

# DUMPS ARENA

## Fundamentals of Ethics, Corporate Governance and Business Law

Cima BA4

Version Demo

Total Demo Questions: 20

Total Premium Questions: 503

Buy Premium PDF

<https://dumpsarena.co>

[sales@dumpsarena.co](mailto:sales@dumpsarena.co)

sales@dumpsarena.co  
dumpsarena.co

**QUESTION NO: 1**

Wye has borrowed £10,000 from Exe and the loan has now become repayable in full. Exe has received a cheque from Wye for £9,000 stated to be "in full and final settlement of the loan." What is the position if Exe cashes the cheque?

- (i) Exe will have accepted £9,000 in full and final settlement and will not be able to claim the other £1,000 from Wye.
- (ii) Exe is legally entitled to cash the cheque and pursue Wye for the balance of £1,000.
- (iii) Exe will have accepted £9,000, but at law payment of less than the amount due cannot satisfy the full debt.

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (ii) and (iii) only

**ANSWER: D****QUESTION NO: 2**

Which TWO of the following are NOT directly relevant to a system of professional ethics?

- A. Religious morality
- B. Political morality
- C. Career development
- D. Personal friendships
- E. Family commitments

**ANSWER: A B****QUESTION NO: 3**

You work for a publishing company. Which of the following corporate issues is NOT related to ethics or social responsibility?

- A. Whether advertisers are given more favorable editorial coverage than other companies that do not advertise in your company's magazines
- B. Whether the paper used for the magazines comes from sustainably managed forests or can be recycled
- C. Whether your company's magazines are more popular than competitor titles

D. Whether sales targets are so high that they implicitly encourage salespeople to ignore corporate values and principles

**ANSWER: C**

#### **QUESTION NO: 4**

You always take the time to be polite to colleagues and listen to the opinions of others, even if you might disagree with their views. Which TWO of the personal qualities identified by the CIMA Code of Ethics does this demonstrate?

- A. Responsibility
- B. Reliability
- C. Respect
- D. Courtesy

**ANSWER: C D**

#### **QUESTION NO: 5**

Which of the following does a professional accountant NOT have a duty to stay up to date on?

- A. Emerging issues that could affect public interest
- B. Who's who in the industry
- C. New legislation
- D. Ethical issues relating to his or her work

**ANSWER: B**

#### **QUESTION NO: 6**

S is management accountant for a small construction company. The company's financial year is due to end in a few weeks. The company has a number of large construction projects, one of which is behind schedule. One of the directors of the company has asked S to raise an invoice for a progress payment that is due on completion of the next phase of the contract. S knows that this phase will not be complete until after the year end, but the director says that the client needs the invoice now, to allow them to process it in time for payment when the phase is complete.

Which THREE of the following would it be appropriate for S to do?

- A. Do as requested
- B. Challenge the request
- C. Ask for confirmation in writing from the director

- D. Refuse
- E. Bring the matter to the attention of the managing director
- F. Ask for advice from the company's external auditors

**ANSWER: B D E**

#### QUESTION NO: 7

A professional accountant's social responsibility relates to which TWO of the following?

- A. Acting in the interests of one's employer
- B. Seeking to maximize a company's shareholder return on investment
- C. Playing a role within global, local, professional or other communities
- D. Fulfilling public duty

**ANSWER: C D**

#### QUESTION NO: 8

A advertised his van for sale in the local newspaper at a price of £5,000.

In which of the following situations is a contract between A and B created?

- A. B wrote to A accepting his offer to sell the van for £5,000.
- B. B wrote to A and offered to buy the van at £4,800. B stated "if I hear no more from you in the next three days I shall assume that you agree to sell the van to me at that price." Three days have now passed and B has heard nothing from A.
- C. B offered to buy the van for £4,800. A wrote to B accepting his offer. B wrote back stating: "payment will be made over three months."
- D. B offered to buy the van for £4,500. A wrote to B accepting his offer but later changed his mind and sent an email to B withdrawing his acceptance. The email was read by B before he read A's letter of acceptance.

**ANSWER: C**

#### QUESTION NO: 9

Zed plc contracted to build an apartment block for Exe Ltd. Which of the following would provide Zed with a valid excuse not to proceed with the contract?

- (i) A key employee who was to manage the project has resigned.

(ii) The price of the materials to be used by Zed plc have increased to such an extent that the building can only be completed at a loss to Zed plc.

(iii) Planning permission has been refused.

- A. (i) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (iii) only

**ANSWER: D**

#### **QUESTION NO: 10**

Which of the following are TWO reasons why new legislation might be introduced in response to corporate scandals?

- A. To prevent this type of unethical behavior by making it illegal
- B. To punish individuals for adhering to codes of ethics
- C. To encourage companies to make their own decisions about ethical matters
- D. To enforce minimum standards of behavior

**ANSWER: A D**

#### **QUESTION NO: 11**

Which TWO of the following are examples of safeguards that may increase the likelihood of identifying or deterring unethical behavior?

- A. Effective, well publicized complaints systems operating by the employing organization, the profession or a regulator
- B. A company policy stating that ethics is discretionary and it is for individuals to decide on their standards of behavior
- C. An explicitly stated duty to report breaches of ethical requirements
- D. Leadership of an organization that establishes the expectation that members of an assurance team will act solely in their employer's interest

**ANSWER: A C**

#### **QUESTION NO: 12**

Which of the following statements are part of CIMA's definition of professional behavior? Please select the TWO statements that apply.

- A. Compliance with laws and regulations
- B. Compliance with guidelines and standards
- C. Avoid any action that discredits the profession
- D. Avoid any action that discredits one's employer or client

**ANSWER: A C**

**QUESTION NO: 13**

Which of the following is INCORRECT in relation to the UK Corporate Governance Code?

- A. The board should be made up of a majority of non-executive directors.
- B. All UK companies quoted on the London Stock Exchange have to include a statement of how the company has complied with the main principles set out in the Code.
- C. There should be a clear division of responsibilities between the Chairman and the Chief Executive.
- D. No director should be involved in deciding his or her own remuneration.

**ANSWER: A**

**QUESTION NO: 14**

Which TWO of the following are true of the CIMA Code of Ethics?

- A. It covers every possible dilemma that an accountant might face
- B. It is based on values rather than compliance
- C. It is a financial requirement of accountants
- D. It establishes the fundamental principles of professional ethics for professional accountants

**ANSWER: B D**

**QUESTION NO: 15**

If a professional accountant believes that he or she will not be able to comply with all the legal frameworks, regulations and standards for business in a particular circumstance, what does he or she have a duty to do? Please select TWO of the following:

- A. Obey the law
- B. Disregard conflicting standards

- C. Act in the interests of his or her employer
- D. Raise his or her concerns by speaking up

**ANSWER: A D**

**QUESTION NO: 16**

A professional accountant is NOT accountable to:

- A. The public
- B. His or her clients
- C. His or her employer
- D. His or her company's competitors

**ANSWER: D**

**QUESTION NO: 17**

According to CIMA, which TWO of the following are responsibilities of a professional accountant?

- A. To exclusively satisfy the needs of an individual client or employer
- B. To act in the public interest
- C. To comply with the ethical requirements of an employer's and professional body's code of ethics
- D. To never question the truth of the information provided by an employer or client

**ANSWER: B C**

**QUESTION NO: 18**

B is employed by Zed plc and has suffered an occupational injury.

Which of the following is correct?

Zed plc may be liable to B for:

- i. breach of an implied term in B's contract of employment
- ii. breach of the duty to take care in the tort of negligence
- iii. breach of statutory duty

- A. (i) only

- B. (ii) only
- C. (iii) only
- D. (i), (ii) and (iii)

**ANSWER: D**

**QUESTION NO: 19**

Which of the following is NOT a correct distinction between shares and debentures?

- A. If a company is in insolvent liquidation debenture holders are paid in priority to shareholders.
- B. Unlike dividends, debenture interest must be paid, even if a company is trading at a loss.
- C. Both share and debenture holders are members of the company and entitled to vote.
- D. Debenture interest is deductible from gross profit in order to determine taxable profit. Dividends are profits.

**ANSWER: C**

**QUESTION NO: 20**

Which of the following reasons for dismissal are NOT deemed to be automatically unfair?

- A. Serious misconduct
- B. Refusing to join an independent trade union.
- C. Pregnancy
- D. Selection for redundancy because of membership of a trade union.

**ANSWER: A**