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NEW QUESTION: 1

K has several subsidiary companies. The directors of K's subsidiaries are paid an annual bonus based upon their particular subsidiary's reported profits.

The directors of one of K's subsidiaries are considering the choice between two models of a machine.

Which of the following is most likely to explain the decision to choose model X over model Y?

A. Model X has a better combination of investment and running costs.

B. Model X is the less risky investment.

C. Investing in model X will mean the subsidiary will show a higher profit.

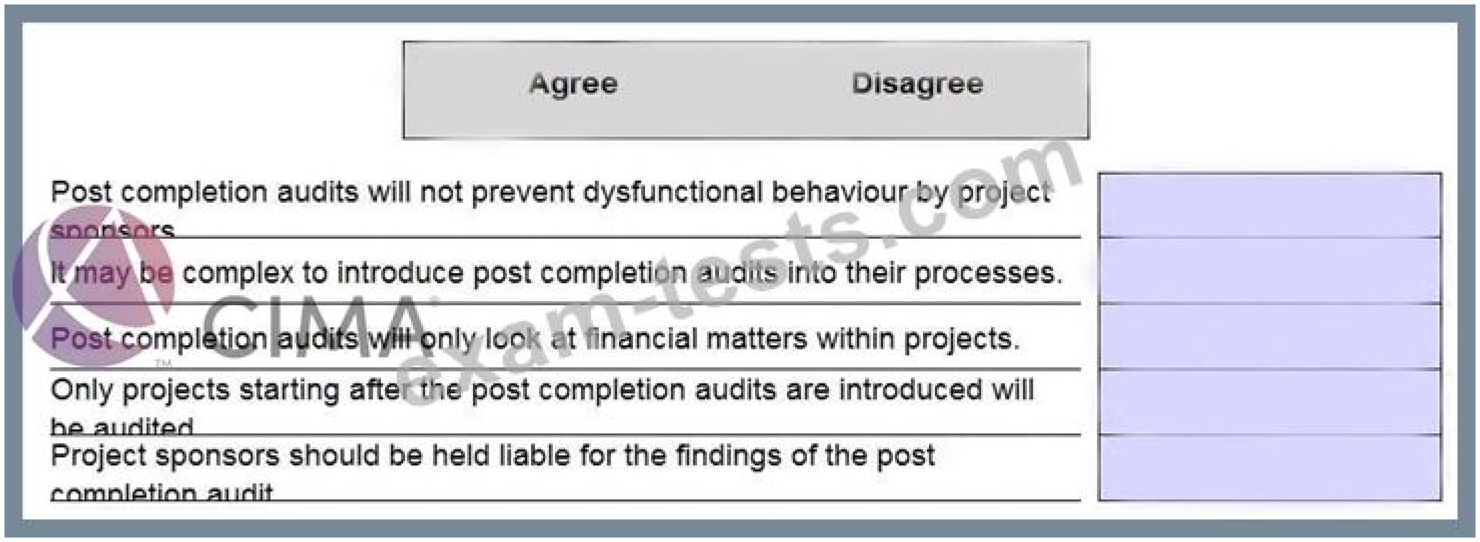
D. Investing in model X will lead to a higher share price.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 2

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

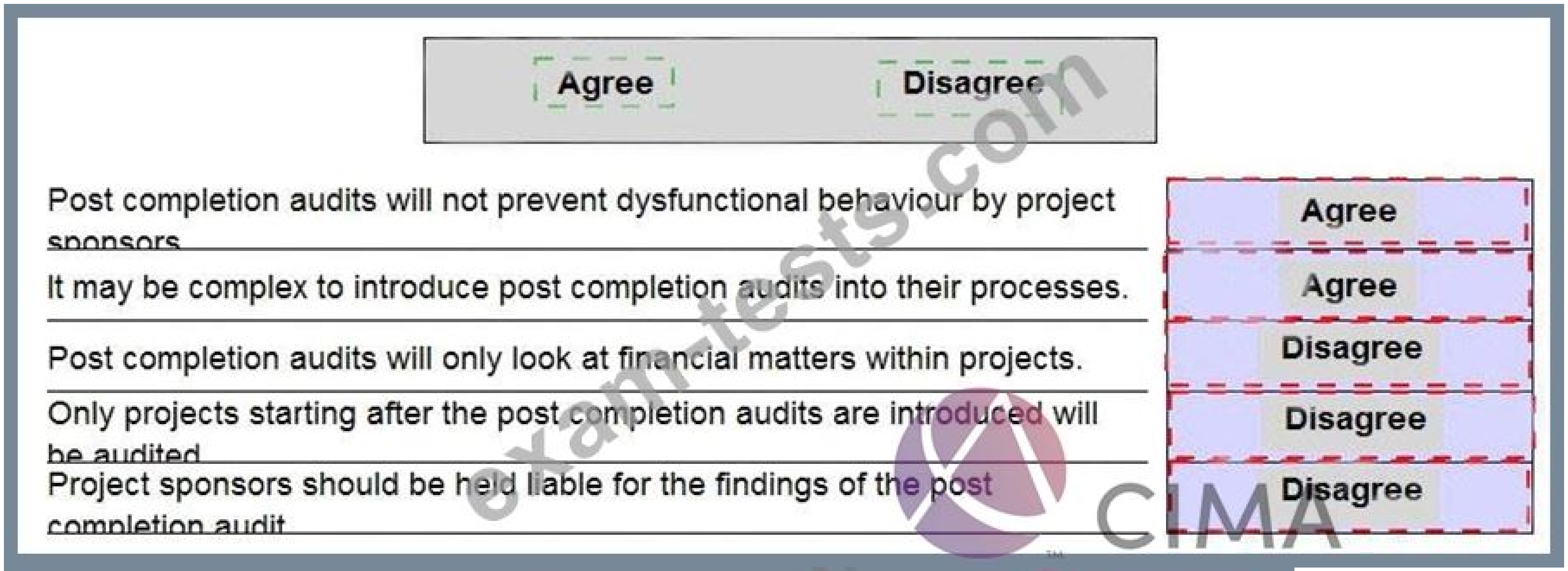
Over the past decade the company has invested in 55 projects that have cost more than $1m. They are considering introducing a system of post completion audit to see if this will help them to understand any problems they have had with projects in the past. They hope to use the results of the post completion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

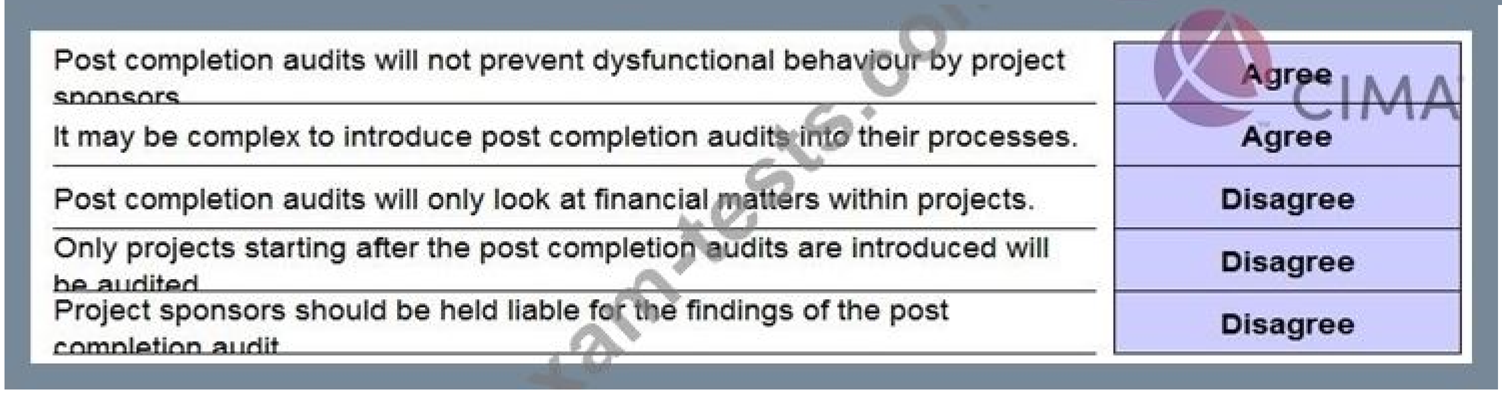
Post completion audits will not prevent dysfunctional behaviour by project sponsors	
It may be complex to introduce post completion audits into their processes.	
Post completion audits will only look at financial matters within projects.	
Only projects starting after the post completion audits are introduced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

Answer:



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: 3

H is a farmer. An outbreak of a contagious animal disease has just been detected near the region where the farm is located. This could potentially lead to substantial financial losses for H.

In these circumstances, which of the following responses by H is the most appropriate?

A. Transfer the risk by taking out a substantial level of insurance cover.

B. Accept the risk and carry on as previously.

C. Reduce the risk by strict adherence to all government imposed animal movement restrictions, by the appropriate use of disinfectants and by similiar precautions.
D. Avoid the risk by the immediate cessation of all animal farming activities and the sale or disposal of all animals currently held on the farm.
Answer: C (LEAVE A REPLY)

NEW QUESTION: 4
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 it may be difficult to sell its products in Northland.
B. The risk that Northland may not be able to support N's technology requirements.
C. The risk that interest rates may rise making N's loans expensive.
D. The risk that Northland's government may introduce policies that would be unfavorable to N.
E. The risk that the Northland currency may strengthen making it expensive.
Answer: A,B (LEAVE A REPLY)

NEW QUESTION: 5
Which TWO of the following are NOT methods used for risk identification?
A. Carrying out interviews on key members of staff
B. Employing external advisors with specialist knowledge
C. Accounting for waste in a manufacturing process
D. Brainstorming ideas with colleagues from different disciplines within the business
E. Designing a process to deal with complaints
Answer: D,E (LEAVE A REPLY)

NEW QUESTION: 6
As part of risk assessment exercise for a low-cost airline you are requested to match the risks listed below with the most approriate 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 forcasting

Answer:

Risk assessment	Appropriate method
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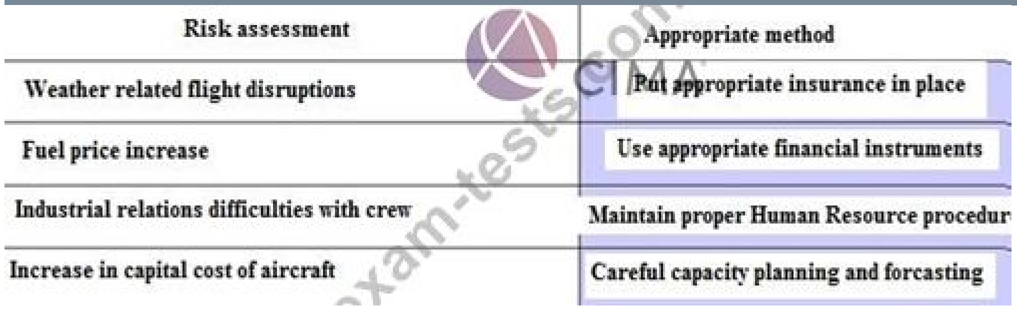

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Weather related flight disruptions	Put appropriate insurance in place
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NEW QUESTION: 7

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

A. Accounting for waste in a manufacturing process

B. Designing a process to deal with complaints

C. Brainstorming ideas with colleagues from different disciplines within the business

D. Carrying out interviews on key members of staff

E. Employing external advisors with specialist knowledge

Answer: (SHOW ANSWER)

NEW QUESTION: 8

Which of the following statements are correct?

A. Risk should be carefully considered when evaluating possible future projects.

B. It is always possible to remove all risks when undertaking large projects.

C. If a project has high risks it should always be accepted as the rewards will always be high.

D. Risk can always be transferred to someone else.

E. If a project has low risks it will usually have relatively low returns.

Answer: A,E (LEAVE A REPLY)

NEW QUESTION: 9

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

Answer: D,E (LEAVE A REPLY)

NEW QUESTION: 10

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 buy very small gifts for key clients.
B. Being asked to work weekends working out tenders for new contracts.
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: 11

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.

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.

Commercially sound

Dysfunctional

Answer:

The profit target has been met, so new customers are being granted massive discounts to meet the target for new customers.	Dysfunctional
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Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	Commercially sound

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Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.	Commercially sound

Commercially sound

Dysfunctional

NEW QUESTION: 12

Under the COSO Enterprise Risk Management Framework, who is responsible for risk management?

A. Every member of the entity.

B. Managers and directors only.

C. The board of directors only.

D. The shareholders.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 13

UIO sells mobile phones through a cham of 100 shops spread across the country Shop managers have considerable discretion over pncmg 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 are encouraged to sell phones at a loss

B. UIO's shop managers have an incentive to develop attractive sates promotions for their shops

C. UIO's shop managers may have very little sense of loyalty to the company

D. LHO's shop managers have an incentive to offer excellent customer service

E. UIO's shop managers are encouraged to take risks that may harm UIO

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

NEW QUESTION: 14

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C. CDE will need to implement a new firewall to prevent this type of attack.

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

E. CDE is likely to face significant fines for the breach.

Answer: (SHOW ANSWER)

NEW QUESTION: 15

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. Document the facts and escalate to the trainee's manager.

C. Do nothing, the product was designated as waste anyway.

D. Have a quiet word with the senior manager, the trainee's relative and ask them to deal with it.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 16

H manufactures and sells healthy dietary supplements. The company recruits individuals as part-time agents to sell its products to friends and colleagues. These agents are required to buy H's products and to resell them at a small mark-up.

For a fee, H will provide agents with training in persuasive selling techniques. Agents who pass exams at the conclusion of this training can become distributors. Distributors buy bulk quantities of H's products at a discount and can recruit their own sales agents. Those agents can also take training and can recruit agents of their own.

At what stage does H stop being a legitimate business and become a pyramid selling fraud?

A. When it offers its agents more reward for recruiting other agents than for selling its product.

B. When its training programmes promise to unlock the secret of selling its product.

C. When it offers returns on its agents' investments that seem remarkable.

D. When it asks its agents to buy product and marketing material up front.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 17

In relation to the use of the adjusted present value (APV) technique, which of the following statements are correct?

A. To apply APV, the proportions of debt and equity in the capital structure must be known.

B. The weighted average cost of capital - net present value technique and the APV technique will, if applied correctly, give the same answer.

C. To apply APV the actual amounts of debt and equity in the capital structure must be known.

D. The interest tax shield on the project's debt must be known, or at least estimated.

Answer: B,D (LEAVE A REPLY)

NEW QUESTION: 18

A project has a net present value of $2 million.

Total cash outflows of this project have a present value of $14 million, which includes staff costs of $10 million.

What is the project's sensitivity to staff costs?

A. 20%

B. 14%

C. 71%

D. 63%

Answer: A (LEAVE A REPLY)

NEW QUESTION: 19

CH makes a popular type of chocolate bar The bars are made on a production line and are scanned for size and shape as they move along the line Wrong sized and misshapen bars are rejected as being poor quality. The scanner detects 90% of poor quality bars. If CH wants to reduce the risk of poor quality bars being sold to the public it can add a further check by a person scanning the production line as well. this check would detect 80% of poor quality bars If the further check was implemented what percentage of poor quality bars would still get through the checking process?

A. 30%

B. 7.2%

C. 2%

D. 10%

Answer: C (LEAVE A REPLY)

NEW QUESTION: 20

Which of the following actions would breach CIMA's Code of Ethics for Professional Accountants?

A. An accountant has been asked to confirm that a complex financial instrument that has been recommended by the bank is suitable for the company. The accountant does not understand the instrument, but has confirmed its suitability because senior management wishes to use it.

B. An accountant has been asked to select a new supplier and has decided to recommend a supplier based in country A because that will give the accountant an excuse to visit a family member who lives there.

C. An accountant has been asked to evaluate an investment opportunity that is open for a very short time.

The accountant has recommended rejecting the opportunity without doing any evaluation because he was too busy to study the proposal properly.

D. An accountant has been asked to compile a list of all contacts at the company's bank so that they can be included in the mailing list for the calendar and coffee mug that are distributed as business gifts by the company in December of every year.

E. An accountant has been asked to identify the two least profitable factories so that they can be closed down, with the loss of all jobs. All of the company's factories are located in areas of high unemployment.

Answer: (SHOW ANSWER)

NEW QUESTION: 21

M is a multinational IT company with headquarters in Asia and with operations in all continents.
It is now trying to expand its operations in Europe. This is seen as a major challenge as the European market is very well developed with established players in fierce competition against each other.
As well as developing and producing its own products, it sources products across Asia, America and Europe as part of infrastructure deals which have to include as much of its own equipment as possible. In doing this, transfer prices can be set in YEN, USD, EURO, GBP.
Transfer prices are revised every month in line with production times as most goods are made on short order times with sales cycles running at 3-4 months.
The longer sales cycle against committed transfer pricing presents problems as customers expect quotes to be valid for 90 days whereas M's suppliers reserve the right to revise pricing at the end of every month with quotes only valid for 8 days in the following month.
How should M deal with this problem?

A. Do nothing, everyone is in the same situation.

B. Use a centralised treasury function to set up unilateral netting so that all trades can be balanced off against each other before any money is transferred.

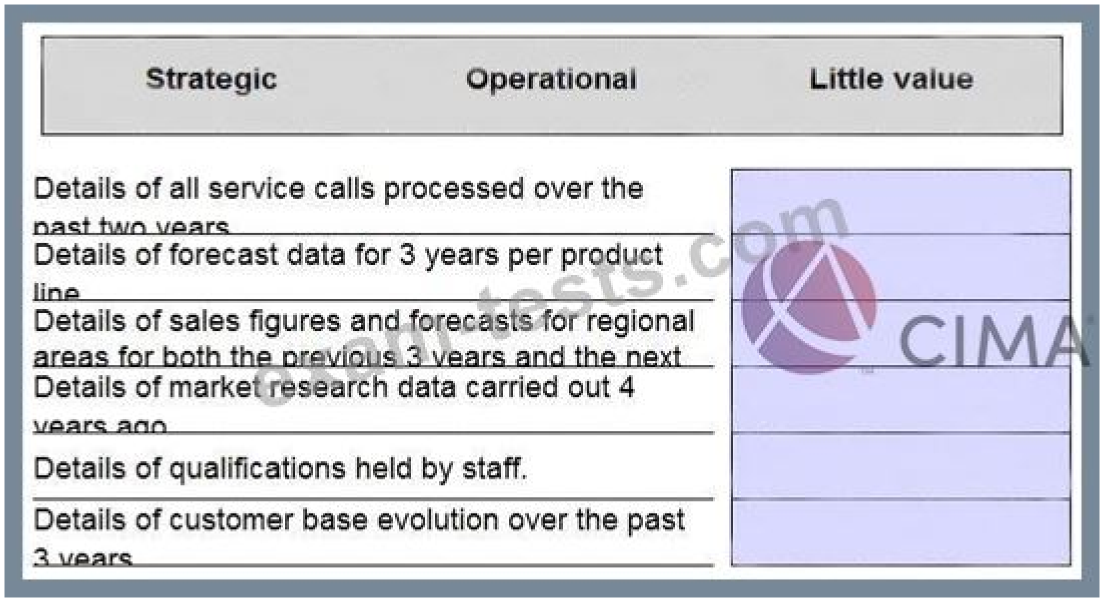
C. Incentivise sales persons to be more accurate when forecasting prices.

D. Offer a small discount for any customers who pay in M's home currency.

Answer: (SHOW ANSWER)

NEW QUESTION: 22

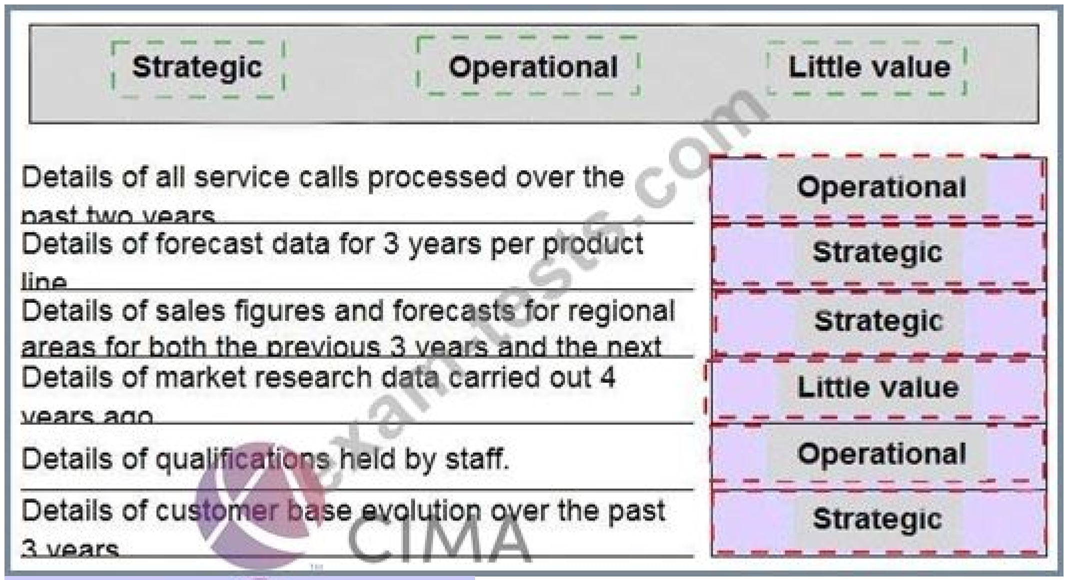
H sells machinery and also associated services, such as advice and repairs. H's industry is going through considerable transformation.
Classify each of the examples of information available to H's management as strategic, operational or of having little value.



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: 23

FGT is evaluating the political risks associated with its operations around the world.

Which of the following would indicate that a particular subsidiary has a high level of political risk?

A. Forthcoming elections in the subsidiary's host country.

B. Company law in the subsidiary host country is lax.

C. The subsidiary's host country requires the active participation of local partners before the subsidiary can operate.

D. The subsidiary is located a considerable distance from FGT's home country.

E. The subsidiary employs a large number of nationals from the host country.

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

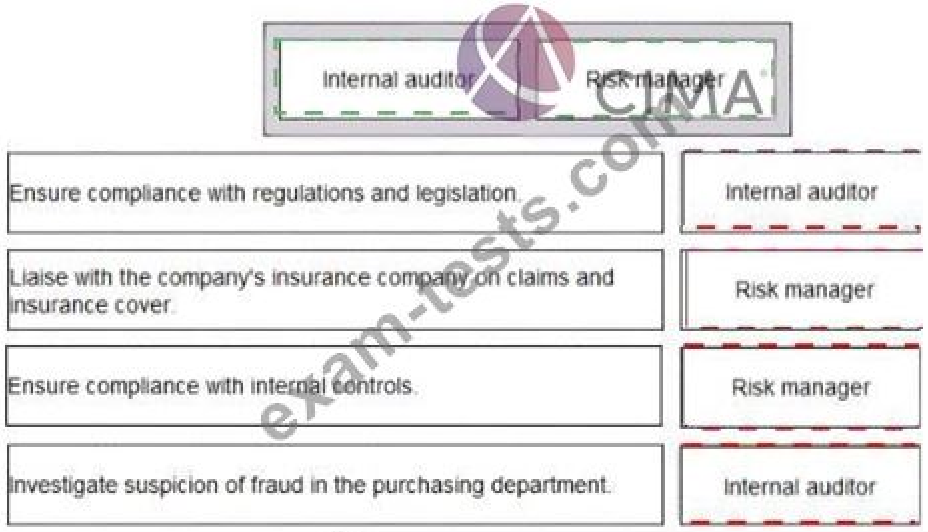
NEW QUESTION: 24

Assuming a company has both internal auditors and risk managers, indicate which of these would perform the duties listed below:

Internal auditor | Risk manager

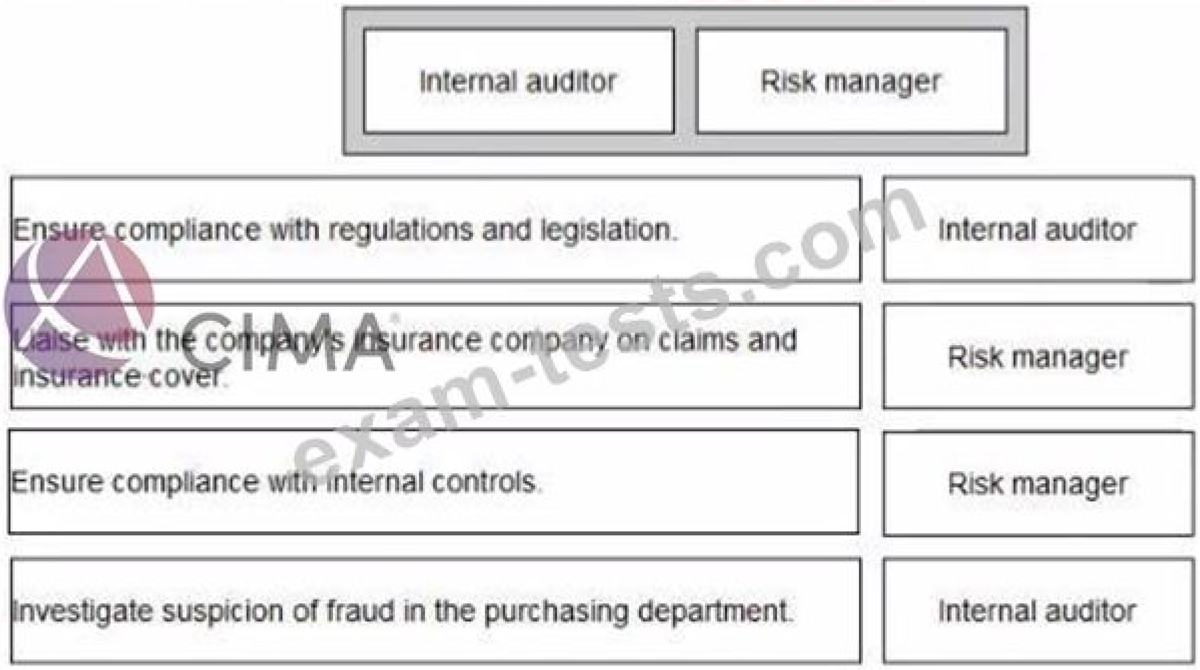
Ensure compliance with regulations and legislation.	
Liaise with the company's insurance company on claims and insurance cover.	
Ensure compliance with internal controls.	
Investigate suspicion of fraud in the purchasing department.	

Answer:



Internal auditor | Risk manager

Ensure compliance with regulations and legislation.	Internal auditor
Liaise with the company's insurance company on claims and insurance cover.	Risk manager
Ensure compliance with internal controls.	Risk manager
Investigate suspicion of fraud in the purchasing department.	Internal auditor



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Ensure compliance with internal controls.	Risk manager
Investigate suspicion of fraud in the purchasing department.	Internal auditor

NEW QUESTION: 25

Which of the following will increase the value of a call option?

A. A decrease in the volatility of the share.

B. An increase in the time to expiry.

C. A decrease in the market value of the share.

D. An increase in the strike price.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 26

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:

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NEW QUESTION: 27

P is a consulting firm that provides technical advice to the oil industry. The company has consulting teams that specialise in specific areas, namely drilling, off-shore, health and safety, oil well management and ng management. Each team's consultants are charged out to clients at the same daily rate.

The demand for different skill sets varies constantly due to factors such as movements in oil prices.

Exploration increases when the oil price rises and there is a greater focus on maintaining existing wells when the price fans.

The performance of P's sales team is measured in terms of revenue, based on the number of consultancy days sold Frequently the sales team agree to contracts without first checking that the relevant consulting team has consultants available. The work then has to be undertaken by subcontractors at P's expense. Sub-contractors cost more and their use can also lead to P's own consultants being under-utilised when assignments could have been scheduled more efficiently.
Which TWO of the following would correct this behavior?
A. Award additional incentives for selling P's own staff
B. Employ the sub-contractor stall as lull time P employees.
C. Allow P's consultants to go out on any job, regardless of specialism.
D. Measure the performance of P's sales team on margin contribution rather than revenue.
E. Reduce the number of consultants within P's teams.
Answer: (SHOW ANSWER)

NEW QUESTION: 28
Which of the following scenarios might be relevant stress tests for a potential lender to conduct? Which TWO of the following answers are correct?
A. The potential borrower might have to agree to a major wage increase for its employees.
B. The potential borrower might lose its three main customers.
C. The potential borrower might have manipulated the figures in the loan application.
D. The potential borrower might seek further debt in the future.
E. The potential borrower could be involved in an accounting scandal
Answer: (SHOW ANSWER)

NEW QUESTION: 29
B is a quoted construction company. Its Board consists of qualified and experienced engineers Which TWO of the following statements are correct?
A. Creating a nominations committee from B's Board will resolve any issues
B. B's Board cannot be blamed for recruiting like-minded individuals
C. The quality of Board decisions may decrease.
D. There is a greater risk of B's Board making strategic errors.
E. The greater consistency arising from the composition of B's Board will be beneficial
Answer: (SHOW ANSWER)

NEW QUESTION: 30
W is a construction company which undertakes large projects for governments and other clients worldwide.
Following extensive tendering processes, contracts are issued for successful tenders, and projects typically take three to five years to complete. Contracts are normally fixed-price and many have considerable penalty clauses.
Which of the following would be appropriate policies and controls for W to implement?
A. Unsuccessful tenders should be analysed to establish the cause of them failing to be awarded the work and help to avoid future failures.
B. Ensuring that the minimum legal wage is paid to all workers on the construction sites.
C. Contract terms should be worded precisely so that additional work is not deemed to form part of the contract.

D. In order to ensure the maximum chance of winning the contract, tenders always commit W to completing the work at the lowest possible price and in the shortest possible time.
E. The project steering committee and project board should receive regular project status reports.
F. Ensuring a consistent separation of duties between those involved in the preparation of tenders and those involved in the planning of projects.
Answer: A,C,E (LEAVE A REPLY)

NEW QUESTION: 31
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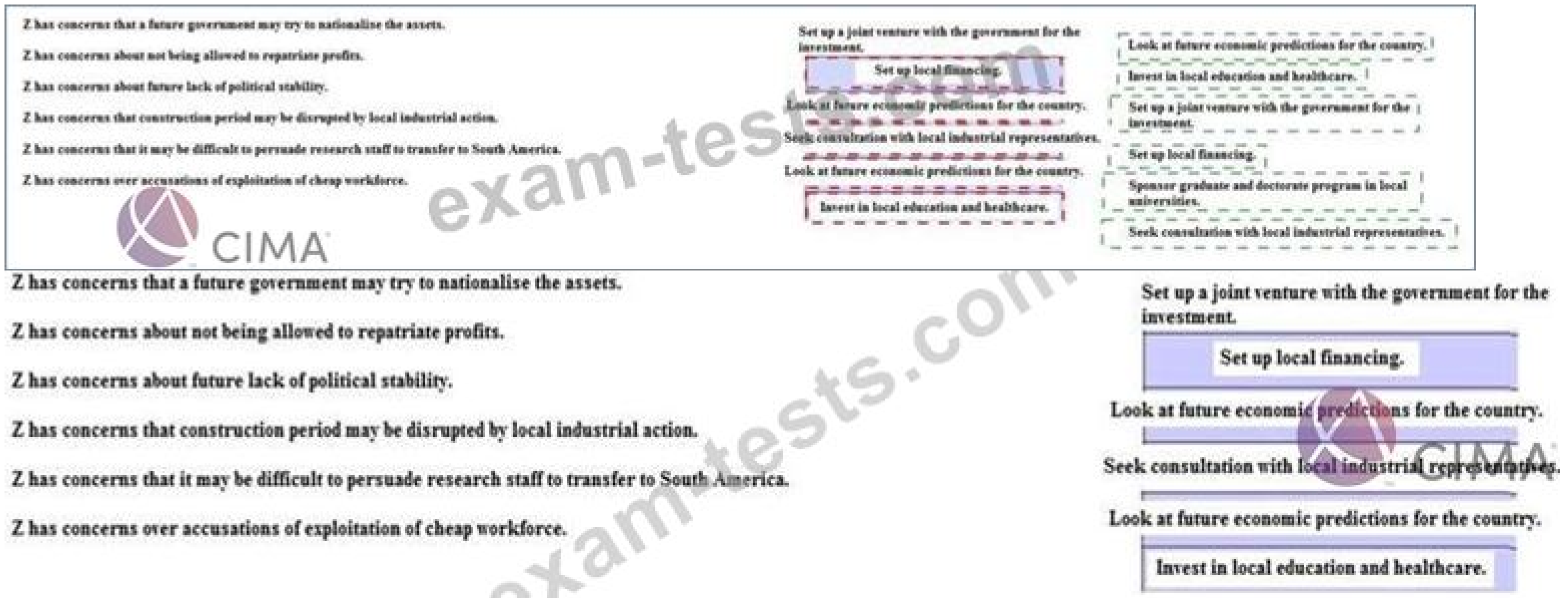

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Z has concerns about future lack of political stability.	Look at future economic predictions for the country.
Z has concerns that construction period may be disrupted by local industrial action.	Seek consultation with local industrial representatives.
Z has concerns that it may be difficult to persuade research staff to transfer to South America.	Look at future economic predictions for the country.
Z has concerns over accusations of exploitation of cheap workforce.	Invest in local education and healthcare.

NEW QUESTION: 32
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 process whereby edible but unsellable items can be given to the charity officially

B. Do nothing; this is a good cause and the amount is insignificant

C. Instigate a confidential but documented review with the production manager and tell him to stop

D. Instigate a review of the production process to potentially reduce the amount of wastage.

E. Instigate disciplinary action this is both theft and poor management

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

NEW QUESTION: 33

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.

Can be used to evaluate the sensitivity of the value of a company, or its cash flows, to a variety of risk factors.

Can be used to calculate the maximum loss on a portfolio occurring within a period of time with a given probability.

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.

Simulation analysis

Value at risk

Regression analysis

Expected value of risk

Answer:

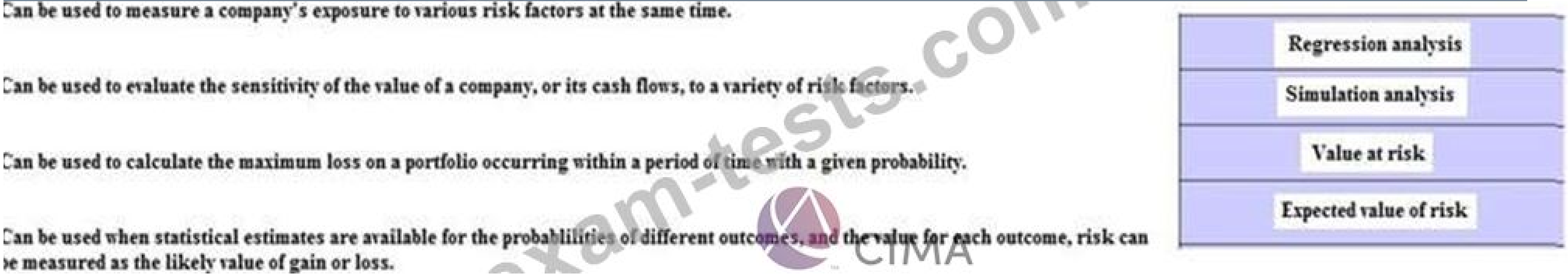
Can be used to measure a company's exposure to various risk factors at the same time.	Regression analysis
Can be used to evaluate the sensitivity of the value of a company, or its cash flows, to a variety of risk factors.	Simulation analysis
Can be used to calculate the maximum loss on a portfolio occurring within a period of time with a given probability.	Value at risk
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

Simulation analysis

Value at risk

Regression analysis

Expected value of risk



Can be used to measure a company's exposure to various risk factors at the same time.	Regression analysis
Can be used to evaluate the sensitivity of the value of a company, or its cash flows, to a variety of risk factors.	Simulation analysis
Can be used to calculate the maximum loss on a portfolio occurring within a period of time with a given probability.	Value at risk
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

NEW QUESTION: 34

H has a floating rate loan that it wishes to replace with a fixed rate. The cost of the existing loan is LIBOR + 4%. H would have to pay a fixed rate of 8% on a fixed rate loan. H's bank has found a potential counterparty for a swap arrangement. The counterparty wishes to raise a variable rate loan. It would pay LIBOR + 1% on a variable rate loan and 9% on a fixed rate.

The bank will require 10% of the savings from the swap and H and the counterparty will share the remaining saving equally.

Calculate H's effective rate of interest from this swap arrangement.

A. H would pay 6.4%

B. H would pay 6.2%

C. H would pay Libor + 1%

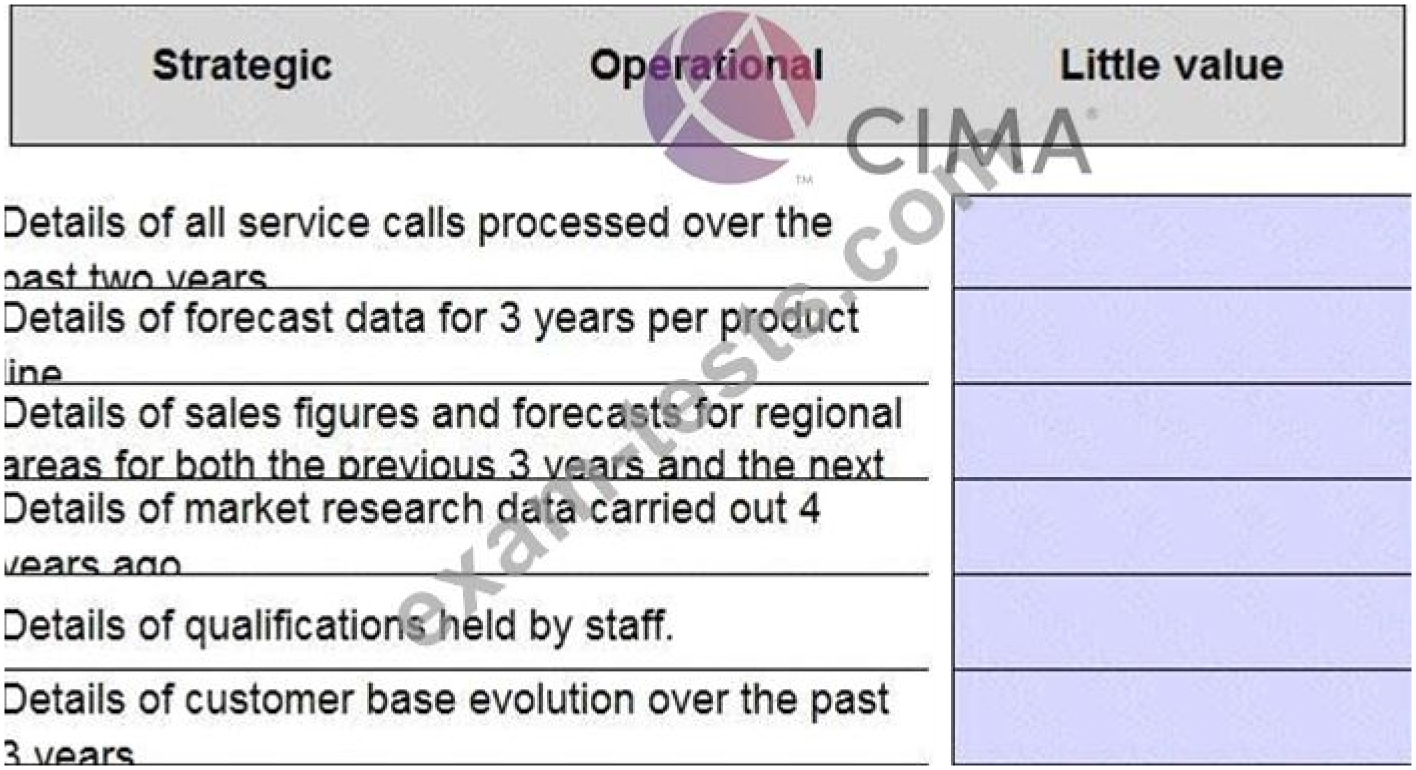
D. H would pay 6%

Answer: B (LEAVE A REPLY)

NEW QUESTION: 35

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

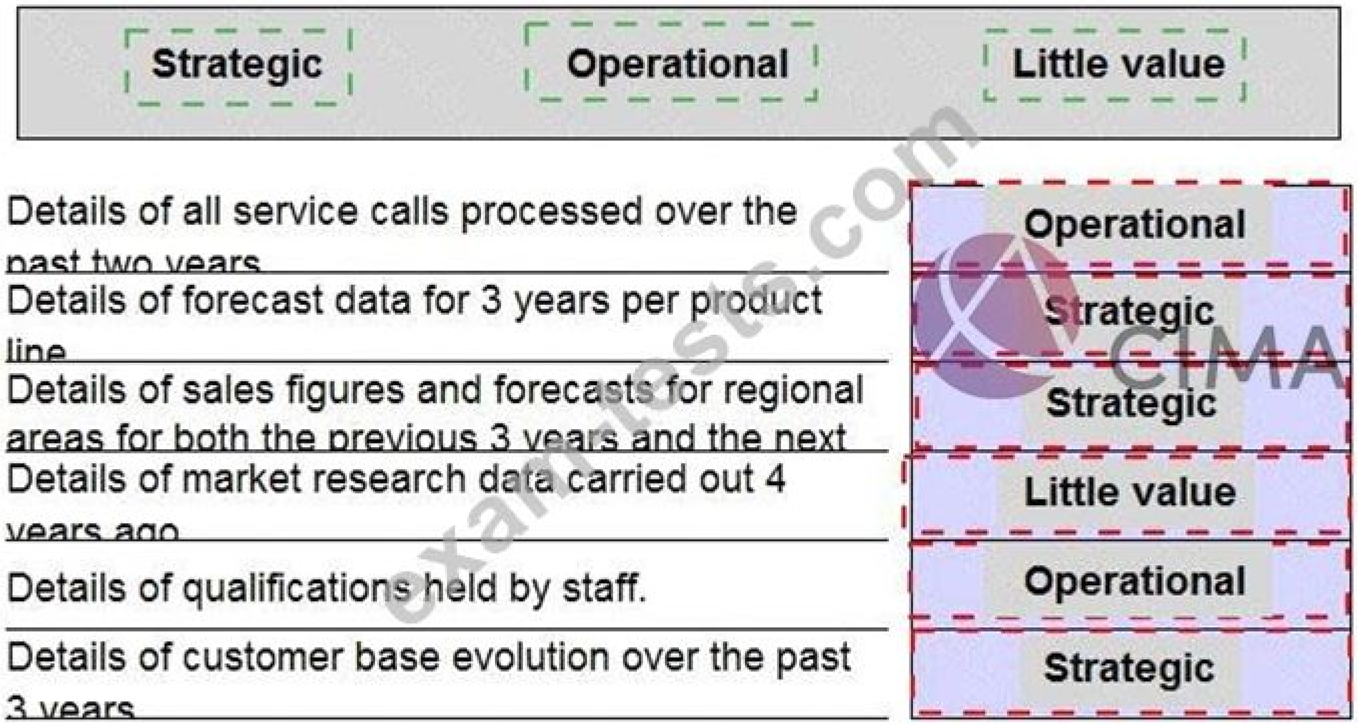
Classify each of the examples of information available to H's management as strategic, operational or of having little value.



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: 36

D is a large oil refinery.

The managers have identified four risks shown in the risk map below:

Which of the risk mitigations listed below would be the best for dealing with the two risks classified as medium likelihood and high impact?

A. Accept
B. Avoid
C. Reduce
D. Transfer

Answer: D (LEAVE A REPLY)

NEW QUESTION: 37

IOP manufactures aircraft engines. The company is presently engaged in a scenario planning exercise to consider the implications of a possible ban on the use of fossil fuels by the year 2040.

Which TWO of the following would be realistic responses to the scenario?

A. Dispose of manufacturing plant and move into more sustainable transport, such as electric trains

B. Work with politicians to discredit the proposed restrictions on the use of fossil fuels

C. Develop more efficient engines that minimise the use of fossil fuels

D. Adapt existing engine designs so that they can use plant-based fuels, such as vegetable oils

E. Commission research into the development of battery-powered aircraft

Answer: D,E (LEAVE A REPLY)

NEW QUESTION: 38

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. Ignoring a compliance error altogether may undermine the control environment

B. The board should be seen to support the internal audit

C. The members of staff responsible for these omissions should be subjected to disciplinary action

D. The procedures should be removed if the HR department staff believe that they are unnecessary

E. The errors are immaterial because they did not lead to an inappropriate appointment

Answer: B,C (LEAVE A REPLY)

NEW QUESTION: 39

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. Security concerns should not prevent CVB from upgrading its heating system

B. The wireless thermostats will be designed to be secure

C. The wireless thermostats could enable a breach of CVB's data

D. Wired network connections are outdated and should not be used

E. Cyber criminals could not identify and exploit vulnerabilities in the heating system

Answer: A,C (LEAVE A REPLY)

NEW QUESTION: 40

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 be short words or names that users will easily remember.

C. Passwords should never be shared.

D. Passwords should contain 20 characters or more.

E. Passwords should be written down in a secret place.

F. The strength of a password is increased by using upper and lower case and including numerals.

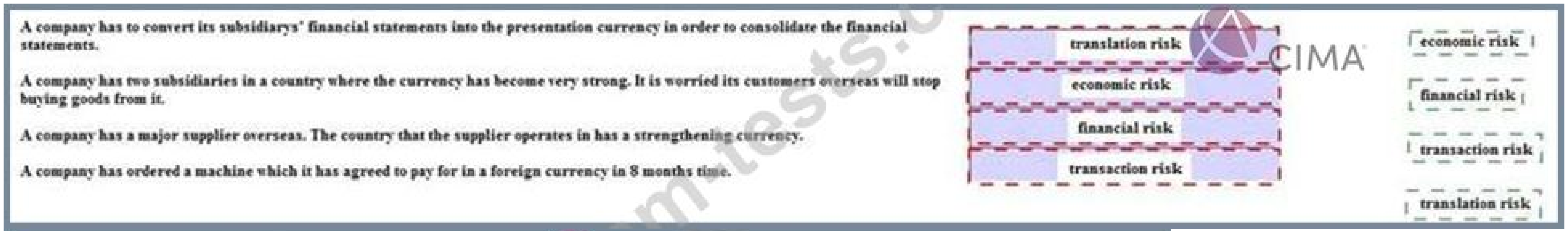
Answer: A,C,F (LEAVE A REPLY)

NEW QUESTION: 41

Move the category of risk to the box beside the risk description it best matches.

A company has to convert its subsidiarys' financial statements into the presentation currency in order to consolidate the financial statements.		economic risk
A company has two subsidiaries in a country where the currency has become very strong. It is worried its customers overseas will stop buying goods from it.		financial risk
A company has a major supplier overseas. The country that the supplier operates in has a strengthening currency.		transaction risk
A company has ordered a machine which it has agreed to pay for in a foreign currency in 8 months time.		translation risk

Answer:



A company has to convert its subsidiarys' financial statements into the presentation currency in order to consolidate the financial statements.	translation risk	economic risk
A company has two subsidiaries in a country where the currency has become very strong. It is worried its customers overseas will stop buying goods from it.	economic risk	financial risk
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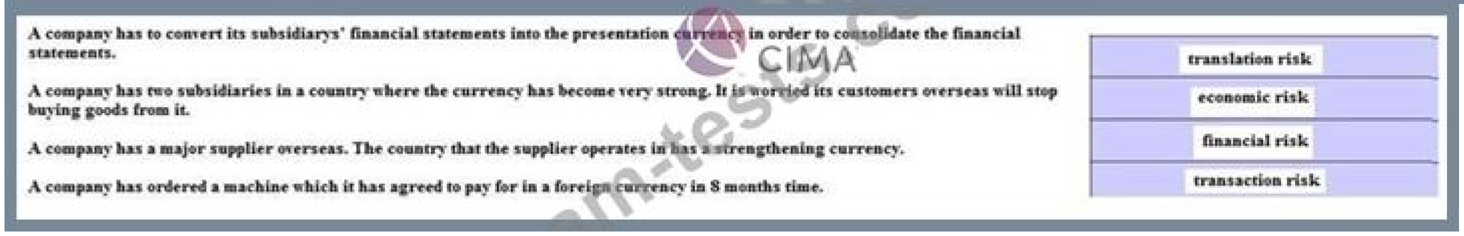

A company has to convert its subsidiarys' financial statements into the presentation currency in order to consolidate the financial statements.	translation risk
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A company has a major supplier overseas. The country that the supplier operates in has a strengthening currency.	financial risk
A company has ordered a machine which it has agreed to pay for in a foreign currency in 8 months time.	transaction risk

NEW QUESTION: 42

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

A. All risk should be eliminated.

B. Risk management should be regarded as part of the overall business strategy.

C. Staff should be penalised for being associated with negative events.

D. All staff should be aware of risks affecting the entity.

E. The directors should take an active interest in risk management.

F. Responsibility for risk management should be devolved to a risk manager.

Answer: (SHOW ANSWER)

NEW QUESTION: 43

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 protects the computer suite against physical attack.

C. A Firewall determines the boundary of the "Trusted" components of the company's Information Technology infrastructure.

D. A Firewall protects against unauthorised network access.

E. A Firewall protects sensitive data against accidental or malicious damage.

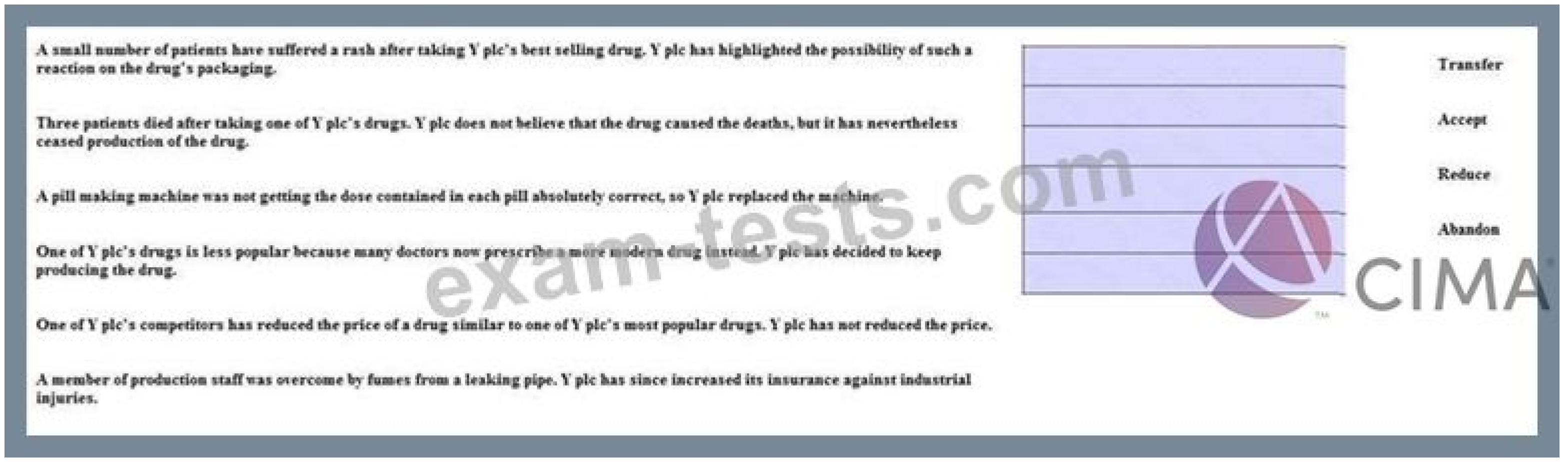
F. A Firewall can screen every message coming into or out of the company network looking for key words, or attachments.

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

NEW QUESTION: 44

Y plc, a pharmaceutical company, has dealt with a number of risks in the manner indicated below.

Use the TARA framework to classify each of Y plc's responses.



A small number of patients have suffered a rash after taking Y plc's best selling drug. Y plc has highlighted the possibility of such a reaction on the drug's packaging.

Three patients died after taking one of Y plc's drugs. Y plc does not believe that the drug caused the deaths, but it has nevertheless ceased production of the drug.

A pill making machine was not getting the dose contained in each pill absolutely correct, so Y plc replaced the machine.

One of Y plc's drugs is less popular because many doctors now prescribe a more modern drug instead. Y plc has decided to keep producing the drug.

One of Y plc's competitors has reduced the price of a drug similar to one of Y plc's most popular drugs. Y plc has not reduced the price.

A member of production staff was overcome by fumes from a leaking pipe. Y plc has since increased its insurance against industrial injuries.

Transfer

Accept

Reduce

Abandon

Answer:

A small number of patients have suffered a rash after taking Y plc's best selling drug. Y plc has highlighted the possibility of such a reaction on the drug's packaging.

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Reduce

Accept

Accept

Transfer

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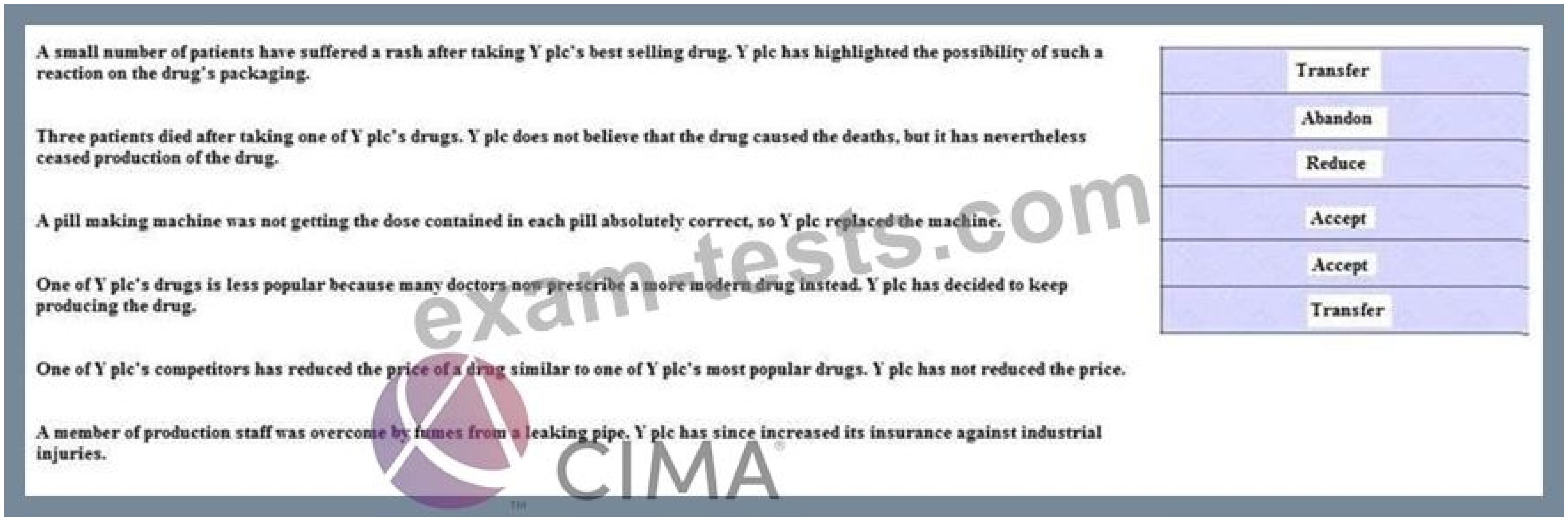
Reduce

Abandon



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A member of production staff was overcome by fumes from a leaking pipe. Y plc has since increased its insurance against industrial injuries.

Transfer

Abandon

Reduce

Accept

Accept

Transfer

NEW QUESTION: 45

Which of the following is an ethical dilemma?

A. A company is deciding whether to make a substantial bonus payment to its directors by means of cash or shares.

B. A company must decide whether to settle a claim from an employee who appears to have fabricated a workplace injury. The company want to avoid the cost of defending the claim.

C. A company is considering giving poorly-paid staff a generous pay rise.

D. A company is deciding whether to issue debt or equity.

Answer: (SHOW ANSWER)

NEW QUESTION: 46

The board of OKN is considering an investment opportunity that will require the company to borrow a large amount in month 10 of the current financial year and to invest it immediately in property, plant and equipment.

This investment has a positive net present value that justifies the risk, but the directors are reluctant to invest in the project.

Why might the directors be reluctant?

A. Future profits will be depressed.

B. The return on capital employed for the year will be reduced if the investment is made.

C. The return on capital employed for the year will be increased if the investment is made.

D. The year's profit will be depressed by the amount of the investment.

Answer: (SHOW ANSWER)

NEW QUESTION: 47

The Chief Executive Officer (CEO) of a quoted company has visited the company's Information Technology (IT) Centre in order to meet with the Head of IT. The CEO was concerned to discover that the door to the IT Centre was unlocked, even though the receptionist was not at their desk.

Which THREE of the following are correct?

A. The CEO should inform the Head of IT of the security breach.

B. The CEO should notify the Head of Internal Audit of the breach.

C. The CEO should initiate disciplinary action against the receptionist

D. The CEO should have locked the door and taken no further action

E. The CEO should leave IT security to the Head of IT.

F. The CEO should accept that this may have been an isolated incident

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

NEW QUESTION: 48

As part of risk assessment exercise for a low-cost airline you are requested to match the risks listed below with the most approriate 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 forcasting

Answer:

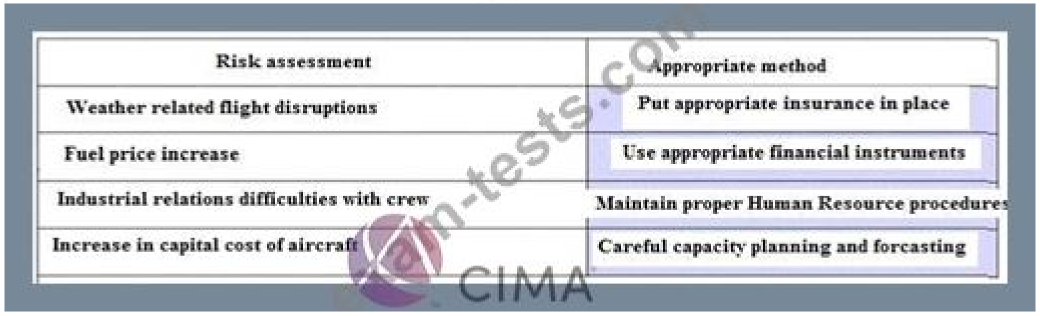
Risk assessment	Appropriate method
Weather related flight disruptions	Put appropriate insurance in place
Fuel price increase	Use appropriate financial instruments
Industrial relations difficulties with crew	Maintain proper Human Resource procedures
Increase in capital cost of aircraft	Careful capacity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

Put appropriate insurance in place

Maintain proper Human Resource procedures

Use appropriate financial instruments

Careful capacity planning and forcasting



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 forcasting

NEW QUESTION: 49

Identify, from the list provided, which category of business risk most accurately describes the events detailed below.

Event	Business Risk
Failure of a major merger.	
A recall of a product due to the discovery of a potentially dangerous flaw.	
The risk of non-receipt of payments owed to the company.	
Losses due to currency movements.	
The Company exceeding the amount of pollution it is legally allowed to emit.	
Taxation authorities disputing eligibility of the company to exemption from certain classes of taxation in prior years.	

Legal/litigation Risk

Operational Risk

Foreign Exchange Risk

Strategic Risk

Product Reputation Risk

Credit Risk

Answer:

Event	Business Risk
Failure of a major merger.	Strategic Risk
A recall of a product due to the discovery of a potentially dangerous flaw.	Product Reputation Risk
The risk of non-receipt of payments owed to the company.	Credit Risk
Losses due to currency movements.	Foreign Exchange Risk
The Company exceeding the amount of pollution it is legally allowed to emit.	Legal/litigation Risk
Taxation authorities disputing eligibility of the company to exemption from certain classes of taxation in prior years.	Legal/litigation Risk

Legal/litigation Risk

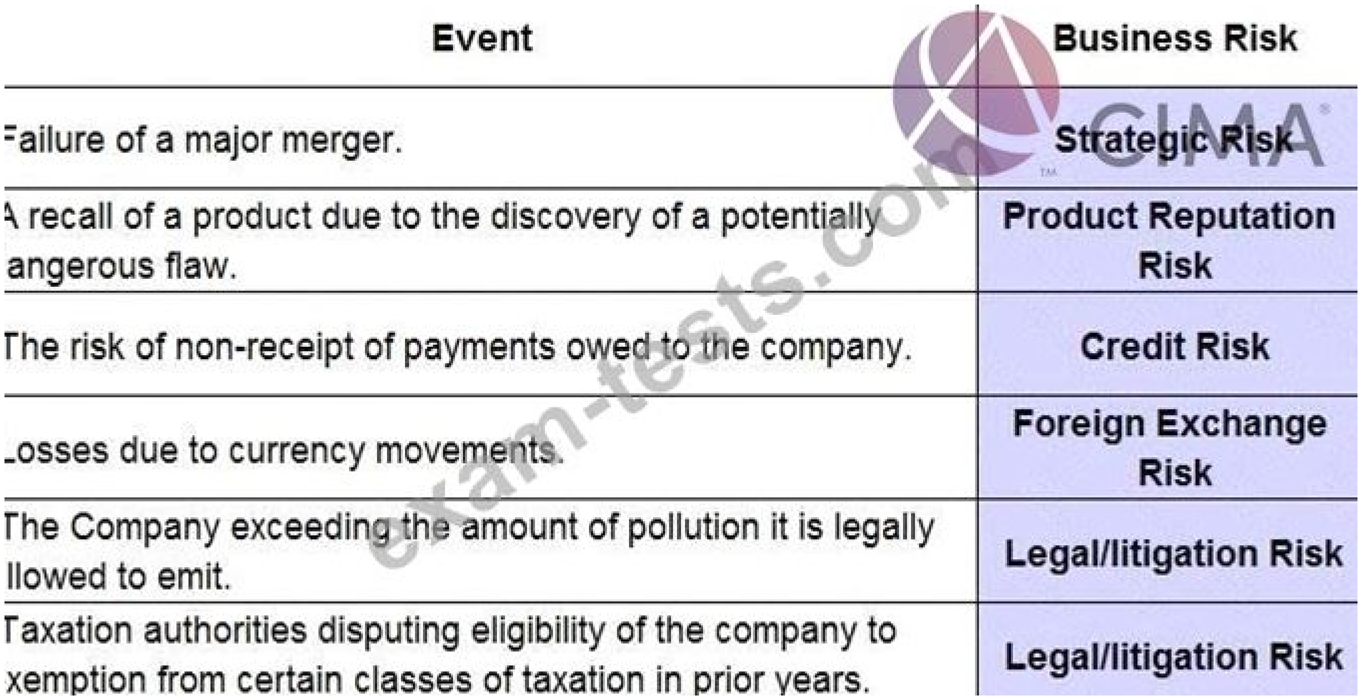
Operational Risk

Foreign Exchange Risk

Strategic Risk

Product Reputation Risk

Credit Risk



Event	Business Risk
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The Company exceeding the amount of pollution it is legally llowed to emit.	Legal/litigation Risk
axation authorities disputing eligibility of the company to xemption from certain classes of taxation in prior years.	Legal/litigation Risk

NEW QUESTION: 50

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.

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.

Commercially sound

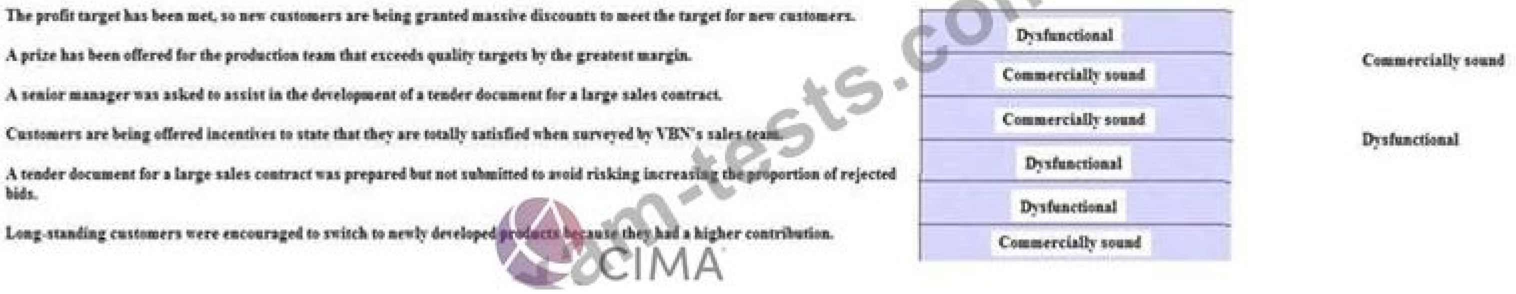
Dysfunctional

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

Commercially sound

Dysfunctional



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

Commercially sound

Dysfunctional

NEW QUESTION: 51

L's risk register currently states the likelihood of risks m terms of their estimated percentage probabilities. The risk committee cs considering classifying risks using a three point scale high, medium and low.

Which TWO of the following are true?

A. High, medium and low will be easier to use

B. High, medium, low will eliminate subjectivity

C. Quantifying probabilities as percentages gives greater scope for describing risks

D. Using percentages will be more scientific

E. Everyone will agree the meaning of high, medium and low

Answer: (SHOW ANSWER)

NEW QUESTION: 52

Which TWO of the following might create a good control environment?

A. The Board has just issued an ethical code

B. Management did not have time to carry out all the staff appraisals this year but all staff have received a pay increase instead

C. Managers have good job descriptions that define their roles in the organisation clearly

D. Management has just revisited the annual budget and made it much harder to achieve in order to try and boost profits

E. The Finance Director has just been given a place on the audit committee to increase the committee's financial knowledge

Answer: A,C (LEAVE A REPLY)

NEW QUESTION: 53

Assuming a company has both internal auditors and risk managers, indicate which of these would perform the duties listed below:

Internal auditor

Risk manager

Ensure compliance with regulations and legislation.	
Liaise with the company's insurance company on claims and insurance cover.	
Ensure compliance with internal controls.	
Investigate suspicion of fraud in the purchasing department.	

Answer:

Internal auditor | Risk manager

Ensure compliance with regulations and legislation.	Internal auditor
Liaise with the company's insurance company on claims and insurance cover.	Risk manager
Ensure compliance with internal controls.	Risk manager
Investigate suspicion of fraud in the purchasing department.	Internal auditor

Internal auditor | Risk manager

Ensure compliance with regulations and legislation.	Internal auditor
Liaise with the company's insurance company on claims and insurance cover.	Risk manager
Ensure compliance with internal controls.	Risk manager
Investigate suspicion of fraud in the purchasing department.	Internal auditor

NEW QUESTION: 54

TRF is conducting a post completion audit on an investment in a pollution control machine that has reached the end of its five year useful life. TRF could have been heavily fined if the machine had failed to keep pace with the output of emissions, measured in units. TRF's cost of capital is 10%. When the machine was purchased, there was a choice of three machines on the market:

TRF purchased the Big machine, but annual requirements only exceeded 600,000 once, in year 3, when

720,000 units of emissions were emitted.

Calculate the amount that the post completion audit shows TRF overpaid for the ownership costs associated with this machine.

Give your answer to the nearest whole $ (in $'000s).

Answer:

$12582

NEW QUESTION: 55

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.

The cost per pupil per academic year.

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.

Economy and efficiency

Effectiveness

Answer:

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

Economy and efficiency

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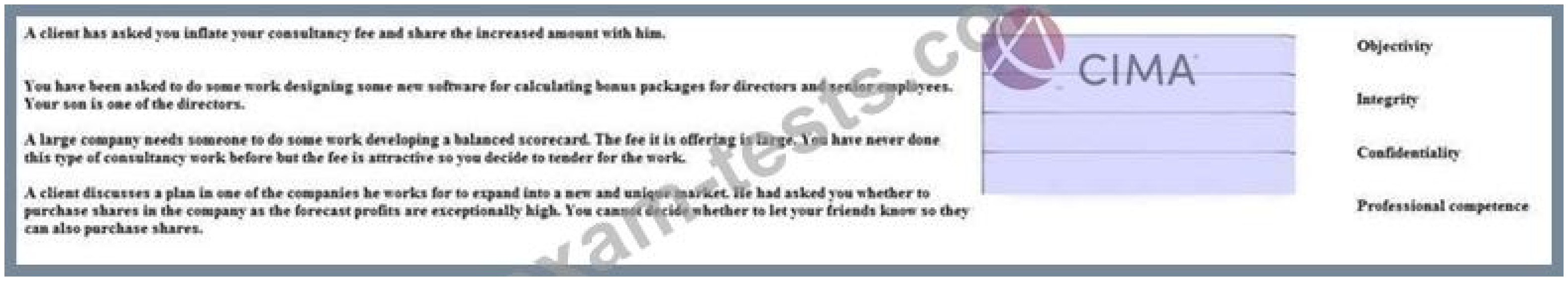
The proportion of school leavers who are unemployed and who do not enter further or higher education within six months of leaving.	Effectiveness
The number of serious disciplinary cases resulting in suspension or expulsion.	Effectiveness
The proportion of pupils who participate in school sports activities.	Effectiveness

NEW QUESTION: 56

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:

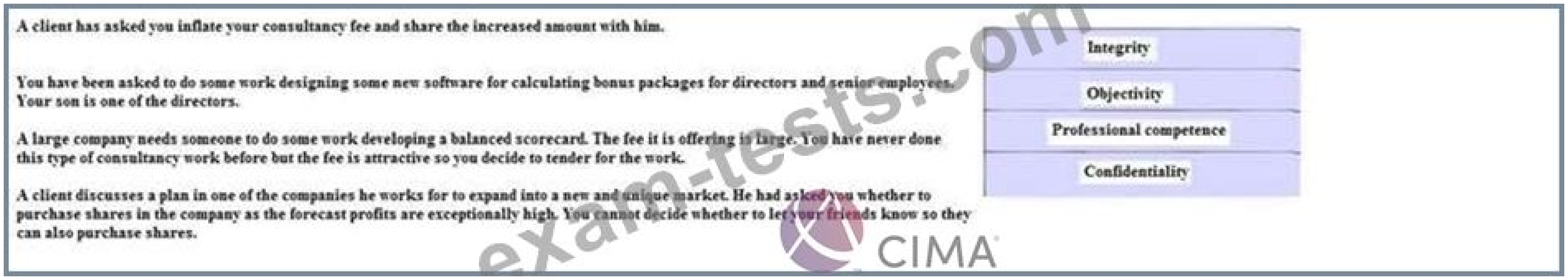
A client has asked you inflate your consultancy fee and share the increased amount with him.	Integrity
You have been asked to do some work designing some new software for calculating bonus packages for directors and senior employees. Your son is one of the directors.	Objectivity
A large company needs 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
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

Objectivity

Integrity

Confidentiality

Professional competence



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.

Integrity

Objectivity

Professional competence

Confidentiality

NEW QUESTION: 57

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

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

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

B. 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

C. 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

D. Establishing an internal audit department

E. 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

Answer: (SHOW ANSWER)

NEW QUESTION: 58

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 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

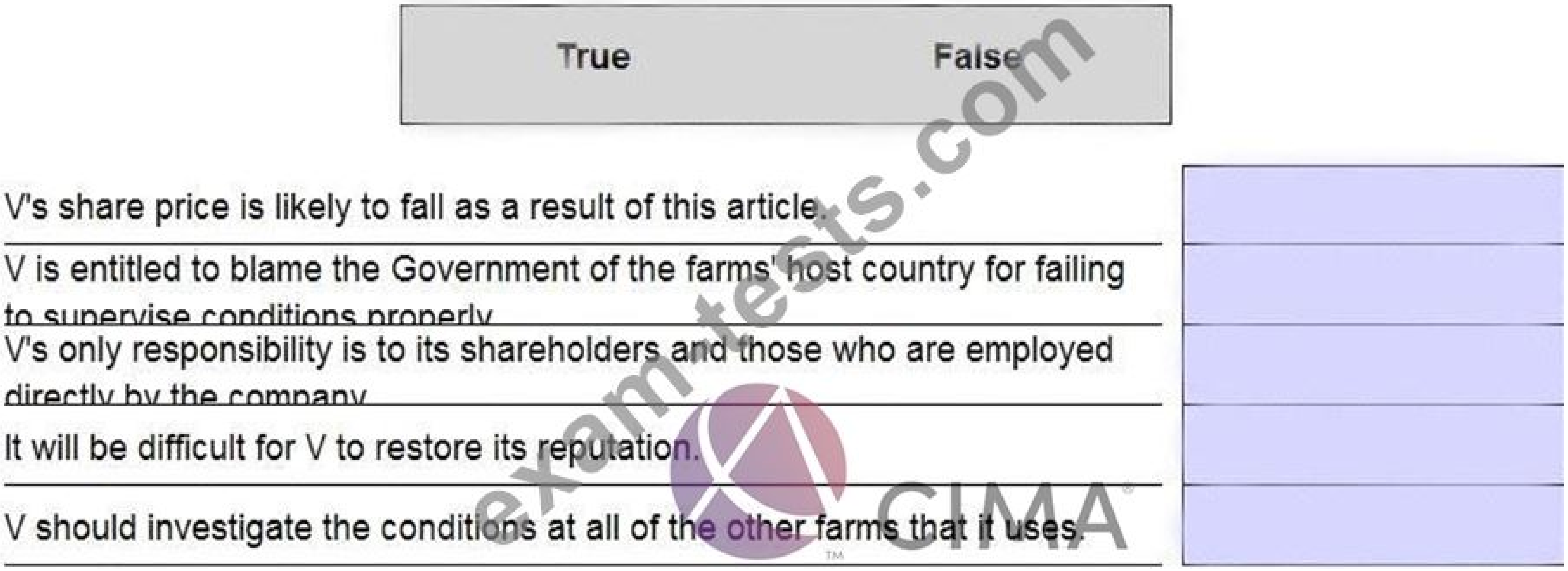
Answer: (SHOW ANSWER)

NEW QUESTION: 59

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.

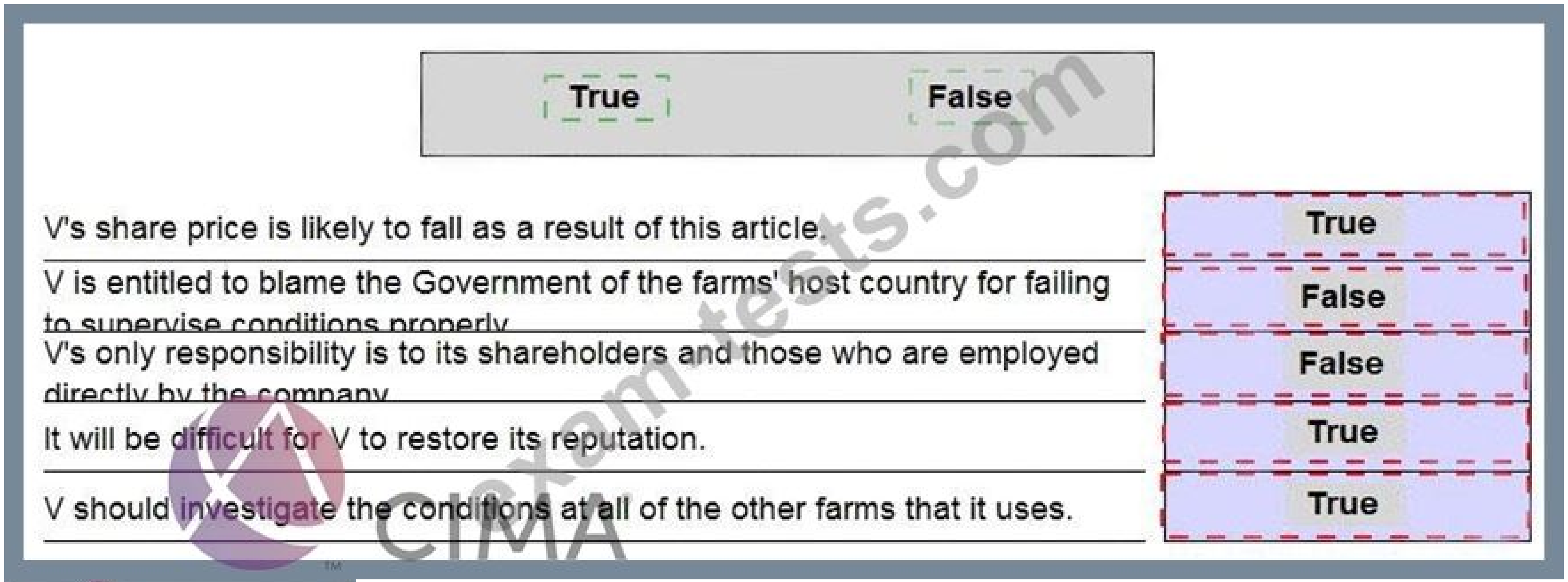
V is entitled to blame the Government of the farms' host country for failing to supervise conditions properly

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.

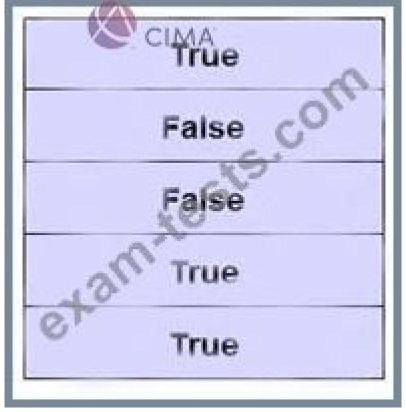
V should investigate the conditions at all of the other farms that it uses.

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: 60

C is an accounts clerKwho is supposed to sign each invoice as evidence that she has conducted checks against supporting documents Sometimes C signs invoices without making these checks D is a member of the internal audit team He has been told to conduct compliance tests on whether C is checking the invoices property Which of the following would grve D a false sense of assurance that C's checks have been in operation?

Select ALL that appry

A. asked C a series of open-ended questions about the operation of the purchases system She did not mention anything about detailed checks of invoices against documents

B. D worked at a spare desk in the accounts department and quietly watched C without telling her She checked every invoice carefully while D was present

C. D reviewed a sample of invoices for purchases of plant and equipment and found that C had not signed them C explained that she believed that those were authonsed by someone else although the accounts manual indicates that it was her responsibility

D. D examined a sample of invoices to make sure that they had been signed by C AH had been signed selected a sample of purchase invoices and compared each to the supporting documents that C is supposed to review Every one of D's invoices was supported by the related documents

Answer: (SHOW ANSWER)

NEW QUESTION: 61

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. Jo should not have all of the same authority as the senior manager

B. Authorisation of expenses should wait until the senior manager returns.

C. 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

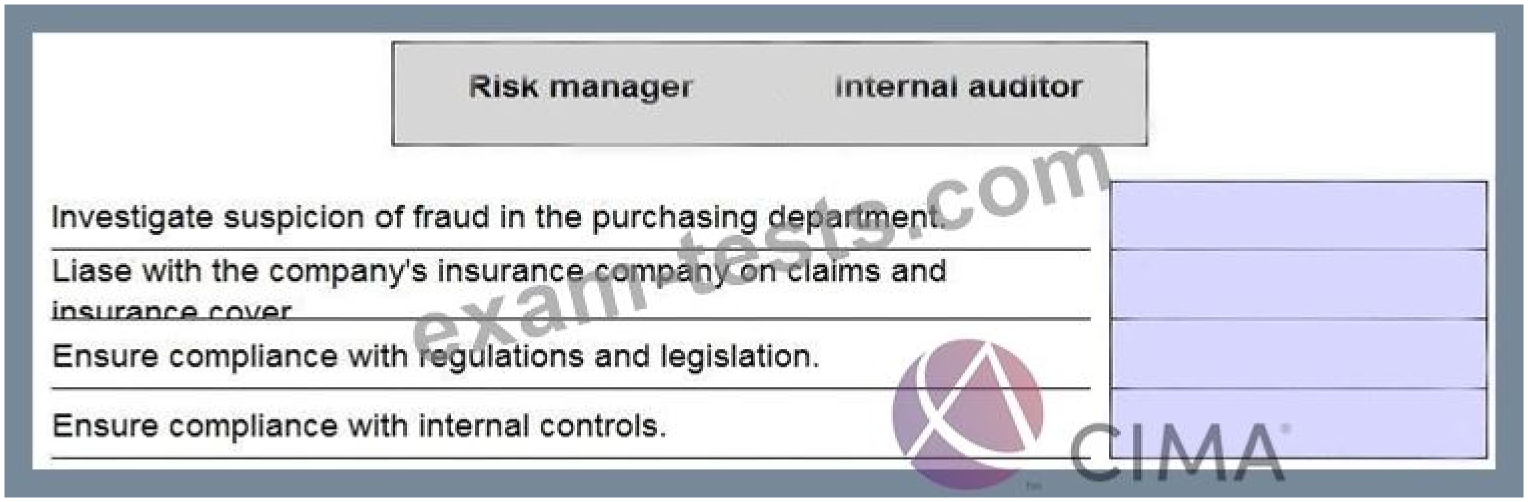
D. The annual staff appraisals should be postponed until the senior manager returns

E. Job interviews for an office junior should be cancelled until the senior manager returns.

Answer: C,D (LEAVE A REPLY)

NEW QUESTION: 62

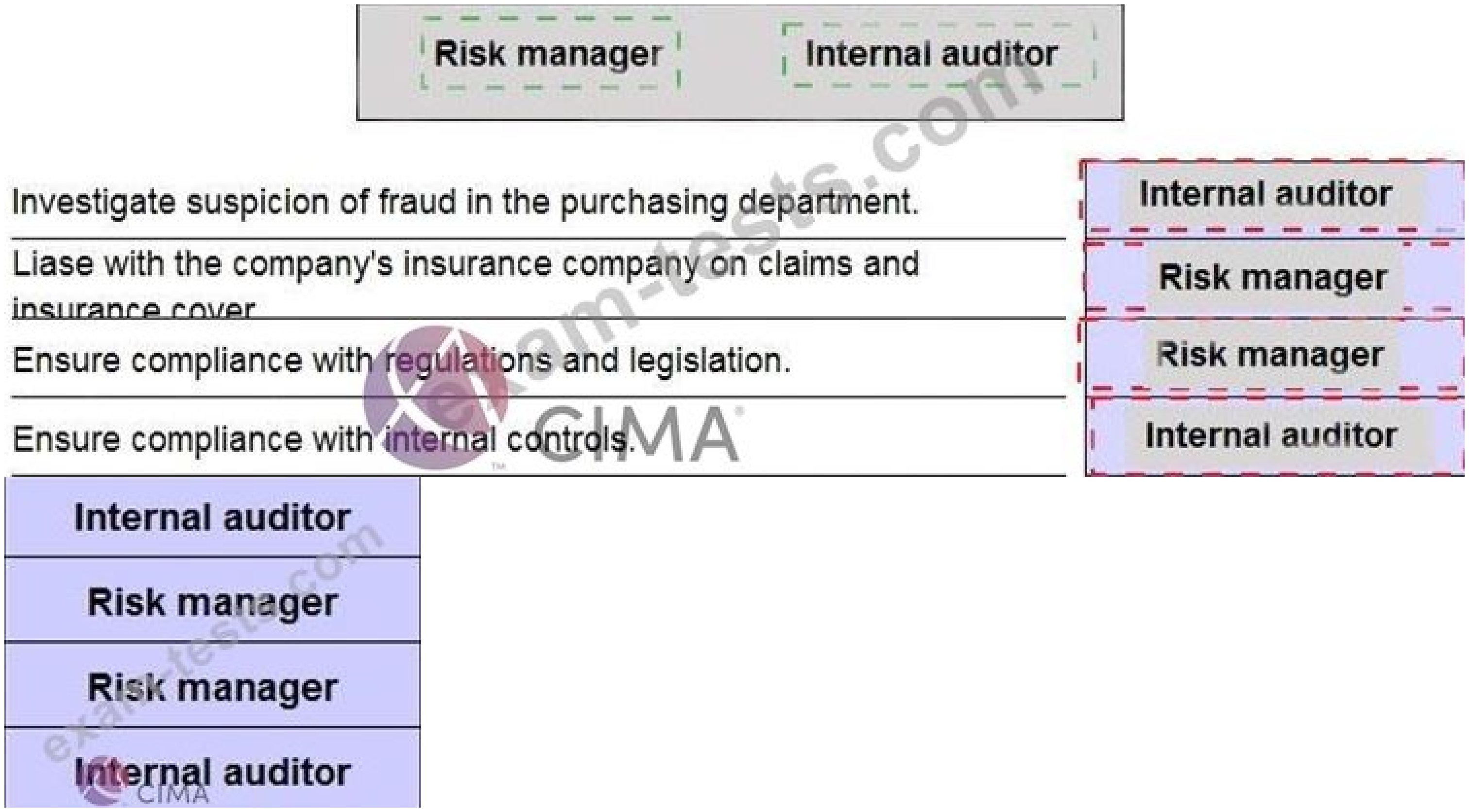
The list below has duties performed by risk managers and internal auditors. Show who would carry out the duties assuming the company has both risk managers and internal auditors.



Risk manager Internal auditor

Investigate suspicion of fraud in the purchasing department.	
Liase with the company's insurance company on claims and insurance cover	
Ensure compliance with regulations and legislation.	
Ensure compliance with internal controls.	

Answer:



Risk manager Internal auditor

Investigate suspicion of fraud in the purchasing department.	Internal auditor
Liase with the company's insurance company on claims and insurance cover	Risk manager
Ensure compliance with regulations and legislation.	Risk manager
Ensure compliance with internal controls.	Internal auditor

Internal auditor
Risk manager
Risk manager
Internal auditor

NEW QUESTION: 63

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.

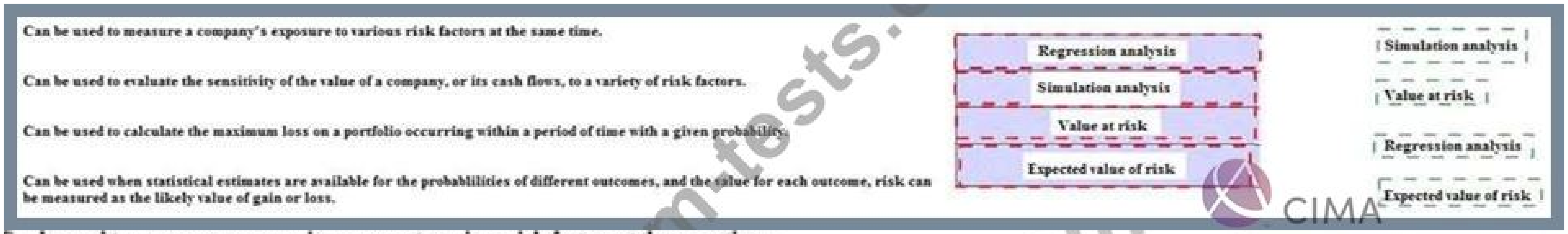
Can be used to evaluate the sensitivity of the value of a company, or its cash flows, to a variety of risk factors.

Can be used to calculate the maximum loss on a portfolio occurring within a period of time with a given probability.

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

Simulation analysis
Value at risk
Regression analysis
Expected value of risk

Answer:



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Regression analysis

Simulation analysis

Value at risk

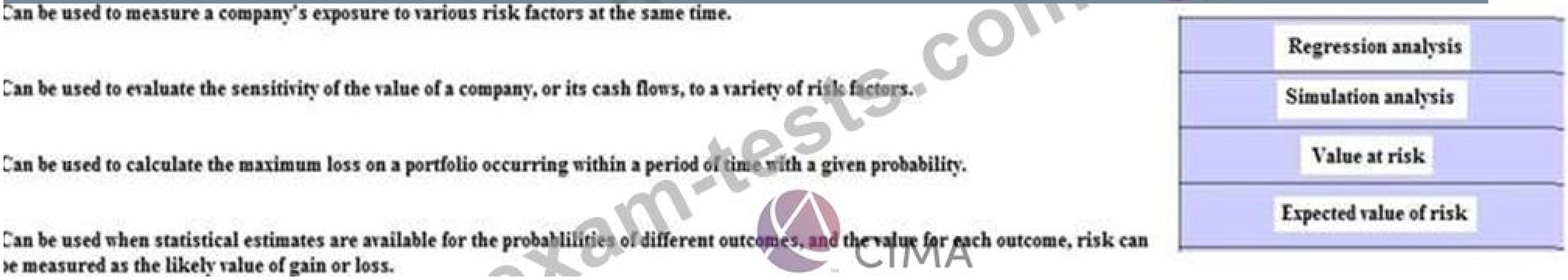
Expected value of risk

Simulation analysis

Value at risk

Regression analysis

Expected value of risk



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

Regression analysis

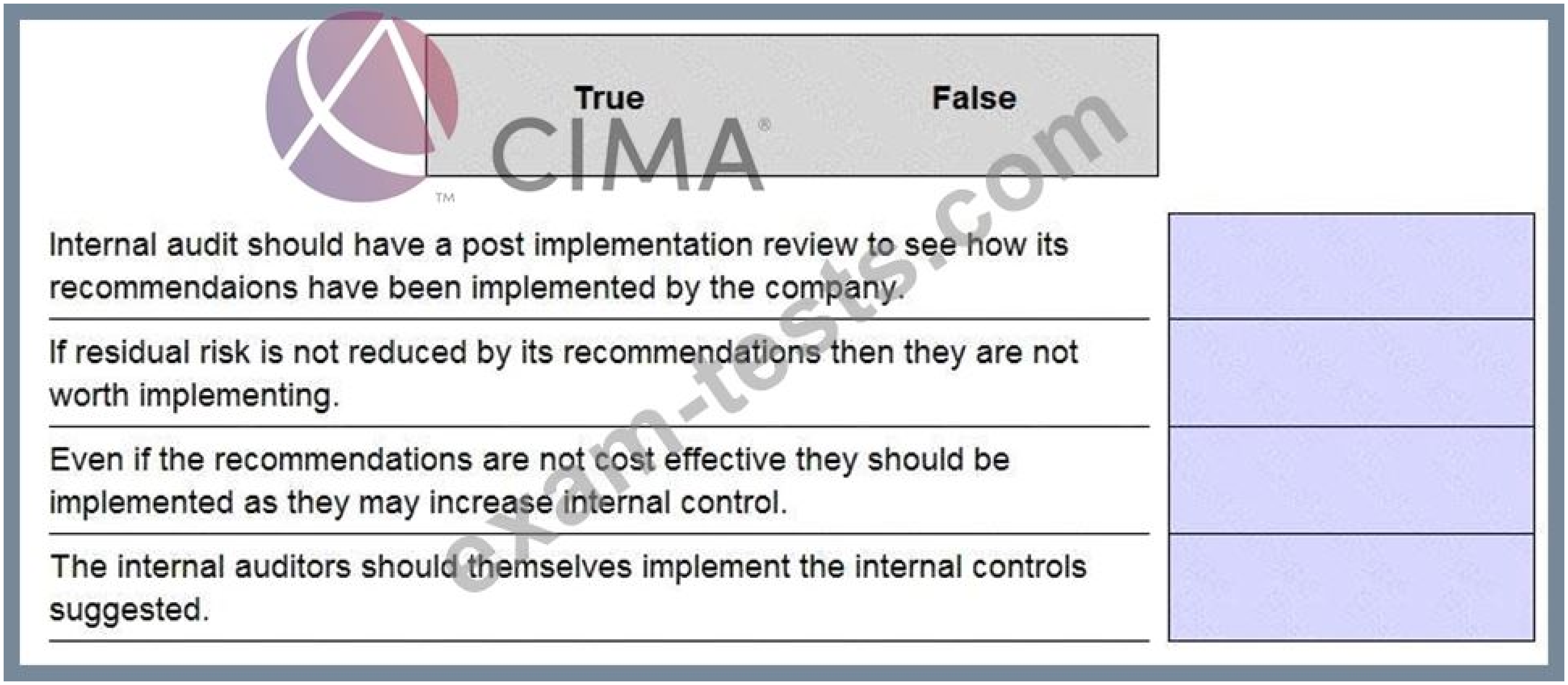
Simulation analysis

Value at risk

Expected value of risk

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

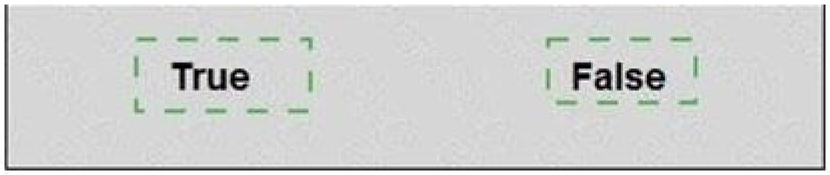
Internal audit should have a post implementation review to see how its recommendaions have been implemented by the company.

If residual risk is not reduced by its recommendations then they are not worth implementing.

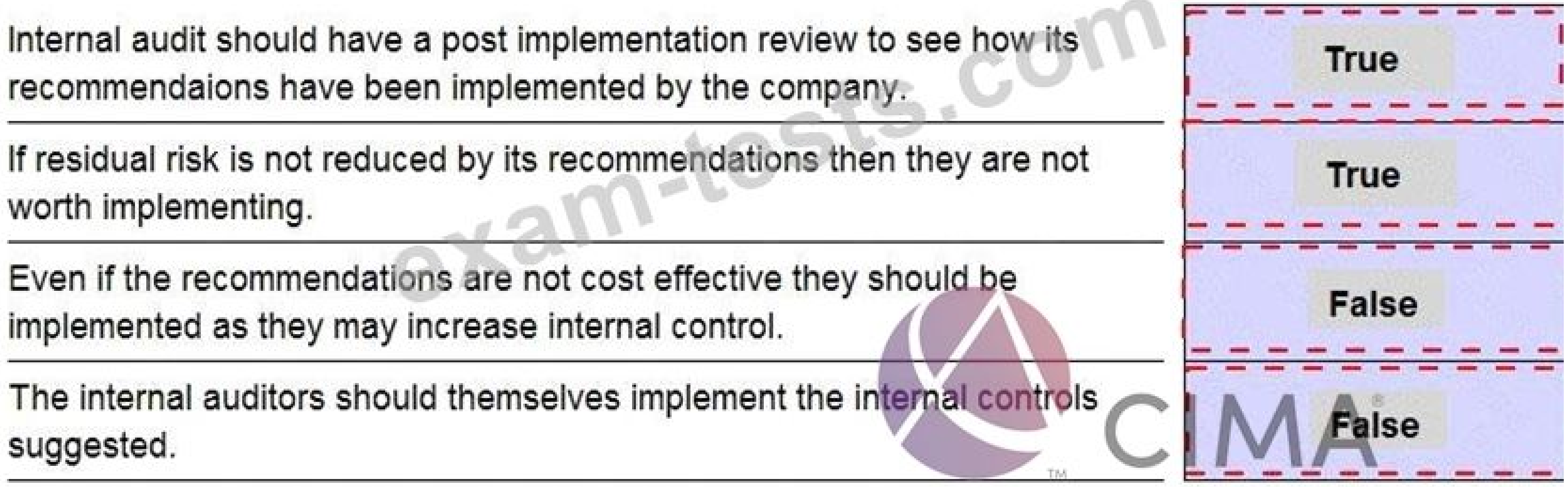
Even if the recommendations are not cost effective they should be implemented as they may increase internal control.

The internal auditors should themselves implement the internal controls suggested.

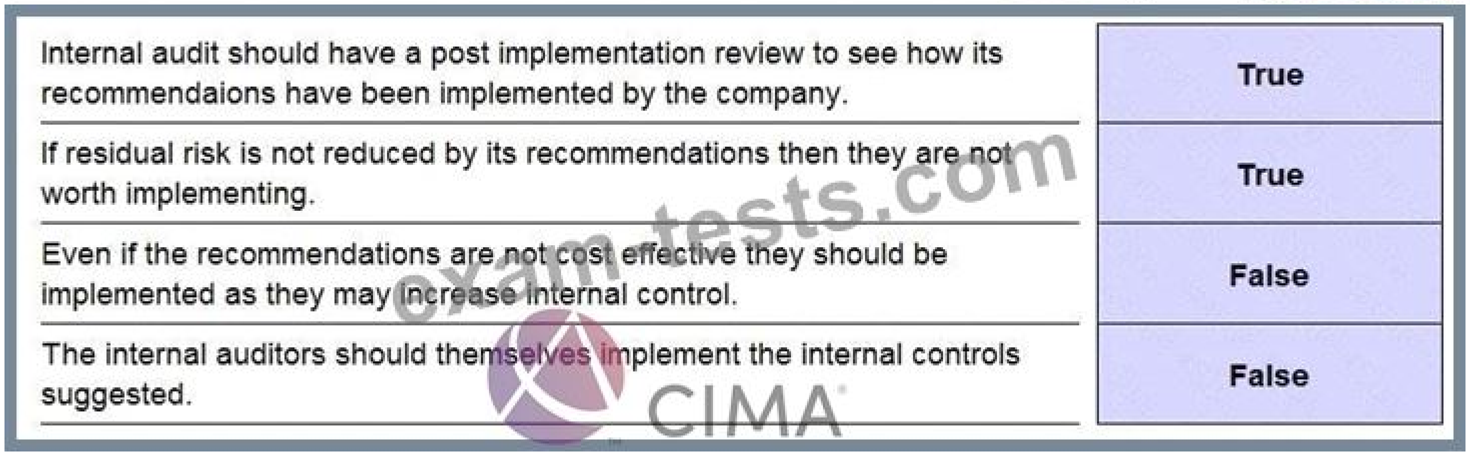
Answer:



True False



Internal audit should have a post implementation review to see how its recommendaions 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 recommendaions 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

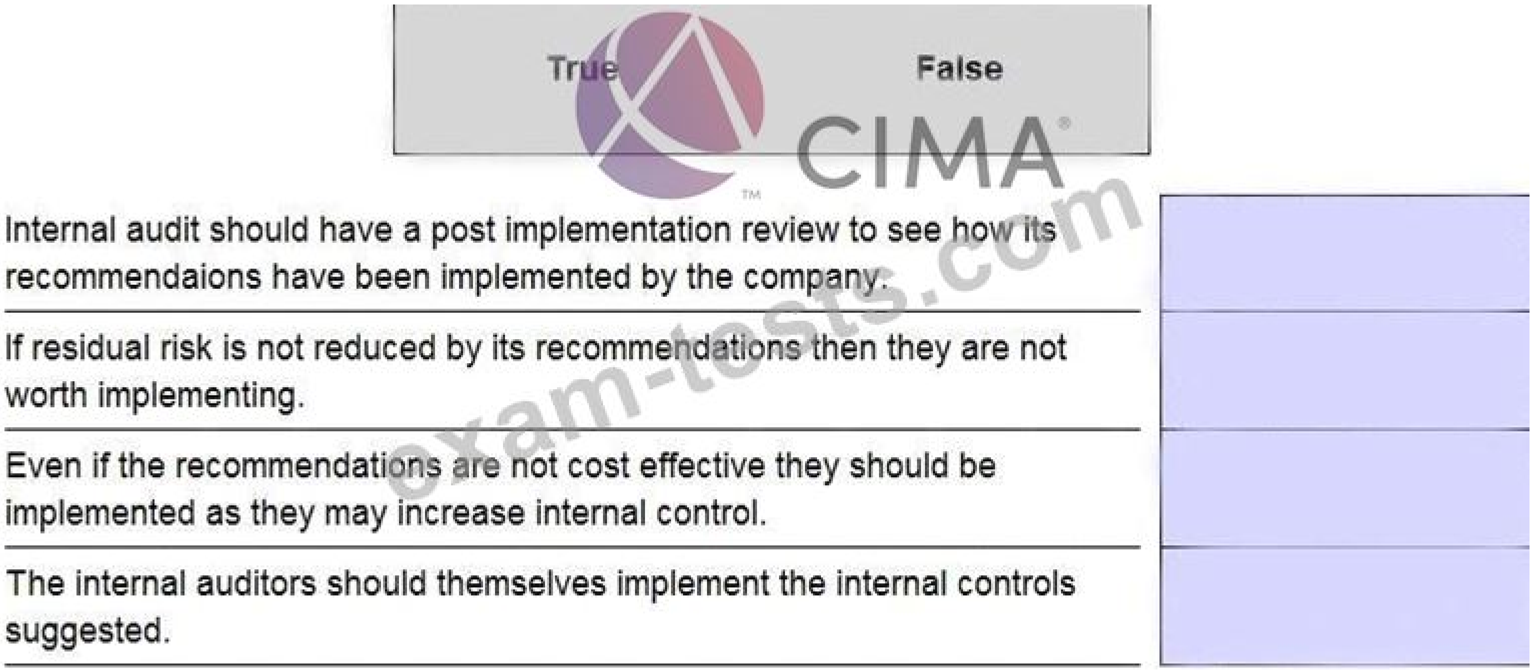
M plc has a $2 million loan outstanding on which the interest rate is reset every 6 months for the following 6 months and the interest is payable at the end of that 6-month period. The next 6-monthly reset period starts in
3 months and the treasurer of M plc thinks that interest rates are likely to rise between now and then.
Current 6-month rates are 7.2% and the treasurer can get a rate of 7.7% for a 6-month forward rate agreement (FRA) starting in 3 months' time. By transacting an FRA the treasurer can lock in a rate today of 7.7%.
If interest rates are 8.5% in 3 months' time, what will the net amount payable be?
Give your answer to the nearest thousand dollars.

Answer:

$77000

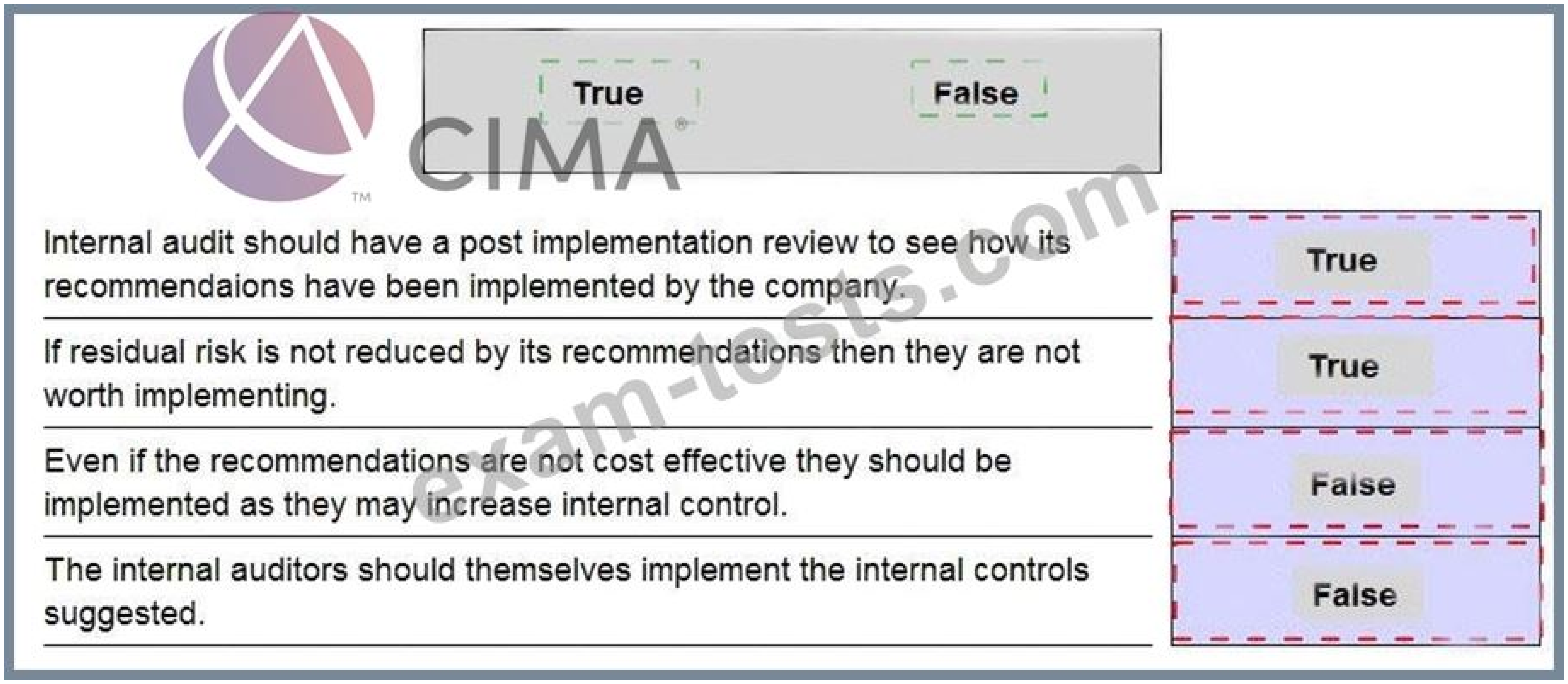
NEW QUESTION: 66

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?



Internal audit should have a post implementation review to see how its recommendaions 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:



Internal audit should have a post implementation review to see how its recommendaions have been implemented by the company.	True
If residual risk is not reduced by its recommendations then they are not worth implementing.	True
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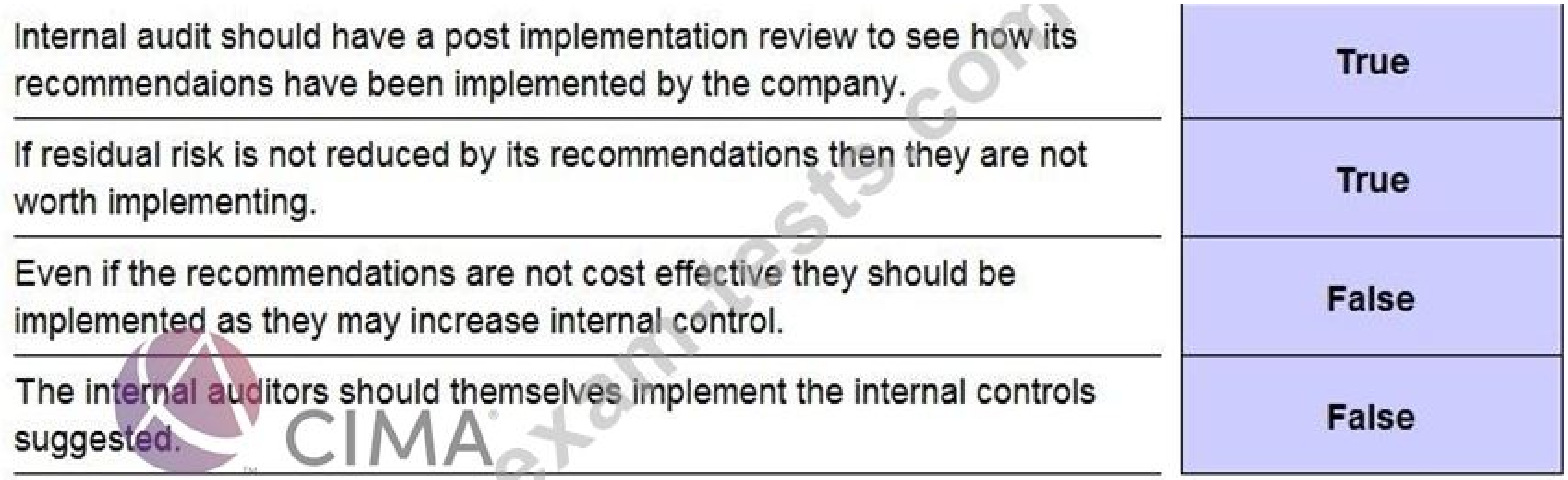
The internal auditors should themselves implement the internal controls suggested.	False



Internal audit should have a post implementation review to see how its recommendaions 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: 67

DFR is an online retailer that sells picture frames The software running on DFR's website enables customers to log in and make purchases by inputting an email address as a user name and a password that must contain at least eight characters, including upper and lower case letters, numbers and punctuation marks (e.g. £, $ or!) Once logged in, customers can check previous orders that they have placed. Customers can also use DFR's website to change personal details, including credit card numbers and delivery addresses Whenever they wish to use those facilities, the software sends a text message containing a six-digit number to their mobile phones They must input that number before the system will accept changes to their personal details Which TWO of the following statements are correct?

A. It is illogical to have different security measures in place for orders and for access to personal details.

B. The software treats customers' personal details as being more sensitive than their ordering histories

C. Customers should be able to update the mobile phone numbers in their DFR accounts using only their email addresses and passwords for access

D. The arrangement with the text message will have no effect on the security associated with changing personal details

E. The software should never show the whole of a customer's credit card number on screen, even if the customer has logged in and input the six-digit number.

Answer: (SHOW ANSWER)

NEW QUESTION: 68

S, a qualified and experienced professional accountant, has been appointed as a non-executive member of the Audit Committee of X X has recently obtained a listing on the second tier of a reputable Stock Exchange B, the Finance Director, is only worried about the maintenance of proper financial controls and is less concerned with operational controls S has asked A.

the Production Director, to produce regular reports for the Audit Committee on production specification compliance and related issues A is concerned that this means S does not think he is doing his job properly and doubts his integrity In relation to this scenario, which of the following statements are valid?

Select ALL that apply.

A. The appointment of an independent professionally qualified and experienced accountant will help strengthen the Audit Committee.

B. B is correct to be more concerned about the maintenance of financial controls because they are inevitably more important than operational controls.

C. There is no benefit for X of A producing reports for the Audit Committee unless there are some members on the Audit Committee who have expertise in the production area

D. A is correct in believing that being asked to report to the Audit Committee in the manner described above suggests a lack of trust in his ability or integrity

E. The Audit Committee should plan for the receipt of regular reports on production specification compliance and related issues

F. If X is not seen to have an effective Audit Committee it will be exposed to increased market risk

Answer: (SHOW ANSWER)

NEW QUESTION: 69

YGH has recently completed a post completion audit on a five year contract that has only recently come to a conclusion. The main finding was that the project delivered most of the expected benefits, but that it cost significantly more to implement than had been anticipated at the project appraisal stage. YGH would not have proceeded if the true cost had been known at that stage.

The project was the responsibility of the production department, which is presently managed by G.

When the project was proposed, the production department was managed by H.

H is now YGH's Director of Operations.

How should the finding from this post completion audit be interpreted?

A. YGH should consider introducing more detailed checking of the assumptions underlying the costs of future projects.

B. The production department should not be granted funding for future projects unless there are compelling reasons to proceed.

C. G should be held accountable for the overspend on the project.

D. H should be held accountable for the overspend on the project.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 70

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:

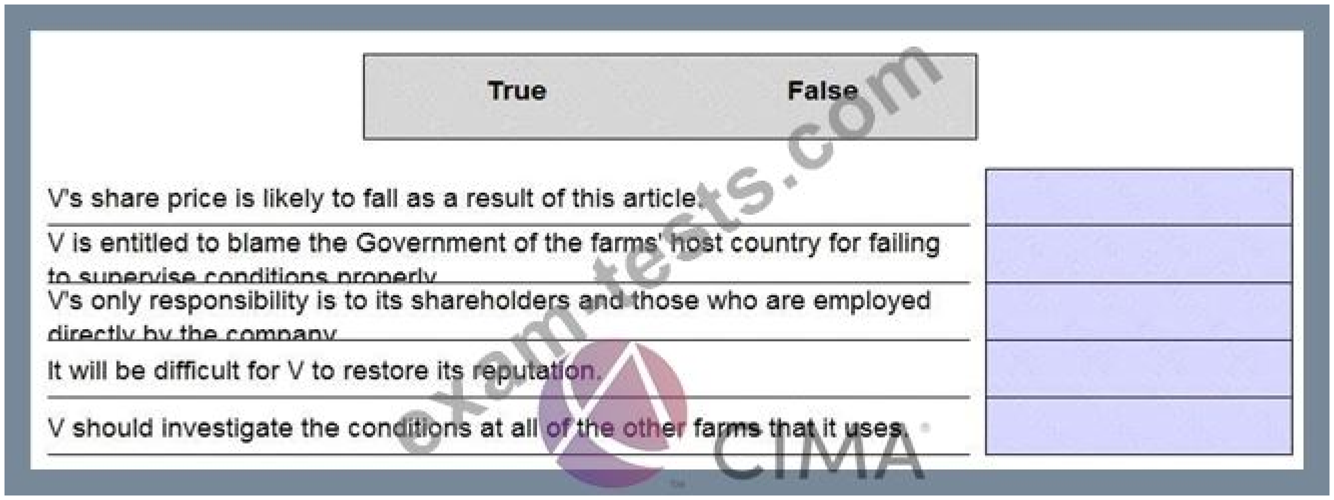
4.5%

NEW QUESTION: 71

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.

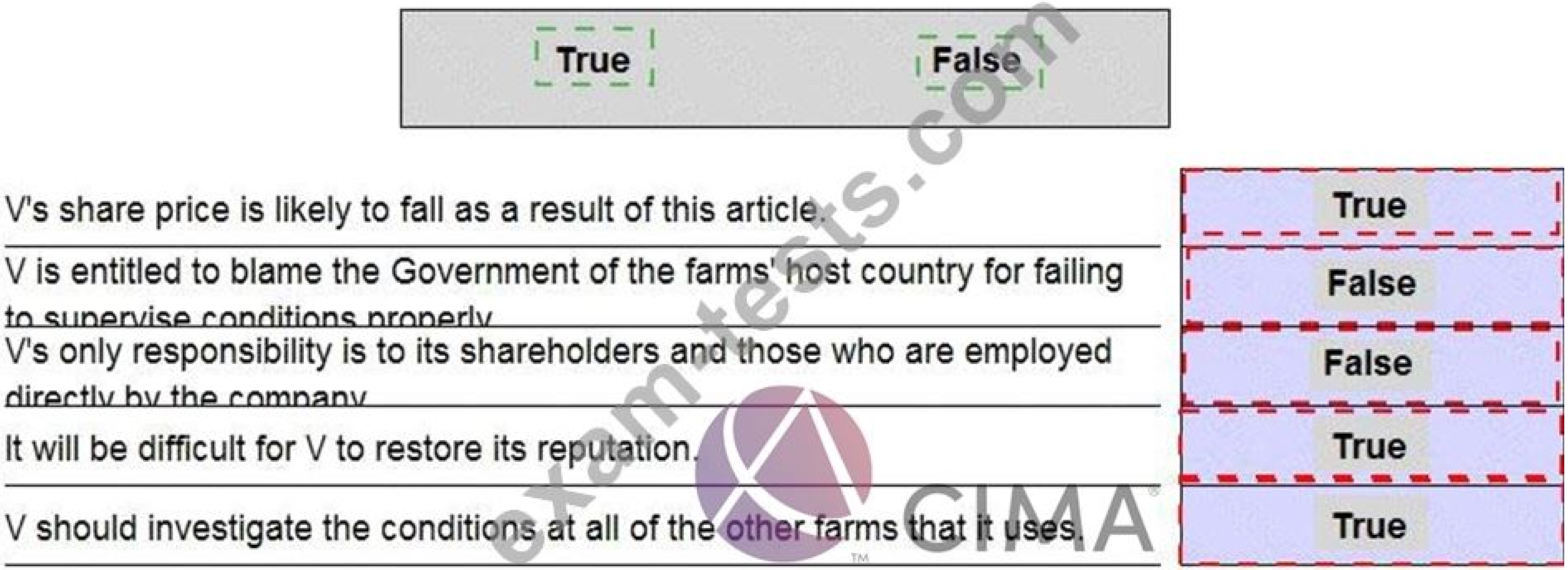
Classify each of the following statements as true or false.



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: 72

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. Employ two more managers to watch the staff working and look for them stealing items

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. 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

Answer: A,D (LEAVE A REPLY)

NEW QUESTION: 73

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 a confidential, but documented, review with the Production Manager and tell him to stop.

B. Instigate a review of the production process to potentially reduce the amount of wastage.

C. Do nothing, this is a good cause and the amount is insignificant.

D. Instigate disciplinary action, this is both theft and poor management.

E. Instigate a process whereby edible but unsellable items can be given to the charity officially.

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

NEW QUESTION: 74

AZX sells electrical components.

AZX's annual turnover is S24 million. Half of all sales are on 30 days' (1 month) credit

5% of credit sales have to be written off as unrecovered debt

25% of such write off is subsequently recovered through debt collection and legal action.

What is the expected loss each year due to credit risk?

A. $600,000

B. 51,200,000

C. S450,000

D. $900,000

Answer: C (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.

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.

Commercially sound

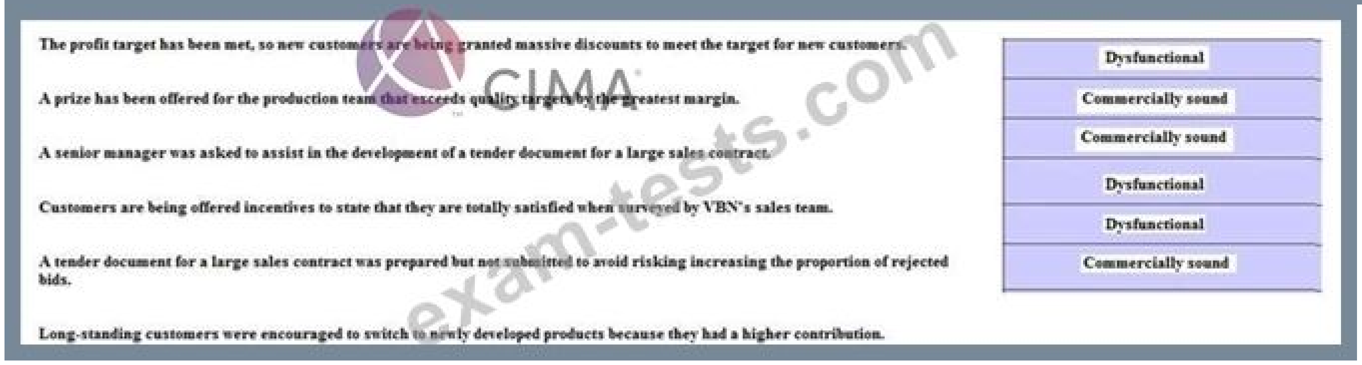
Dysfunctional

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

Commercially sound

Dysfunctional



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

The government health service in country H employs well over 100,000 staff in various locations throughout the country. Traditionally, local management has had high levels of autonomy in relation to personnel issues and there are several different human resources (HR) managers located across various regions.

The government has decided to introduce a completely new HR/payroll information system to have just one database containing all relevant information about every staff member on the payroll (start date, job title, salary and all other details) and to use this information to begin streamlining recruitment and HR policies.

The government has outsourced the system's development to a reputable company.

Which of the following are disadvantages associated with this IT project?

A. There is a risk that the system will not capture all of the existing terms and conditions of staff, thus leading to industrial relations problems later.

B. The amount of data storage space required to run the system may not be available.

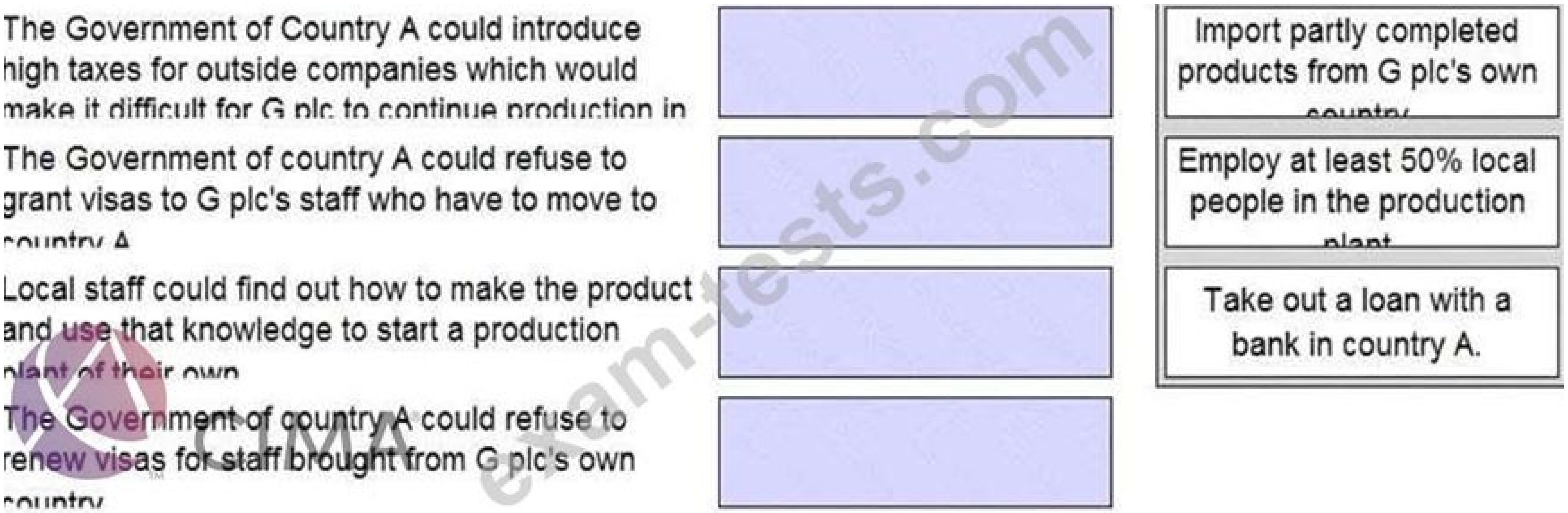
C. The system could make it more difficult to employ specialist medical staff on terms and conditions which are different from the normal terms and conditions available.

D. There is a risk that significant anomalies in the current system will be highlighted.

E. The government is very heavily dependent on the contractor to whom this assignment is outsourced and if they do not to perform as required this could have serious consequences.

F. Any initial problems in running the system could have serious repercussions as it could lead to, for example, staff not being paid, payroll tax not being properly collected, and similar difficulties.
Answer: A,E,F (LEAVE A REPLY)

NEW QUESTION: 77
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

The Government of country A could refuse to grant visas to G plc's staff who have to move to country A

Local staff could find out how to make the product and use that knowledge to start a production plant of their own

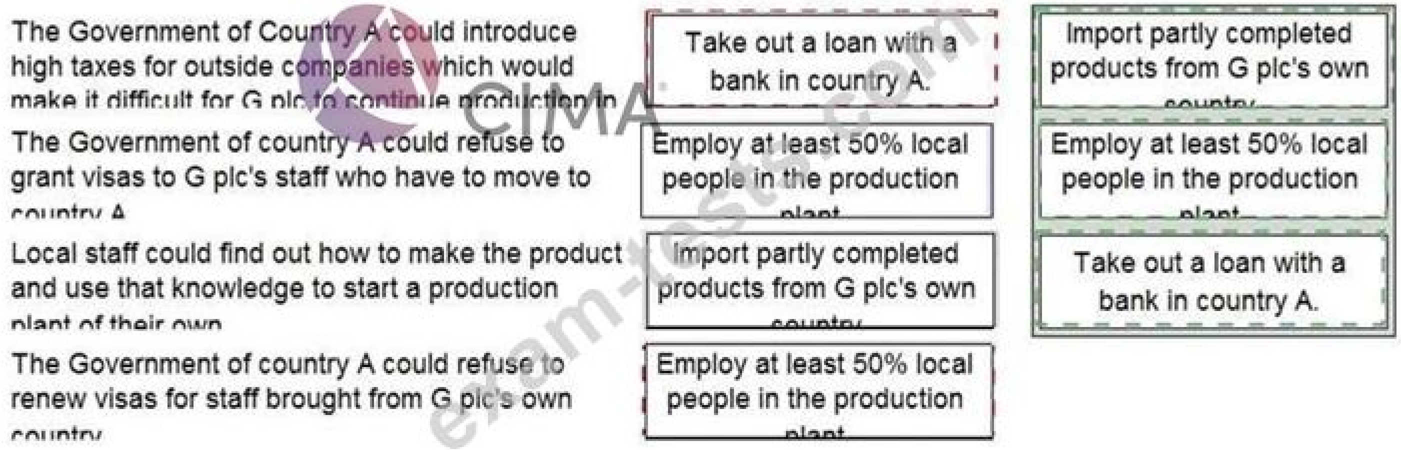
The Government of country A could refuse to renew visas for staff brought from G plc's own country

Import partly completed products 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.

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

Import partly completed products 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.

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: 78

YY is a company which generates electricity from alternative energy sources It has just begun constructing a wind farm near a well-known beauty spot The protect has been controversial as campaigners say it will be noisy and unsightly.

The campaigners took legal action but lost the case Some of them have started a campaign of direct action against YY and are physically blocking roads leading to the site and attempting to intimidate YY's staff YY has hired a security company to help it to protect its staff Which of the following statements are view in relation to the ethics of this scenario" Select ALL that apply.

A. YY no longer has any duty of care to the protestors since their actions are illegal because they lost their court case

B. The generation of electricity from clean renewable and sustainable sources is too important for the protestors' concerns to be considered

C. YY is within its rights to hire the security firm because it has duty of care to its employees

D. The security firm must take care not to use more force against the protestors than is absolutely necessary.

E. Since the protestors have already lost their court case they would no longer be ethically justified in engaging in political lobbying to try to get the government to change the law in this area

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

NEW QUESTION: 79

XYZ is unhappy with the way it decides on the likelihood and impact of risks when it completes the TARA matrix XYZ has decided to try other ways to get more consensus over the evaluation of risks as high, medium and low impact and likelihood Which of the following methods is likely to be most successful?

A. Using the Delphi method

B. Sending questionaires to all employees

C. Searching online to see how the risks are evaluated in other companies

D. Allowing the risk manager to decide.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 80

HJK is a retailer, with more than 40 shops around the country. The directors suspect that a serious fraud has occurred at one of the branches and a team of internal auditors has been sent to investigate.

An analytical review investigation shows that sales revenue is in line with budget, but overtime payments to shop staff exceed budget by 20%.

How should the internal audit team proceed?

A. Increase the evaluation of control risk.

B. Increase the evaluation of inherent risk.

C. Conduct additional detailed testing on overtime payments.

D. Conduct additional detailed testing of all figures.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 81

A company is keen to avoid becoming a victim to malware. Which TWO of the following techniques would be valid responses to this threat?

A. Removing USB ports from all networked computers

B. Providing computers with independent internet access in the staff break room for personal emails and online shopping

C. Paying ransomware demands immediately in order to ensure that malware is removed promptly

D. Conducting denial of service attacks against perpetrators who attempt to infect the company

E. Reverse engineering all viruses that are discovered on company machines

Answer: A,B (LEAVE A REPLY)

NEW QUESTION: 82

GHY is a listed company. Tom is GHY's CEO and Peter is its non-executive Chair of the Board. Tom and Peter both have substantial relevant business and industrial experience and both are believed to have considerable integrity. Tom and Peter quickly developed a good working relationship after Peter's appointment. They have become close friends.

Tom briefs Peter on every aspect of the business. Tom and Peter jointly agree the agenda for every board meeting and both agree on the manner in which matters will be presented to the board.

Taking account of the principles of good corporate governance, which of the following statements is correct?

A. It is entirely appropriate that Tom and Peter have this kind of relationship and both are acting in the best interests of the company.

B. Since the non-executive chair clearly has a significant role within this company there is little danger that any individual will become excessively dominant.

C. Non-contentious board meetings show how well Tom and Peter are running the company and shows that the management is cohesive.

D. The relationship between Peter and Tom may have a detrimental effect on company decision making as the Board is not always being informed about matters in an unbiased manner.

Answer: D (LEAVE A REPLY)

NEW QUESTION: 83

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

A. Dysfunctional behaviour is impossible because divisional managers are evaluated on so many different decisions.

B. Contradictory and inconsistent targets prevent balanced scorecards being a useful tool for performance evaluation.

C. Dysfunctional behaviour is more difficult than under traditional reporting because a wide range of factors will be measured and reported.

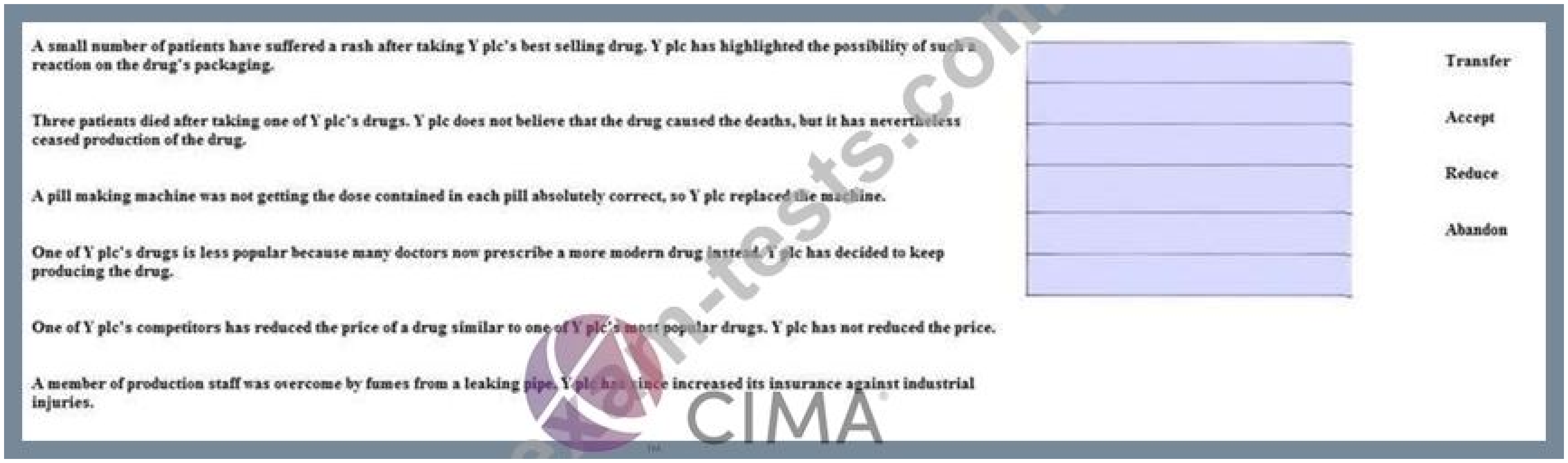
D. The input for balanced scorecard reports comes from many sources so it is not possible to misrepresent performance.

Answer: (SHOW ANSWER)

NEW QUESTION: 84

Y plc, a pharmaceutical company, has dealt with a number of risks in the manner indicated below.

Use the TARA framework to classify each of Y plc's responses.



A small number of patients have suffered a rash after taking Y plc's best selling drug. Y plc has highlighted the possibility of such a reaction on the drug's packaging.

Three patients died after taking one of Y plc's drugs. Y plc does not believe that the drug caused the deaths, but it has nevertheless ceased production of the drug.

A pill making machine was not getting the dose contained in each pill absolutely correct, so Y plc replaced the machine.

One of Y plc's drugs is less popular because many doctors now prescribe a more modern drug instead. Y plc has decided to keep producing the drug.

One of Y plc's competitors has reduced the price of a drug similar to one of Y plc's most popular drugs. Y plc has not reduced the price.

A member of production staff was overcome by fumes from a leaking pipe. Y plc has since increased its insurance against industrial injuries.

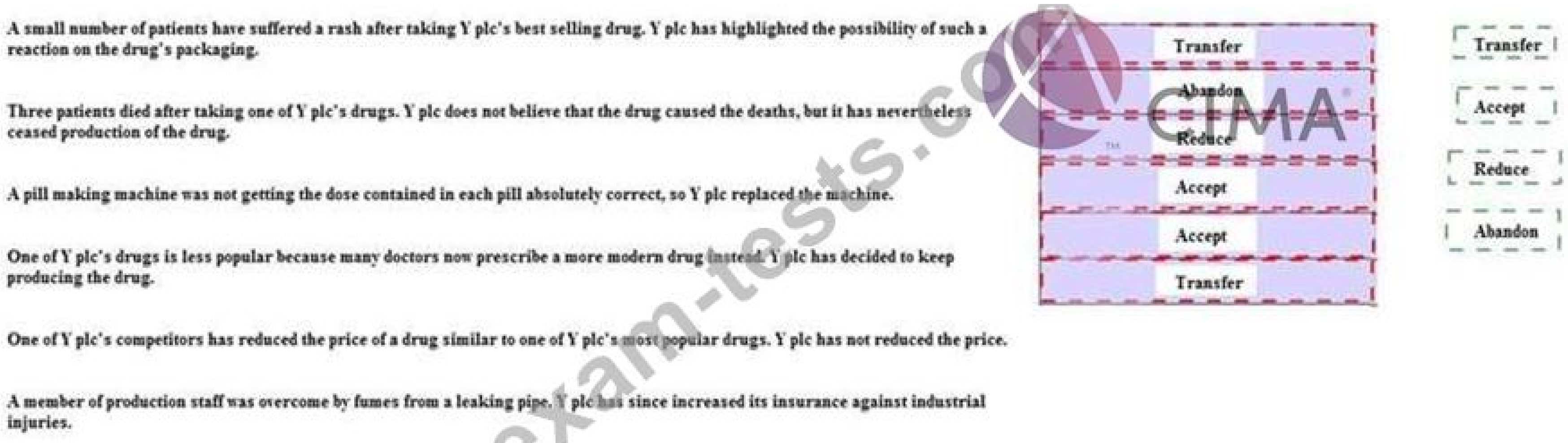
Transfer

Accept

Reduce

Abandon

Answer:



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Transfer

Abandon

Reduce

Accept

Accept

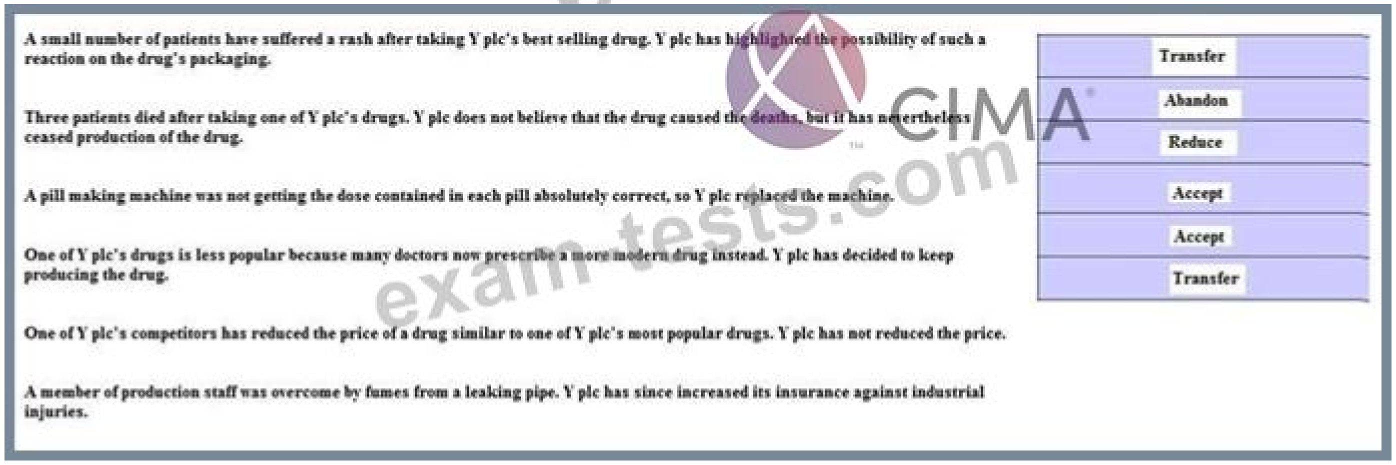
Transfer

Transfer

Accept

Reduce

Abandon



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A member of production staff was overcome by fumes from a leaking pipe. Y plc has since increased its insurance against industrial injuries.

Transfer

Abandon

Reduce

Accept

Accept

Transfer

NEW QUESTION: 85

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

A. The entity will realise that its approach to project appraisal is flawed.

B. Decision makers may be deterred from taking responsible risks.

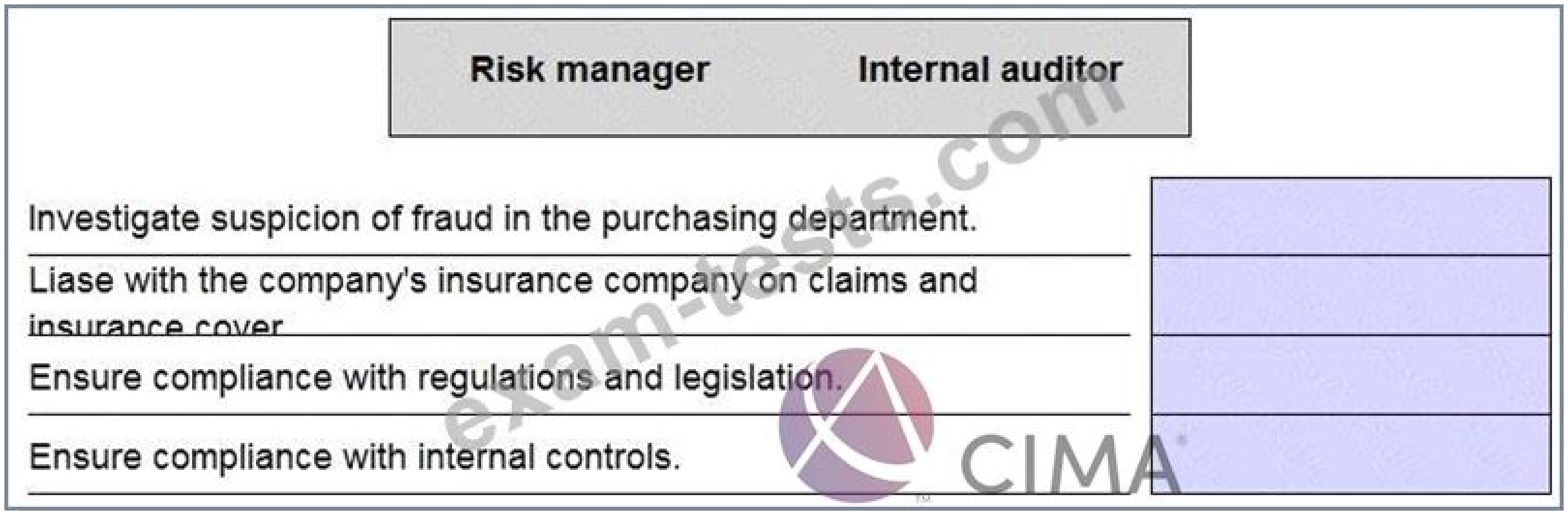
C. The entity may withdraw from a project without good cause.

D. The audit itself will waste time.

Answer: (SHOW ANSWER)

NEW QUESTION: 86

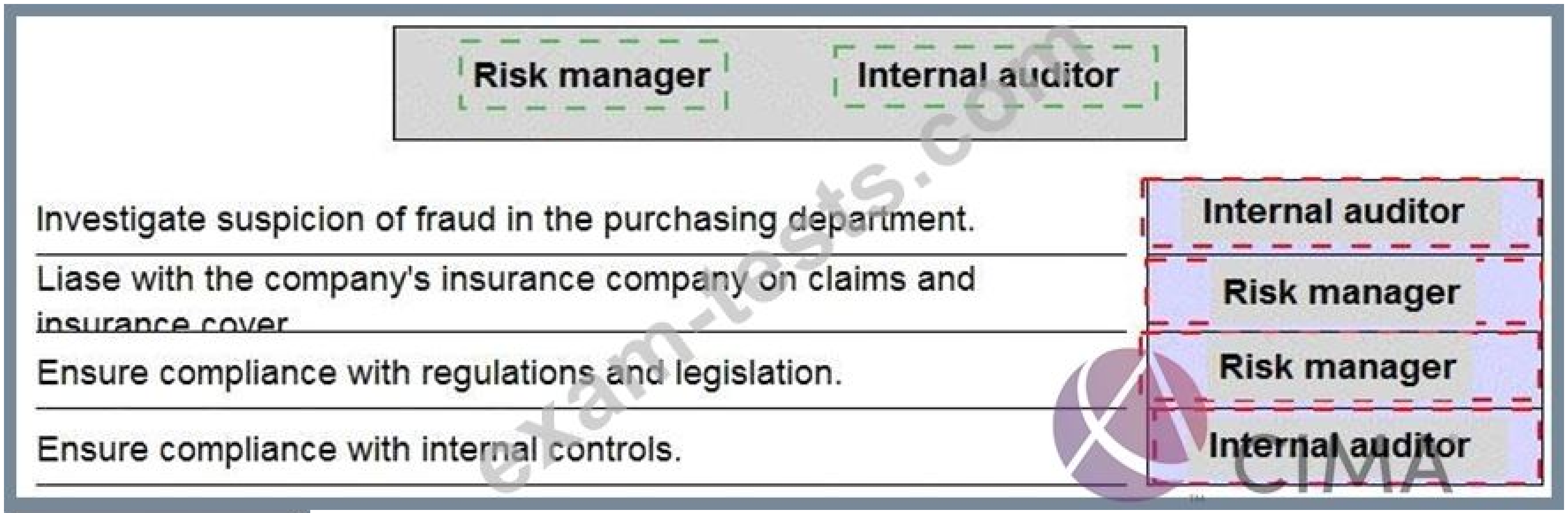
The list below has duties performed by risk managers and internal auditors. Show who would carry out the duties assuming the company has both risk managers and internal auditors.



Risk manager Internal auditor

Investigate suspicion of fraud in the purchasing department.	
Liase with the company's insurance company on claims and insurance cover	
Ensure compliance with regulations and legislation.	
Ensure compliance with internal controls.	

Answer:



Risk manager Internal auditor

Investigate suspicion of fraud in the purchasing department.	Internal auditor
Liase with the company's insurance company on claims and insurance cover	Risk manager
Ensure compliance with regulations and legislation.	Risk manager
Ensure compliance with internal controls.	Internal auditor

Internal auditor

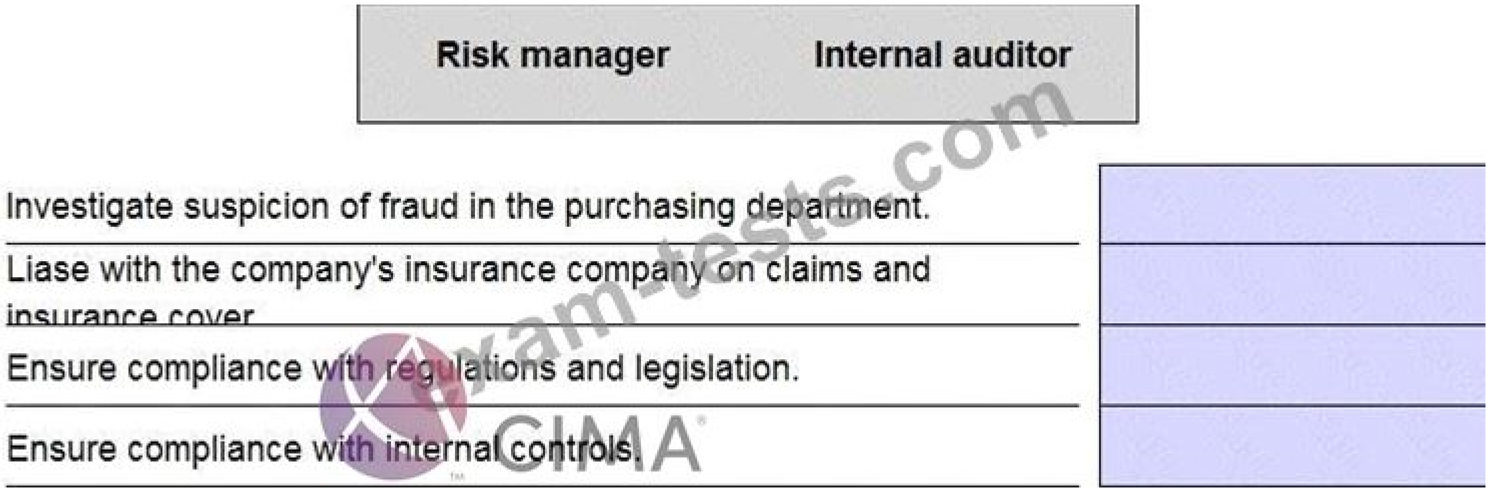
Risk manager

Risk manager

Internal auditor

NEW QUESTION: 87

The list below has duties performed by risk managers and internal auditors. Show who would carry out the duties assuming the company has both risk managers and internal auditors.



Risk manager
Internal auditor

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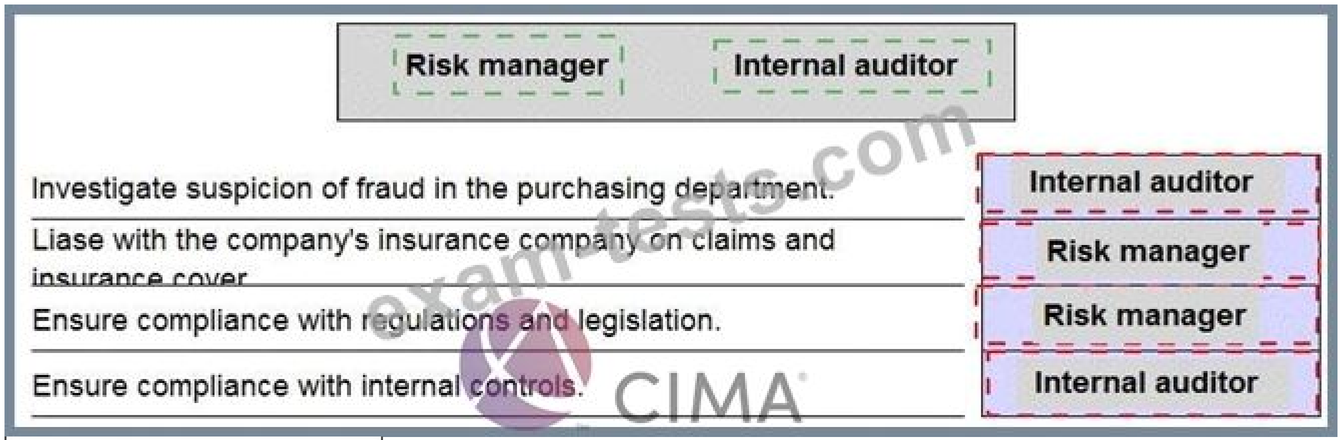
Answer:



Risk manager
Internal auditor

Investigate suspicion of fraud in the purchasing department.	Internal auditor
Liase with the company's insurance company on claims and insurance cover	Risk manager
Ensure compliance with regulations and legislation.	Risk manager
Ensure compliance with internal controls.	Internal auditor

Internal auditor
Risk manager
Risk manager
Internal auditor

NEW QUESTION: 88

K Ltd is an on-line travel agency specialising in budget package holidays to a small number of popular locations. The holidays that it sells are made up of a "package" of flights, hotel accommodation and food. K Ltd's Finance Director is concerned that the company's scope of operation is too narrow and wishes to diversify.

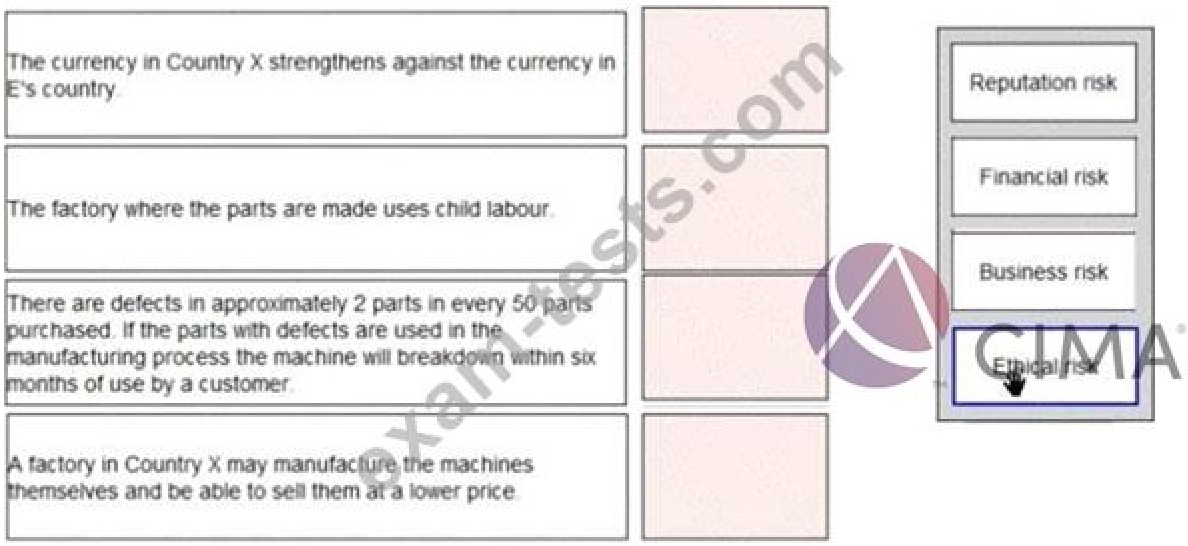
Identify TWO actions that K Ltd should take immediately.

A. Review the customer base looking at feedback, repeat sales and single visit statistics.
B. Engage market researchers to look at future trends in holiday requirements.
C. Re-image the locations it currently serves to make them more exotic and family friendly.
D. Expand the number of locations it currently serves.
E. Set up a number of activity holidays; adventure, sports and trekking for example.
F. Bulk book cruise accommodation and create a special package deal for retired couples.

Answer: A,B (LEAVE A REPLY)

NEW QUESTION: 89

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.	
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.	

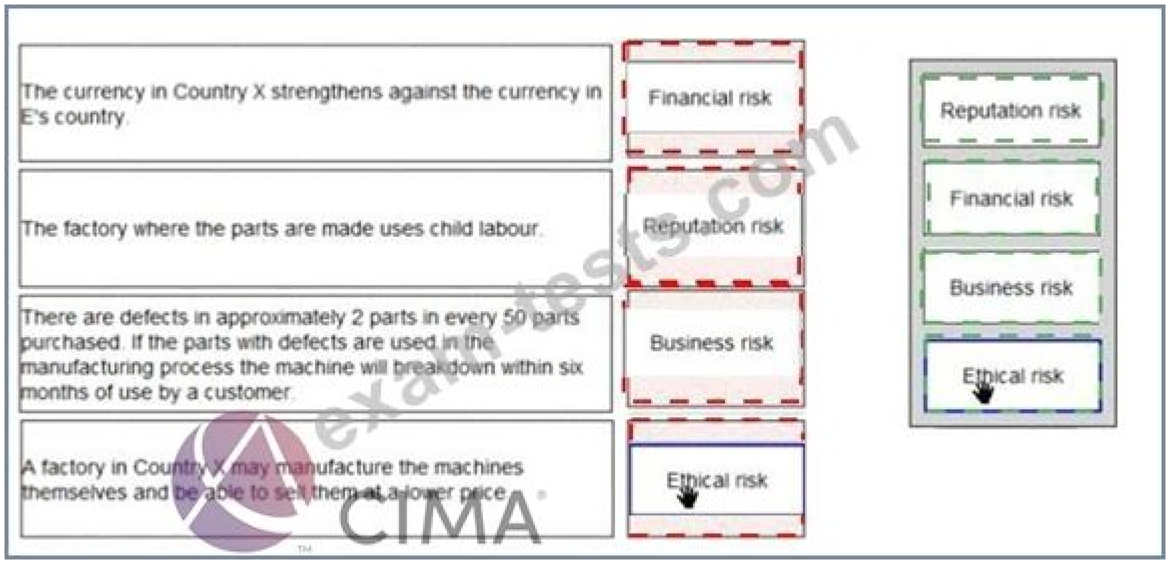
Reputation risk

Financial risk

Business risk

Ethical risk

Answer:



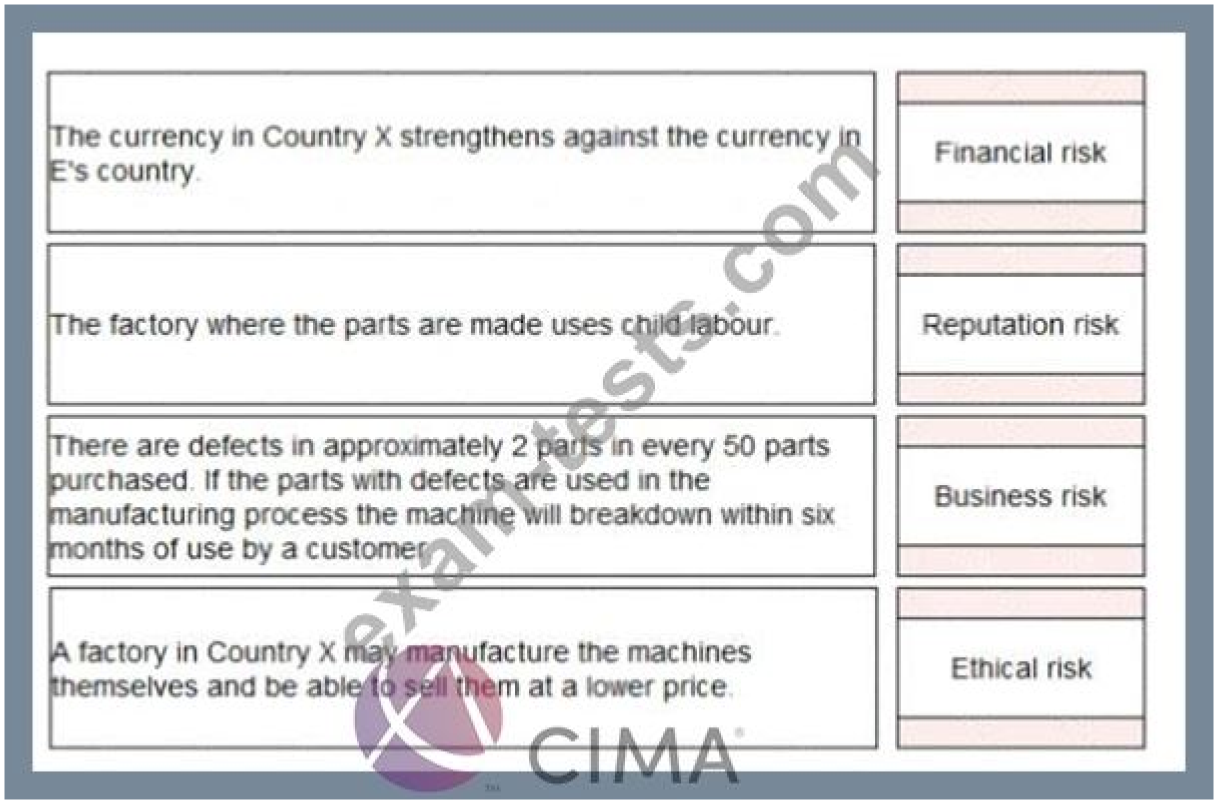
The currency in Country X strengthens against the currency in E's country.	Financial risk
The factory where the parts are made uses child labour.	Reputation risk
There are defects in approximately 2 parts in every 50 parts purchased. If the parts with defects are used in the manufacturing process the machine will breakdown within six months of use by a customer.	Business risk
A factory in Country X may manufacture the machines themselves and be able to sell them at a lower price.	Ethical risk

Reputation risk

Financial risk

Business risk

Ethical risk



The currency in Country X strengthens against the currency in E's country.

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.

Financial risk

Reputation risk

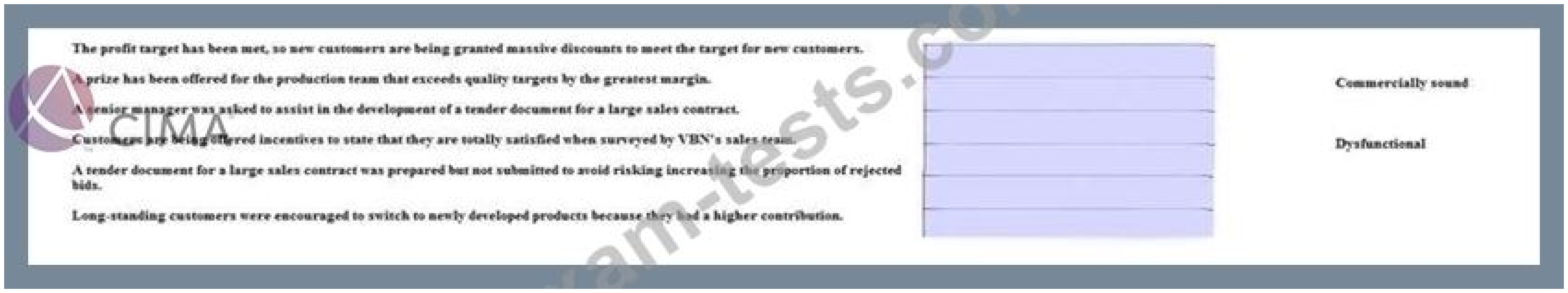
Business risk

Ethical risk

NEW QUESTION: 90

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.

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.

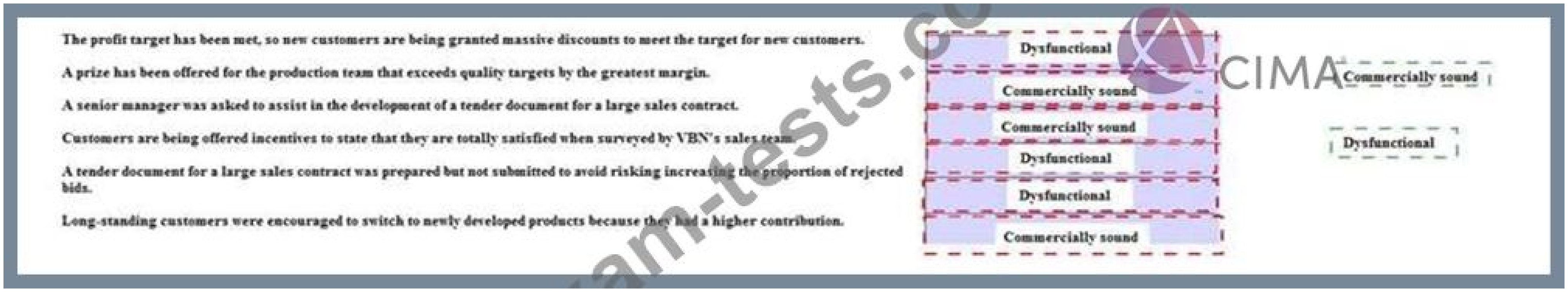
A tender document for a large sales contract was prepared but not submitted to avoid risking increasing the proportion of rejected bids.

Long-standing customers were encouraged to switch to newly developed products because they had a higher contribution.

Commercially sound

Dysfunctional

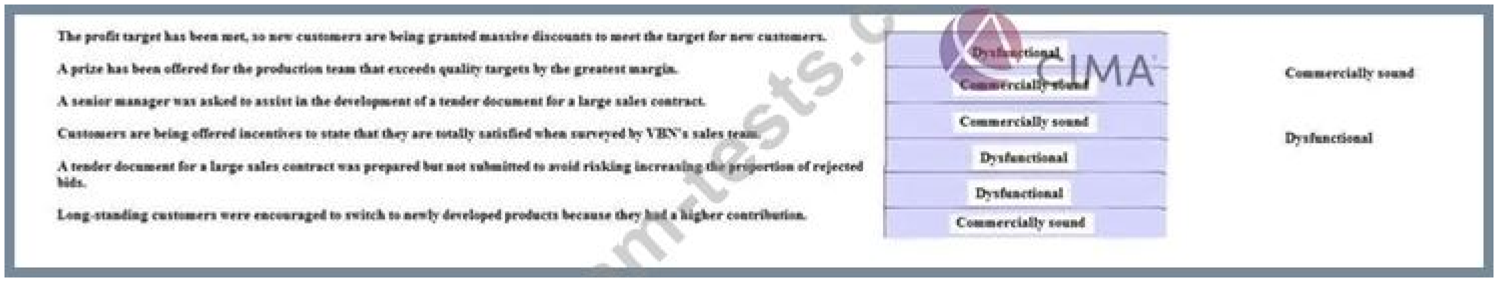
Answer:



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

Commercially sound

Dysfunctional



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	

NEW QUESTION: 91

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 expert system will always follow the same path whereas the nurses may have more knowledge about some health issues and very little about others.

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. 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).

D. The operatives would be too careful and therefore would recommend unnecessary treatments or interventions.

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: (SHOW ANSWER)

NEW QUESTION: 92

H Ltd is a company providing postal and courier services to small businesses. Customers pay a monthly or annual subscription fee to use the service, plus a very small fee for each item delivered.

A year ago, H employed a new sales team. Their remuneration is dependent on the number of new customers they sign up. Sales increased dramatically in the first six months, but now difficulties are emerging such as new customers dropping their subscription once the initial period has expired; subscriber direct debits being returned unpaid; subscribers going out of business and other similar issues.

Which of the following would be appropriate to help resolve these problems?

A. Preparing a monthly report for sales persons detailing the performance of each new customer they have signed up over the previous year.

B. Ensure that a credit check is carried out before a subscriber is accepted.

C. Reduce the rate of commission payable to any sales person who fails to sign up at least an agreed minimum number of customers each month.

D. Alter the pricing structure in order to increase the price for sending each item but decrease the subscription element of the fee.

E. Alter the commission arrangements so that commission is payable only when the subscriber signs up for a second year.

Answer: (SHOW ANSWER)

NEW QUESTION: 93

Which TWO of the following are likely to be consequences of a weak control environment?

A. Mid-level Managers will request improved controls

B. The Board will insist on improved controls.

C. The Board risks being poorly informed

D. The Board will be free to focus on strategy.

E. Poor compliance with control procedures

Answer: C,E (LEAVE A REPLY)

NEW QUESTION: 94

M plc has a $2 million loan outstanding on which the interest rate is reset every 6 months for the following 6 months and the interest is payable at the end of that 6-month period. The next 6-monthly reset period starts in 3 months and the treasurer of M plc thinks that interest rates are likely to rise between now and then.

Current 6-month rates are 7.2% and the treasurer can get a rate of 7.7% for a 6-month forward rate agreement (FRA) starting in 3 months' time. By transacting an FRA the treasurer can lock in a rate today of 7.7%.

If interest rates are 8.5% in 3 months' time, what will the net amount payable be?

Give your answer to the nearest thousand dollars.

Answer:

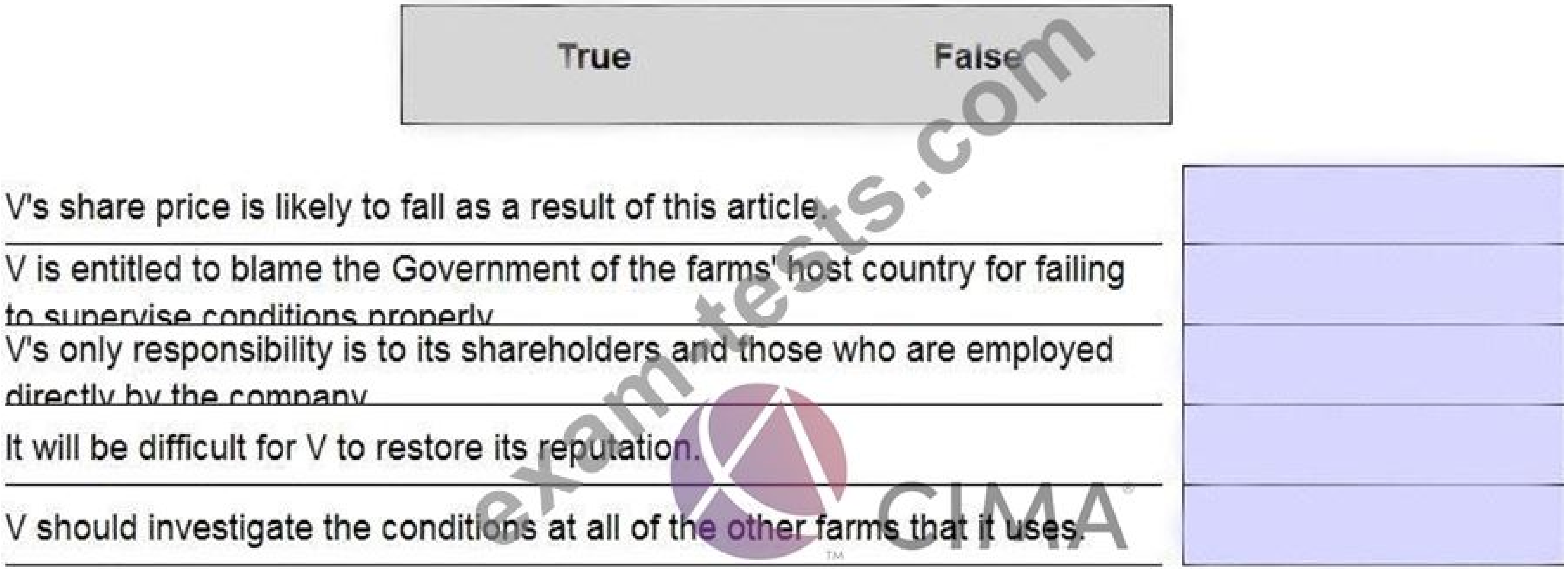
$77000

NEW QUESTION: 95

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.

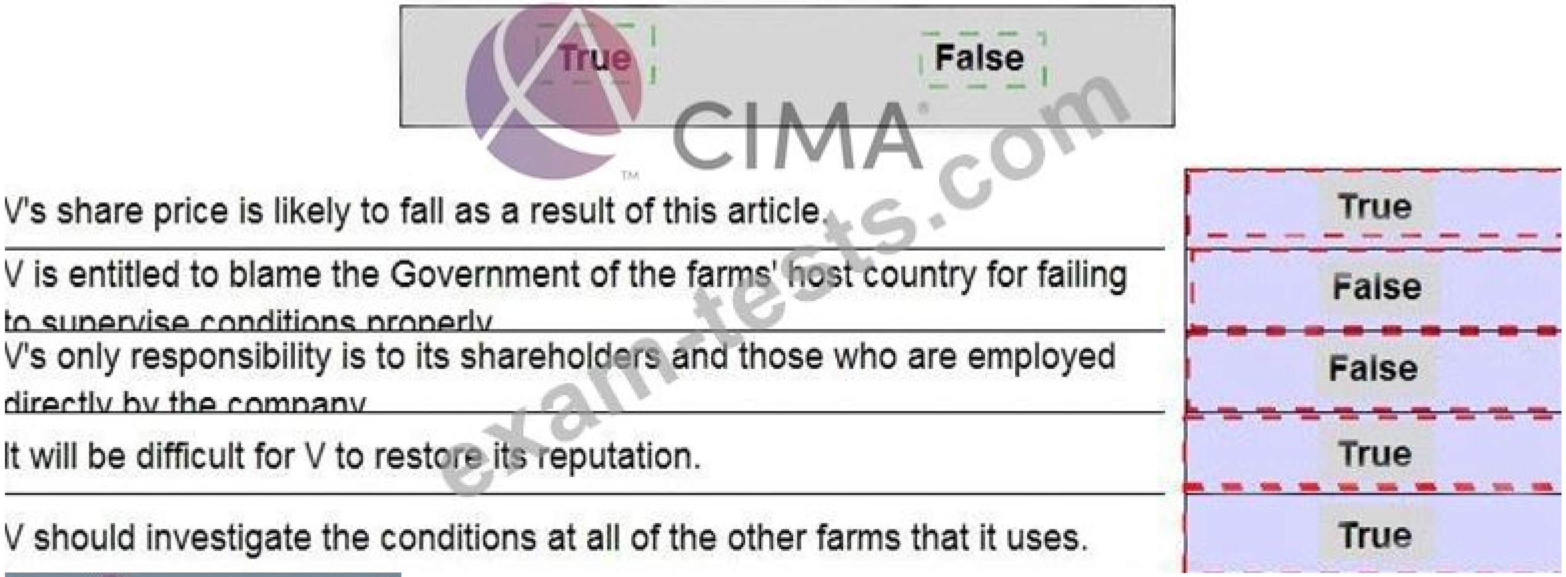
Classify each of the following statements as true or false.



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: 96

Laura is an accounts clerk. She is supposed to sign each invoice as evidence that she has conducted checks against supporting documents. Sometimes Laura signs invoices without making these checks.

Terry is a member of the internal audit team. Terry has been told to conduct compliance tests on whether Laura is checking the invoices properly.
Which of the following would give Terry a false sense of assurance that Laura's checks have been operating?

A. Terry asked Laura a series of open-ended questions about the operation of the purchases system. She did not mention anything about detailed checks of invoices against documents.

B. Terry worked at a spare desk in the accounts department and quietly watched Laura without telling her.
She checked every invoice carefully while Terry was present.

C. Terry examined a sample of invoices to make sure that they had been signed by Laura. All had been signed.

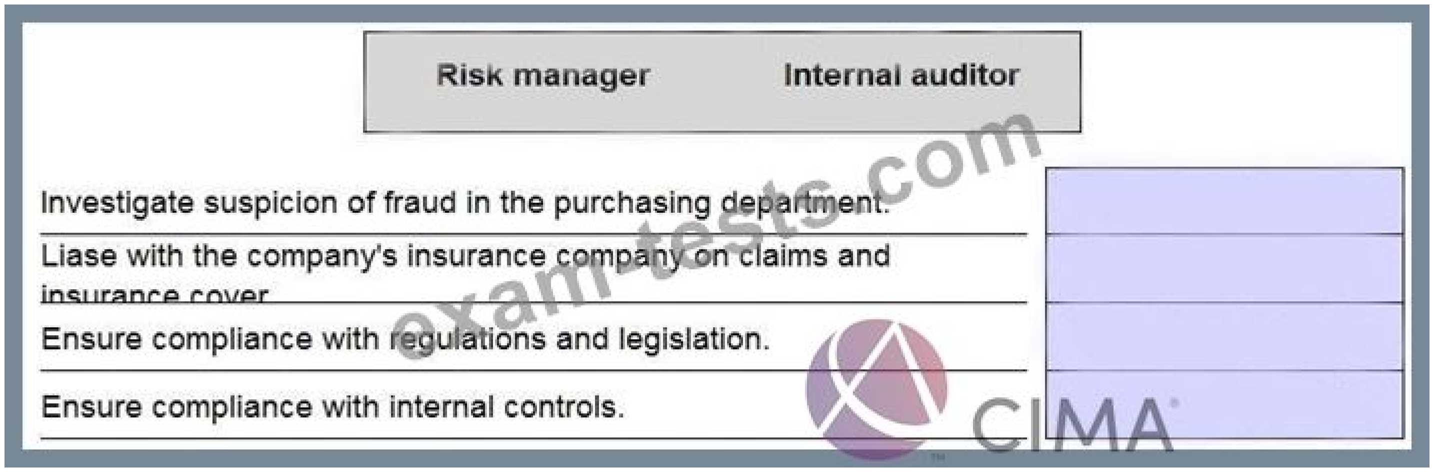
D. Terry reviewed a sample of invoices for purchases of plant and equipment and found that Laura had not signed them. Laura explained that she believed that those were authorised by someone else, although the accounts manual indicates that it was her responsibility.

E. Terry selected a sample of purchase invoices and compared each to the supporting documents that Laura is supposed to review. Every one of Terry's invoices was supported by the related documents.

Answer: (SHOW ANSWER)

NEW QUESTION: 97

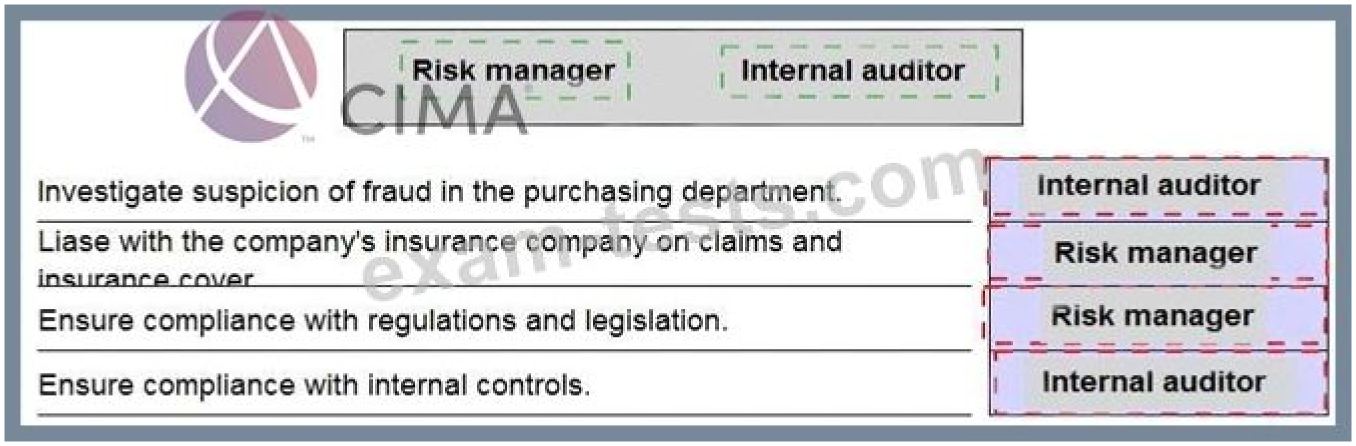
The list below has duties performed by risk managers and internal auditors. Show who would carry out the duties assuming the company has both risk managers and internal auditors.



Risk manager Internal auditor

Investigate suspicion of fraud in the purchasing department.	
Liase with the company's insurance company on claims and insurance cover	
Ensure compliance with regulations and legislation.	
Ensure compliance with internal controls.	

Answer:



Risk manager Internal auditor

Investigate suspicion of fraud in the purchasing department.	Internal auditor
Liase with the company's insurance company on claims and insurance cover	Risk manager
Ensure compliance with regulations and legislation.	Risk manager
Ensure compliance with internal controls.	Internal auditor

Internal auditor

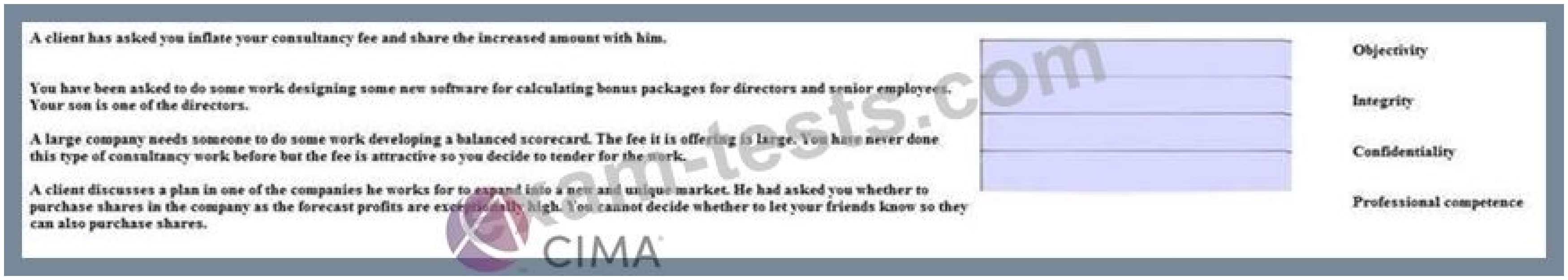
Risk manager

Risk manager

Internal auditor

NEW QUESTION: 98

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.

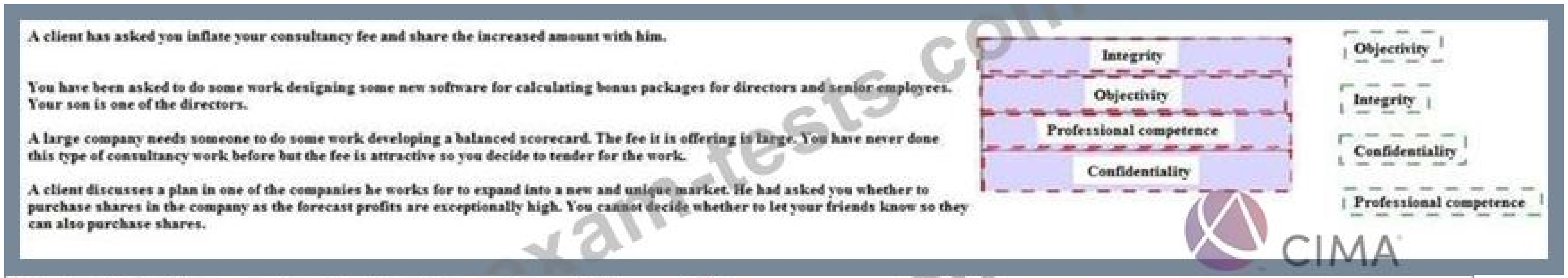
Objectivity

Integrity

Confidentiality

Professional competence

Answer:



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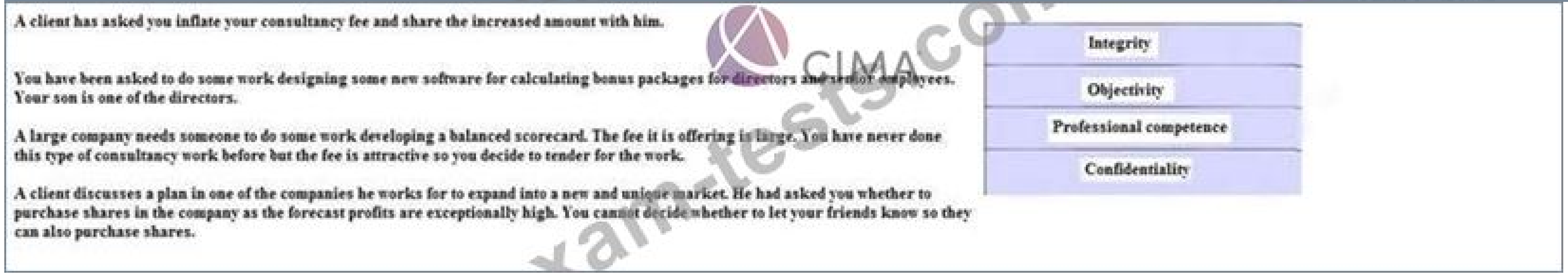

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Professional competence

Confidentiality

NEW QUESTION: 99

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. 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

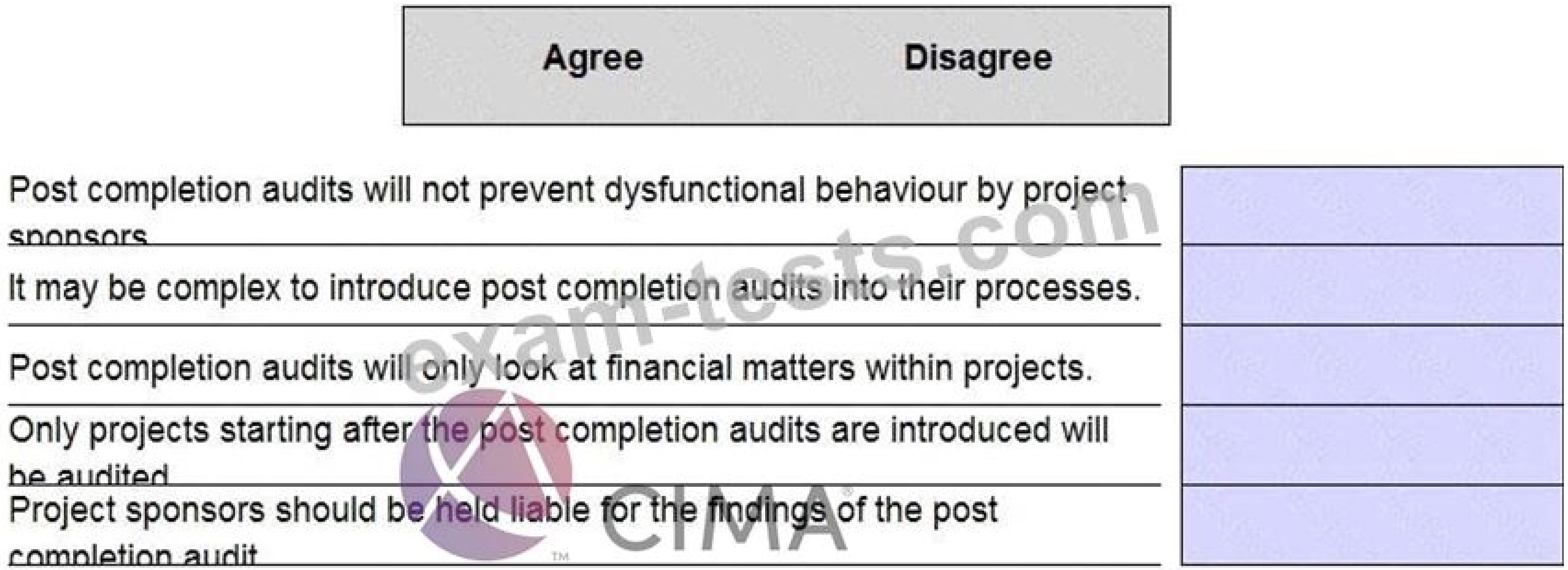
B. Include the Branch Manager's claim that the HR problems are due to a lack of HR training in the report

C. Expand the report to develop it into a description of IUY's HR procedures, but tailored to the needs of the Springtown Branch.

D. Describe the problems encountered at the branch in detail and recommend that disciplinary action be taken against the Branch Manager.
E. Omit the problems from the report, but recommend that the Branch Manager and Branch Administrator should both receive HR training
Answer: A,B (LEAVE A REPLY)

NEW QUESTION: 100
GHJ is a manufacturing company that insures against the financial costs associated with industrial injuries involving staff. The Health and Safety Office is part of GHJ's Operations Department. GHJ's insurers will automatically increase the insurance premium by 10% in the event of a claim against the policy.
Which TWO of the following are correct?
A. The risk of an increase in the cost of injury insurance cover should be made the responsibility of the company's finance function
B. The insurance cover means that management need only be concerned with the possibility of a 10% increase in the premium m the event of a serious accident.
C. The automatic increase in the insurance premium is part of the financial risk associated with industrial injuries.
D. Linking the risks associated with industrial injuries will overcomplicate the management of those risks.
E. The risk that a serious accident could impair the morale of uninjured staff is related to the financial risk associated with accidents.
Answer: A,C (LEAVE A REPLY)

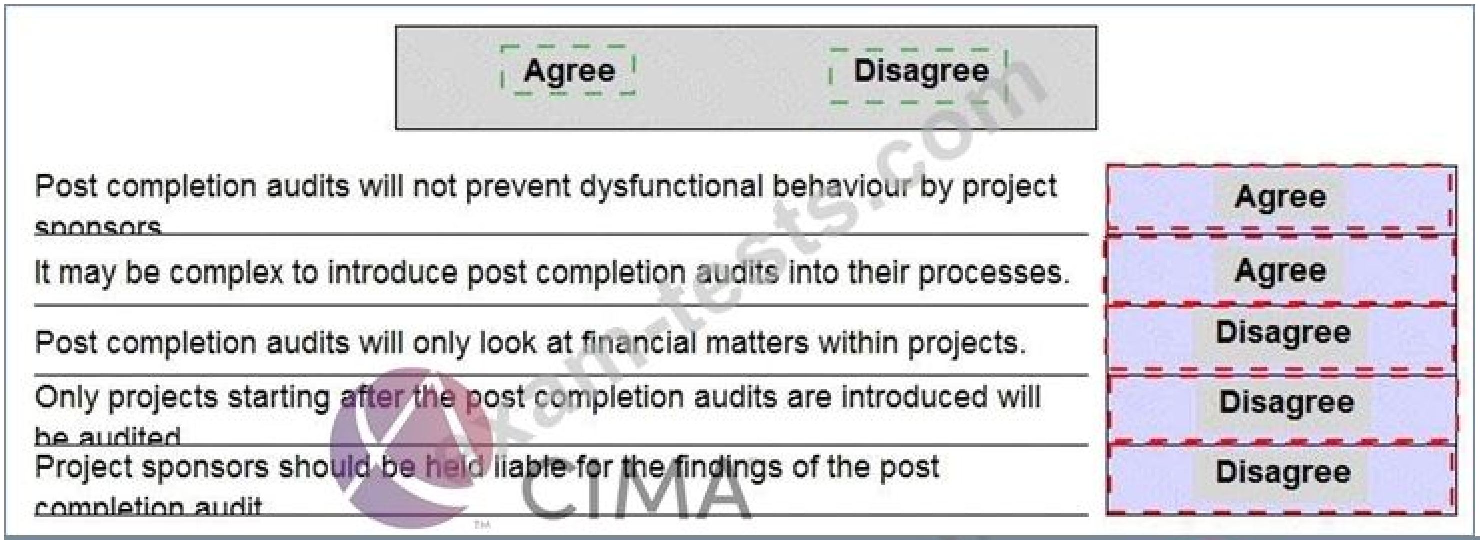
NEW QUESTION: 101
A's directors do not believe that they always get value for money from their investment in capital projects.
Over the past decade the company has invested in 55 projects that have cost more than $1m. They are considering introducing a system of post completion audit to see if this will 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**

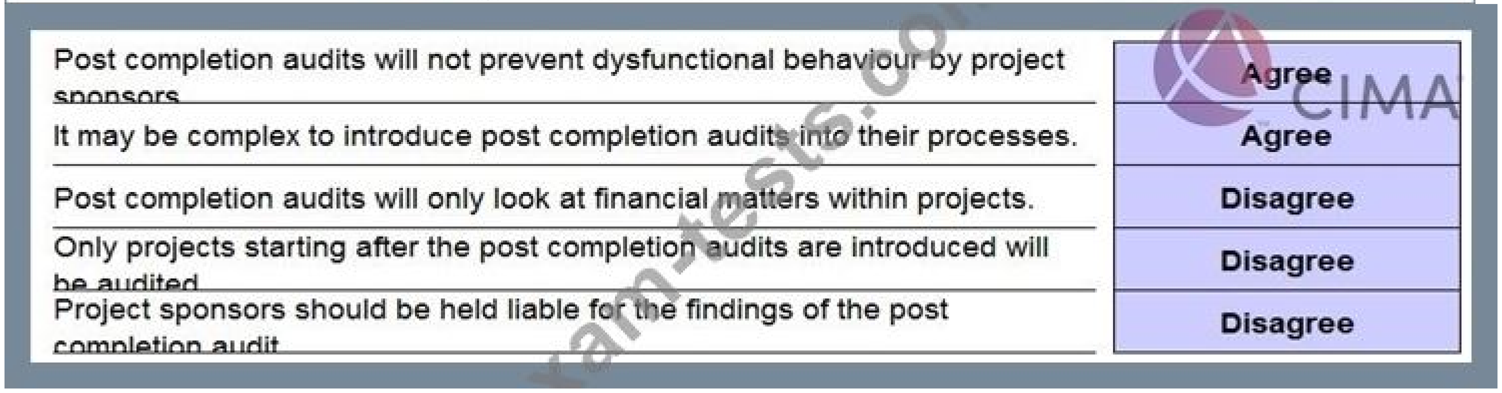
Post completion audits will not prevent dysfunctional behaviour by project sponsors	
It may be complex to introduce post completion audits into their processes.	
Post completion audits will only look at financial matters within projects.	
Only projects starting after the post completion audits are introduced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

Answer:



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: 102

Why do businesses take risks?

Select the TWO correct answers.

A. Risk taking allows businesses to save time by not having to find out all the facts before they embark on new projects.

B. Risk taking provides businesses with opportunities to make better returns.

C. Risk taking can assist businesses to gain an advantage on their competitors.

D. Risk taking can give the impression that senior management roles are very dynamic.

E. Risk taking allows for multiple random outcomes, some of which may be worth chasing.

Answer: B,C (LEAVE A REPLY)

NEW QUESTION: 103

A publicly funded hospital has put various features in place in an attempt to improve strategic control and create an improved control environment.

Which TWO of the following features are most likely to meet this objective?

A. An Audit Committee consisting of five independent persons with expertise in finance, human resources, and medicine.

B. A strict policy of capping the maximum salary payable to any employee at 110% of the average earned by that category of employee in the country in which the hospital is located.

C. Ensuring that all medical staff are aware that their first priority should be to discharge patients as quickly as possible at all times so as to minimise wasting hospital resources.

D. Ensuring that the Head of Internal Audit examines and authorises all expense claims by hospital staff.

E. The setting up of a Risk Management Committee to examine the strategic risks applicable to the entity and to formally report on a quarterly basis.

Answer: A,E (LEAVE A REPLY)

NEW QUESTION: 104

SC is a professional football club which is currently listed on a recognised stock exchange. There is a proposal that it builds a new stadium at a location a considerable distance from its current stadium.

There is strong support within the club for the move as the current ground is now over 40 years old and has not been extensively modernised in that time.

However, there is a lot of opposition to the move in the area where it is proposed to locate the new stadium. Objectors claim that the new stadium will increase traffic and pollution in the area and will adversely affect the value of their properties.

Which of the following statements about the responsibility of the board of SC is correct?

A. The board should share information about the new development with the local community only to the extent that it is legally obliged to do so.

B. The board should conclude that objectors to the new stadium have a legal course of action open to them and if they do not take legal action they should ignore them.

C. If the board of directors is seen as acknowledging its responsibility to stakeholders other than shareholders this will enhance the reputation of the club and it will be more likely that a compromise can be reached with objectors.

D. A football club needs to be part of the community in which it exists and so the board should consider the other stakeholders.

E. SC is now a listed company and so the board should prioritise the interests of shareholders to the exclusion of other stakeholders.

Answer: C,D (LEAVE A REPLY)

NEW QUESTION: 105

Which TWO of the following are benefits of carrying out a post-completion audit of capital projects?

A. A post-completion audit can help find out where a project went wrong so it can be fixed immediately.

B. A post-completion audit can help management understand what went wrong with a project in order to try and prevent the same problem occurring in the future.

C. A post-completion audit can help find out who was to blame for a project exceeding the budget.

D. A post-completion audit can investigate variances from the budget on completed projects.

Answer: B,D (LEAVE A REPLY)

NEW QUESTION: 106

They key objective of maximizing shareholders wealth would indicates that a capital investment project with a large positive BPV should be accepted.

Which THREE of the following statements are correct?

A. Financial methods of evaluation are not the only factors to consider when appraising a project.

B. If the positive NPV is large, the needs of other stakeholders needed considered.

C. The directors should balance the need for a positive NPV with the company's longer term strategic requirements.

D. NPV Is always the best method of appraising a capital investment project.

E. It will always be in the director's best interest to accept projects with high positive NPVs.

F. In some circumstances project with a negative NPV should be accepted.

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

NEW QUESTION: 107

GHJ makes large export sales to customers in Country A, whose currency fluctuates significantly against GHJ's home currency. GHJ also makes large purchases from suppliers in Country A.

All of these transactions are in Country A's currency.

GHJ'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.

GHJ'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 GHJ has a currency risk which is not actively hedged.

Which of the following statements are correct?

A. Risk reporting is a bad thing.

B. The Board may be concerned it will be criticised if it does not hedge.

C. Risk reports can change behaviour.

D. The Board does not want to be blamed for ignoring a risk.

E. Risk reporting drives the whole risk management process.

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

NEW QUESTION: 108

CVB is a major chain of pharmaceutical retailers that is quoted on its home stock exchange.

CVB's Chief Executive Officer (CEO) persuaded a former school friend to join CVB's Board as Non-executive Chair It is not widely known that the two have been lifelong friends. The Chair tends to defer to the CEO on all matters arising at Board meetings Which of the following statements are correct?

Select ALL that apply.

A. The Chair should have declared an interest and refused this appointment

B. The presence of the other non-executives will ensure sound governance

C. There will be a major corporate scandal relating to CVB

D. This friendship does not matter because the CEO and Chair would become friends anyway

E. CVB's shareholders are likely to be misled over the quality of governance

Answer: A,E (LEAVE A REPLY)

NEW QUESTION: 109

DFG is the largest bridge-building company in its home country, H. DFG works exclusively for the government of country H and the government awards DFG 80% of the contracts to build new bridges.

DFG's directors are considering using the big data approach to identify opportunities to increase sales revenues and profit.
Which of the following statements are true?

A. Big data has the potential to identify ways in which DFG can reduce construction costs.

B. DFG should supplement its existing databases in order to enhance the benefit from big data.

C. The big data approach may help DFG to price contract bids more accurately.

D. It would be unethical for DFG to use big data in order to compete even more effectively with its rivals.

E. Big data has the potential to identify ways in which DFG can increase sales.

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

NEW QUESTION: 110

You are in process of compiling a risk register for P, a company which maintains railway tracks. This helps prevent accidents and ensures the trains are not disrupted due to problems with the track.
Which of the following statements are valid?

A. The risk register should specify the individual, or group of individuals, responsible for the management of each risk.

B. A risk register should concern itself with only the direct consequences of each risk such as injury to passengers and ignore indirect risks, such as re-routing trains due to an accident.

C. The risk register for P should be updated frequently: for example, every two weeks.

D. A risk register should profile each risk in terms of probability and consequence.

E. A properly compiled risk register will identify all the risks to which P could possibly be exposed.

Answer: A,D (LEAVE A REPLY)

NEW QUESTION: 111

HWG is a large company which grows and processes coffee The coffee is sold to supermarkets, branded with their names for sale as "own brand" products HWG brands and packages the coffee using the supermarkets' own designs HWG's directors are considering a strategic proposal to develop a range of coffees to be sold under a brand that HWG will develop Which TWO of the following should the directors consider as part of their strategic analysis?

A. The design of packaging for the new brand

B. The sales volume forecast for the new coffee

C. Recruiting a marketing firm to advertise the new coffee

D. The reaction of the supermarkets who currently buy coffee from HWG

E. The choice of name for the new brand

Answer: (SHOW ANSWER)

NEW QUESTION: 112

A US company has to pay £500,000 for a new machine.
You have the following information on currencies.
EUR 1 = £1.2300
EUR 1 = USD 1.6200
What is the cost of the machine in USD?
Give your answer to the nearest $.

Answer:

$658501, $658537

NEW QUESTION: 113

HJK is a publishing company that employs several hundred staff A member of the company's IT Security Department contacted 30 members of HJK's staff selected at random, and told each one that his or her computer appeared to be infected with a virus The staff members were asked to provide their login details and corporate passwords so that IT Security could remove the virus remotely A total of six members of staff provided this information.

Which TWO of the following statements are correct?

A. HJK's response should be limited to briefing the six staff members on their error and ensuring that they change their passwords.

B. The investigation should be repeated in the future on a different sample of staff, using other reasons for asking for logins and passwords

C. It was unethical for HJK's IT Security Department to contact staff in this manner, lying about the suspected presence of a virus in order to provoke a response.

D. It was acceptable for the staff to surrender their details because the request had actually been made by members of HJK's IT Security Department.

E. HJK's entire staff should be informed of the investigation and of the disappointing fact that six members of staff handed over their logins and passwords

Answer: B,E (LEAVE A REPLY)