

The Institute of Chartered Accountants of Bangladesh
Business & Finance

Time allowed: 1.5 Hours

Full Marks: 100

[N.B. - This question paper consists of 50 short questions each worth equal mark]

1. One of PQR Ltd's stakeholder groups is putting the company under pressure to improve its earnings per share. This group is most likely to comprise?
 - a) Employees
 - b) Suppliers
 - c) Customers
 - d) Shareholders

2. It is reported that two large listed companies recently colluded with each other to fix the price of a product they both sell in Bangladesh. Collusion of this type is an example of market failure due to?
 - a) Inequality of resources
 - b) External costs
 - c) Market power
 - d) Resource immobility

3. ABC Ltd. is a large group which processes waste for local authorities. It has stated that it seeks to provide.

“Our shareholders with increased value, our customers with value for money, our employees with secure and interesting jobs and the public with safe and environmentally sustainable waste disposal.”

This is analysed below into four statements. Identify which one is ABC Ltd.'s primary business objective.

 - a) To provide our shareholders with increased value
 - b) To provide our customers with value for money
 - c) To provide our employees with secure and interesting jobs
 - d) To provide the public with safe and environmentally sustainable waste disposal

4. Simian Ltd operates in the financial services sector. Its marketing director is developing the firm's marketing plan. An external marketing consultant has recommended that the PESTEL framework should be used as part of this process. Which of the following statements correctly describes the reason why the PESTEL framework might prove useful?
 - (a) It will identify Simian Ltd's strengths and weaknesses
 - (b) It will allow a detailed analysis of the structure of the financial services industry
 - (c) It will act as a detailed checklist to assist in understanding the different influences in Simian Ltd's environment
 - (d) It will help to identify the relative levels of interest and power of Simian Ltd's stakeholders

5. Candle Ltd is concerned about the risk management of its information systems function. The Systems Director has suggested that information systems management could be wholly outsourced to a third party provider.

This action would be a form of?

- a) Risk reduction
 - b) Risk transfer
 - c) Risk avoidance
 - d) Risk retention
6. The key trade-off that lies at the heart of working capital management is that between?
- a) Business stability and solvency
 - b) Debtors and creditors
 - c) Current assets and current liabilities
 - d) Liquidity and profitability
7. There are two types of goals in the business those are to be accomplished to be successful in the competitive market. One of it is Non-operational or qualitative goals and another is Operational or quantitative goals. PISD Ltd has operational objectives for its manufacturing division is "increasing manufacturing activities within a year". Where operational goals are important and shall be SMART.

On which one of the SMART criteria for objectives does this objective fall down?

- a) Specific
 - b) Measurable
 - c) Relevant
 - d) Time Bound
8. Mr. Prashanta is the Chief Financial Officer (CFO) of a Company and he is also handling the secretarial issues. But due to work pressure he has to transfer some of the work pressure to his subordinate. His subordinate always try to deliver the output within the expected timeframe. But sometime he has to take some decision that are remain pending from the end of the subordinate having no power of decision. It creates extra pressure and less output from the subordinate level. Which of the following do you think absent in the effective output process of Mr. Prashanta?
- a) Lack of delegation
 - b) Absence of supervision
 - c) Lack of responsibility and follow-up
 - d) Lack of motivation to employees financially
9. Square Paints Limited has 1,000 workers in its production site they are being paid up by monthly wages within due time. But the Company is paying a low wages (but basic need can be filled) to its workers by taking the help of the labor union and all of them are on contractual basis. The work environment of the workers are also not much hygiene. It arrange a labor camp to its contractual workers.

From the above situations which of the following needs are not being fully satisfied from the view point of Abraham Maslow's content theory: the hierarchy of needs?

- a) Safety/security needs
- b) Social needs
- c) Physical needs
- d) Ego needs
- e) Self-actualization needs

10. Leadership is one of the most successful tools for any organizational success and its market growth. Likert has suggested to ensure a better management and ensuring better management effectiveness any entity shall focus on the leadership style that should be benevolent, and?

Which of the followings will be appropriate words in the Likert leadership styles?

- a) Exploitative
- b) Participative
- c) Employee centered
- d) Flexible
- e) Consultative

11. Kotha is an IT specialist responsible for a new database which is used by all functions in the organization. If Trina, a human resources manager, attempted to alter the database parameters Kotha could prevent her from doing so by exercising functional authority.

- a) Yes
- b) No

12. US Bangla Airline Limited is a renowned air transport service provider in Bangladesh. It is also listed with the stock market in Bangladesh. About 55% of its stake is held by US Ultimate Air Transport Limited. The Company is recently trying to expand its commercial fly services to different countries of the world. It is thinking about the expansion in different mode of expansion. It seek suggestion from the International experts on aviation. One of the expert has given the following statements.

Statement (1) The ultimate control over the strategic alliance will not be diluted due to having low cross holding by the other entity.

Statement (2) No Separate entity needs to be formed and there is low competition

Statement (3) The agreement is hard to break

Statement (4) Huge commitment then the joint venture and other arrangement alliances

Which of the statement (s) above are true?

- a) Statement (1) and (2)
- b) Statement (3) and (4)
- c) Statement (1), (2) and (4)
- d) Statement (1), (3) and (4)
- e) All of them are true.

13. While issuing new shares by placing, issuing house:

- a) Offers share for sale to general public
 - b) Places share to Investing Institutions
 - c) Places share to general public
 - d) Offers share to Investing Institutions
14. Stakeholders need the company's corporate governance to ensure that the company follows good practice in corporate governance and business ethics.
- a) True
 - b) False
15. According to Competition Act 2012, Cartel activity is:
- a) Legal offence
 - b) Criminal offence
 - c) Moral offence
 - d) All of the above
16. A tariff which is applied as a percentage of the goods imported is called as an Ad Valorem tariff:
- a) True
 - b) False
17. A high degree of mutual interdependency can be shown in case of:
- a) Duopoly
 - b) Oligopoly
 - c) Monopoly
 - d) Monopolistic competition
 - e) All of the above
18. Which of the following doesn't affect demand?
- a) Fashion
 - b) Price of substitute goods
 - c) Cost of production
 - d) Changes in technology
19. Where demand is inelastic, working capital is most likely to increase when
- a) Work in progress falls
 - b) Selling prices increase
 - c) The credit period allowed to customers is reduced
 - d) The credit period taken from suppliers is increased
20. Novel Ltd. has been establishing its accounting and finance function. The company has been told that two purposes of published, audited financial statements are to help users to assess how effectively managers are running a business and to make judgements about the likely levels of risk and return in the future. Which of the following user groups of Novel Ltd.'s

published, audited financial statements is most likely to use accounting information for these purposes?

- a) Community representatives
- b) Employees
- c) Shareholders
- d) Managers

21. When a company's accounting and finance function prepares financial statements in accordance with legal rules and accounting standards, it is engaged in the support activity of

- a) Record-keeping and stewardship
- b) Planning and control
- c) External reporting
- d) Internal reporting

22. Tram Ltd's finance and accounting section wants to provide information to management on the company's balanced scorecard. This role would be undertaken as part of Tram Ltd's

- a) Statutory audit requirement
- b) Financial reporting function
- c) Treasury management process
- d) Performance measurement system

23. Rust Ltd invoices customers at the beginning of the month following the month in which a sale is made. All of the cash to be received in respect of these invoices occurs within two calendar months of invoicing. The company receives in cash 45% of the total gross sales value in the month of invoicing. Because Rust Ltd operates in a market where there is poor creditworthiness bad debts are 20% of total gross sales value, but there is a 10% discount for settling accounts within a calendar month of invoicing. What percentage of the sales invoiced in the first month will be received as cash in the second month by Rust Ltd?

- a) 55.0%
- b) 35.0%
- c) 39.5%
- d) 30.0%

24. The post of independent directors cannot remain vacant for:

- a) Thirty days
- b) Ninety days
- c) Forty-five days
- d) One eighty days

25. As per Companies Act 1994, the structure of Board of Directors must be:

- a) A supervisory board
- b) A dual board
- c) A unitary board
- d) Both a and b

26. Some businesses exist in relatively static environments. For example, raw material producers such as farmers often experience only slow environmental change. Other businesses are insulated from change by institutional factors. Solicitors, for example, have traditionally felt themselves to be protected from competition by regulation.

Which of the followings are not the part of the Four Ss model which describing static environment of the business strategy?

- a) Static
 - b) Single
 - c) Simple and Safe
 - d) Separate
 - e) Slow
27. MNO Ltd has just been informed of a significant new regulation with which it needs to comply immediately. In relation to this, which of the following statement is true?
- a) There has been a change in MNO Ltd's task environment which it can cope with using planning
 - b) There has been a change in MNO Ltd's general environment which it can cope with using crisis management
 - c) There has been a change in MNO Ltd's task environment which it can cope with using crisis management
 - d) There has been a change in MNO Ltd's general environment which it can cope with using planning
 - e) None of the above
28. PQ is the renowned electronic products manufacturing Company. It always focuses on improvement of the new products based on the demand of the market and competition among the industry. It also offers the customers the product at a competitive low cost and ensures the quality of the products. It also focuses on the segment market where it ensures the supply of the electronic products at niche market or specific product segment.

There are three 3 generic strategies suggested by Porter i.e. cost leadership, differentiation, focus (or niche)

Which of the forces of the Porter 3 generic strategies PQ's business model/strategy are/is fall?

- a) Cost leadership, Differentiation and Market
 - b) Cost leadership, Differentiation and Focus
 - c) Cost leadership, Focus and Profitability
 - d) Differentiation, Market and Focus
29. Heller & Co is a firm of solicitors which has long been aware that the departure of one partner, Mike Heller, would constitute a crisis for the firm. It has therefore ensured that he is highly paid and that Sue Jones, another partner, shadows his work and knows his clients. On 15 June Mike walks out of the firm and provokes a serious crisis which the firm's very expensive PR consultants handle. The area of crisis management which Heller & Co has neglected to address in their management of the crisis is.

- a) Crisis prevention
 - b) Contingency planning
 - c) Analysis of the causes of Mike's actions on 15 June
 - d) Taking action to mitigate the crisis
30. When Youri Ltd has the following opening and closing balances on its trade receivables budget for next year, 2022
- Opening balance on trade receivables (invoiced on 31 December 2020) BDT 56,000
Closing balance on trade receivables (invoiced on 30 November 2021) BDT 72,000
- In 2022 credit sales are expected to be BDT 276,000. The company offers a 10% discount on all amounts paid within one month of the invoice date. In 2022 the company expects 50% of eligible trade receivables to take advantage of this discount. How much cash does Youri Ltd expect to receive from trade receivables during the year?
- a) BDT 247,000
 - b) BDT 243,000
 - c) BDT 260,000
 - d) BDT 276,000
31. The financial statements for the year ended 31 December 2020 of Anson Ltd., a company listed on the Stock Exchange, depart from the requirements of certain relevant accounting standards and provisions of the Companies Acts. The company is therefore likely to be referred to which of the following regulatory bodies?
- a) BSEC
 - b) RJSC
 - c) DSE
 - d) None of the above
32. The Finance Director of Trun Ltd is a chartered accountant. She has received notice that, in respect of Trun Ltd's financial statements for the year ended 31 December 2020, she could be subject to disciplinary proceedings by the ICAB Council. The Council will be involved if the matter raises issues affecting?
- a) The public interest
 - b) The independence of the auditors
 - c) International accounting standards
 - d) All of the above
33. In seeking to address the problem of the separation of ownership and control, corporate governance attempts to align the interests of which two of the following stakeholders?
- a) Investors
 - b) Employees
 - c) Regulators
 - d) Managers
 - e) Auditors
34. The stewardship approach to corporate governance requires directors of limited companies

- a) To act at all times in the best interests of the company
 - b) To allow shareholders to see detailed accounting records upon request
 - c) To hold regular monthly meetings to answer shareholders' questions
 - d) To consult the shareholders over difficult management decisions
35. Sumatra Ltd operates its own internal audit function, choosing not to make use of an external supplier for these services. In light of this policy, it is vital that arrangements are established within the company to ensure that there is no compromise of the
- a) independence of the internal auditors
 - b) integrity of information security systems
 - c) stewardship of directors
 - d) rigour of financial reporting processes
36. FGH Ltd's external auditors have just won a contract with FGH Ltd to provide consultancy services. Which of the following entities would usually be expected to examine the implications of this situation?
- a) The board of directors
 - b) The remuneration committee
 - c) The audit committee
 - d) The non-executive directors
37. The appointment of suitably qualified, independent auditors is the responsibility of a listed company's
- a) shareholders
 - b) audit committee
 - c) board of directors
 - d) finance director
38. A shopkeeper finds that if he sets the price of a particular product at BDT 9.00 per unit he sells, on average, 150 units of the product per month. However, at a price of BDT 10.00 per unit, he sells an average of 110 units per month. The price elasticity of demand for the product is
- a) - 0.42
 - b) - 2.40
 - c) - 0.27
 - d) - 0.11
39. In order to value inventory, the most important information which the management accountant supplies is
- a) How many units are in inventory
 - b) The direct cost of each unit
 - c) Unit costs
 - d) How many cost centres there are

40. Strand Ltd operates in the fast moving consumer goods market, where it is a medium-sized player. When determining how much to charge its customers for one of its established products, the main influence on Strand Ltd will be its
- a) Customers
 - b) Costs
 - c) Corporate objectives
 - d) Competitors
41. Ian has to make a decision about whether to allow overtime tonight to Gonzalez, a customer service adviser, but he is unsure whether this extra time is needed between 7pm and 9pm on a Wednesday. The type of information he needs to answer this query is
- a) Planning
 - b) Operational
 - c) Tactical
 - d) Strategic
42. Which of the following is the CATIVA definition of verifiability of information processing?
- a) The data remains true to its sources and contains no errors
 - b) The process is not open to unauthorized intervention or amendment
 - c) The effectiveness of processing is open to scrutiny so that its quality can be judged
 - d) The trail from data through processing to output information can be followed through
43. For which of the following groups are a company's financial statements primarily prepared?
- a) The government
 - b) Shareholders
 - c) Potential investors
 - d) Lenders
44. Which of the following is a downside risk for a business?
- a) That costs might rise
 - b) That revenue might rise
 - c) That controls may succeed
 - d) That quality might improve
45. Klib Ltd operates in a politically unstable country. It has arranged that a consultancy firm with access to similar facilities as Klib Ltd has a complete set of backup files for Klib Ltd. This strategy is part of Klib Ltd's
- a) Risk management
 - b) Crisis management
 - c) Disaster recovery planning
 - d) Operational planning
46. In terms of risk management, choosing to transfer some risk is part of
- a) Risk awareness

- b) Risk response
- c) Risk assessment
- d) Risk monitoring

47. The size of a risk facing a business is measured as

- a) Volatility × exposure
- b) Impact × exposure
- c) Impact × probability
- d) Volatility × probability

48. Manikgonj Bank Ltd's staff appear to be oblivious to the importance of risk. For Manikgonj Bank Ltd this is

- a) A business risk
- b) An enterprise risk
- c) A financial risk
- d) An operational risk

49. Prince Ltd runs restaurants while Star Ltd operates a chain of cinemas. The two companies are

- a) Industry competitors
- b) Generic competitors
- c) Form competitors
- d) Brand competitors

50. PST Ltd's 'TOY' product has high market share in a market that is fully saturated. In terms of the BCG matrix, for PST Ltd the TOY is:

- a) A star
- b) A cash cow
- c) A question mark
- d) A dog:

<The end>