explain the basic structure and operations of the University to an outside contractor.
- E. The system will make it easier for central management in the University to access the performance of individuals, departments and groups.

Answer: (SHOW ANSWER)

NEW QUESTION: 116

G plc has decided to move its production plant to overseas Country A.

This would make the product cheaper to produce. The technology used to make the product is very advanced and some of the staff would have to move to Country A.

The Production Director has identified that there are some political risks in moving to Country A.

Match the methods of reducing the political risks associated with the move to Country A with the corresponding risks.

The Government of Country A could introduce high taxes for outside companies which would make it difficult for G plc to continue production in		Import partly completed products from G plc's own country
The Government of country A could refuse to grant visas to G plc's staff who have to move to country A		Employ at least 50% local people in the production plant
Local staff could find out how to make the product and use that knowledge to start a production plant of their own		Take out a loan with a bank in country A.
The Government of country A could refuse to renew visas for staff brought from G plc's own country		

Answer:

The Government of Country A could introduce high taxes for outside companies which would make it difficult for G plc to continue production in	Take out a loan with a bank in country A.	Import partly completed products from G plc's own country
The Government of country A could refuse to grant visas to G plc's staff who have to move to country A	Employ at least 50% local people in the production plant	Employ at least 50% local people in the production plant
Local staff could find out how to make the product and use that knowledge to start a production plant of their own	Import partly completed products from G plc's own country	Take out a loan with a bank in country A.
The Government of country A could refuse to renew visas for staff brought from G plc's own country	Employ at least 50% local people in the production plant	

Take out a loan with a bank in country A.

Employ at least 50% local people in the production plant.

Import partly completed products from G plc's own country.

Employ at least 50% local people in the production plant.

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