

**ACCA FINAL ASSESSMENT**

**Accountant in Business**

**December 2011**

**Question paper**

**Time allowed 2 hours**

**Answer all questions**

**Do not open this paper until instructed by the supervisor**

**This question paper must not be removed from the examination hall**

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**Paper F1**

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## ANSWER ALL QUESTIONS

- 1 Which of the following statements regarding conflict is correct?**
- A Any conflict within an organisation will impair its efficiency
  - B Conflict is any personal divergence of interest between individuals
  - C Vertical conflict occurs between individuals and groups at the same level of the organisation
  - D Conflict suppression involves negotiating an agreement between the conflicting parties
- (2 marks)**
- 2 Which of the following is the role of the secretary of a committee?**
- A Keeping the meeting to schedule
  - B Selecting members of the committee
  - C Determining the agenda of the meeting
  - D Taking and circulating minutes of the meeting
- (2 marks)**
- 3 Porter argued that there are three generic strategies to obtain competitive advantage. If an organisation fails to follow one of these approaches they become 'stuck in the middle. Which of these organisations may be described as stuck in the middle?**
- A A producer of plastic disposable pens. The organisation is the lowest cost producer and has the lowest prices in the industry
  - B A designer watch manufacturer which uses only precious metals and diamonds in making its products. All output sells at a premium
  - C A company selling holidays to the over 55's
  - D A company that purchases cheap raw materials but advertises its products as high quality clothing with cutting edge design
- (2 marks)**
- 4 Which of the following would be an appropriate factor for a retail firm to monitor under the economic heading?**
- A Income levels near proposed new stores
  - B Proposed changes to VAT rates
  - C Attitudes to recycling
  - D Government plans to boost levels of employment
- (2 marks)**

**5 Which of the following was one of the main features of the approach of Fayol and Taylor?**

- A Workers encouraged to switch from one role to another
- B Decentralisation
- C Minimum pay and basic working conditions
- D A belief that there is one best way of doing a particular job **(2 marks)**

**6 'The manipulation of money supply, rate of interest, exchange rates or credit controls' accurately describes which type of economic policy?**

- A Supply side policy
- B Classical policy
- C Monetary policy
- D Demand side policy **(2 marks)**

**7 Which of the following is a role of the audit committee?**

- A To give the executive directors advice on strategy
- B To liaise with the external auditors
- C To select board members and make recommendations to the board
- D To carry out internal audit work **(2 marks)**

**8 John has worked in the factory at Stripe Ltd for 10 years and risen through the ranks to be a supervisor. He is dedicated to his job and can't remember taking a day off through illness. He is very proud of working at Stripe Ltd but recently he has heard that some younger, new supervisors (who were poached from a competitor) are being paid more than him. This has led to him feeling unhappy with his remuneration for the first time in 10 years. John tends to speak to his managers often, asking them for feedback on his performance.**

Which of the factors described above would be classed as a motivator by Herzberg?

- A The desire for feedback
- B Rarely absent from work on grounds of illness
- C Takes pride in belonging to the company
- D Not content with his remuneration **(2 marks)**

**9 Mentoring is the use of specially trained individuals to provide guidance and advice that will help develop the careers of those allocated to them. How can mentors assist new recruits?**

- A Carry out some of the tasks assigned to the new recruit on their behalf
- B Draw up personal development plans
- C Allow the new recruit to shadow their work
- D Assign tasks to the new recruit **(2 marks)**

- 10 Which of the following is one of the professional qualities an accountant should demonstrate?**
- A Friendliness
  - B Approachability
  - C Independence
  - D Respect
- (2 marks)**
- 11 Which of the following is a characteristic of a limited company?**
- A It has a separate legal personality
  - B It must employ fewer than 20 people
  - C The directors must hold at least 50% of the shares
  - D The public must own the vast majority of the shares, the remaining shares being owned by the directors
- (2 marks)**
- 12 Which of the following statements regarding supply and demand are correct?**
- A If a company increases the price of the units it sells, it will usually sell more units
  - B Equilibrium is the point where the selling price of a unit exactly equals its manufacturing cost
  - C If the selling price of an item increases, the number of units supplied will increase
  - D Equilibrium can only be reached in a perfect market
- (2 marks)**
- 13 Who out of the following list is responsible for performing an independent check on whether the financial statements give a true and fair view?**
- A The Executive Directors
  - B The External Auditors
  - C The Company's Accountants
  - D The Non-Executive Directors
- (2 marks)**
- 14 Which of the following statements regarding management accounting reports is correct?**
- A Cost schedules are also known as standard cost cards
  - B Cost schedules are normally created after the business has finalised its budgets
  - C Variance reports need to be produced at the start of each period
  - D Variance reports compare the actual results from two periods and identify major differences between the two
- (2 marks)**

- 15 'Window dressing' involves which of the following?**
- A Producing a director's report which suggests the company has had a good financial year when in fact the accounts show a loss had been made
  - B Entering into transactions before the year-end that are often reversed out after the year end, primarily to improve the appearance of the accounts
  - C Recording sales accidentally when goods have not actually been despatched to customers
  - D Deliberate suppression of relevant information **(2 marks)**
- 16 Which of the following would be described as an internal control?**
- A A computerised accounts system
  - B Checking the additions on a purchase invoice before recording the transaction
  - C Frequent management overrides where policies are concerned
  - D The annual audit **(2 marks)**
- 17 Which of the following groups will be hit hardest by inflation?**
- A Poorer families and pensioners on fixed incomes
  - B Company shareholders
  - C Large multi-national organisations
  - D Small local businesses **(2 marks)**
- 18 A requirement that no one person should have the ability to change payroll standing data (i.e. add employee's or change bank details) and process the monthly payroll is an example of the general principle known as:**
- A Dual control
  - B Duty control
  - C Segregation of duties
  - D Controlled record access **(2 marks)**
- 19 Baker Training is a small entrepreneurial organisation led by Max Robinson who started the business two years ago. Max is central to all the key decisions made in the firm. His knowledge and business awareness is critical to the firm's success.**
- Which of Handy's cultural types is present in Baker Training?
- A Power
  - B Role
  - C Task
  - D Person **(2 marks)**

- 20 L is an investment manager in a large multinational bank. He has recently been asked by a client to use a large amount of cash to buy a number of shares in a multinational company. L is unsure where his client could have obtained such a large amount of money.**

If he proceeds with the transaction, could L be breaching typical money laundering legislation?

- A No, as there is no firm evidence that the money has been illegally obtained
- B No, because even if the money has been illegally obtained, L is not benefitting from it
- C Yes, because he may be handling and investing money that was obtained illegally
- D Yes, because he failed to immediately report his concerns to the police

(2 marks)

- 21 Adair's action-centred leadership suggests that leadership depends on three inter-related needs: task needs, group needs and people needs.**

Which of the following roles is a people role?

- A Counselling
- B Decision-making
- C Peace-keeping
- D Evaluating

(2 marks)

- 22 A new department has been set up at Pools Inc in order to carry out research. The departmental staff have been told that they should try to anticipate customer needs, that is work out what customers are likely to want and need in the future so that Pools Inc can work towards meeting those future customer requirements. The directors hope that by adopting this approach they will increase sales.**

Which function of the organisation is this department carrying out?

- A Improving product quality
- B Marketing
- C Sales
- D Research and development

(2 marks)

- 23 In the typical hierarchical organisation, the requirement of a lower-level manager to answer to a higher-level manager in the chain of command is referred to as:**

- A Authority
- B Empowerment
- C Accountability
- D Super-ordination

(2 marks)

**24 According to Douglas McGregor:**

- 1 'Theory X' people dislike work, need direction and avoid responsibility
- 2 Managers should motivate people solely through payment of high wages
- 3 Theory Y' people dislike work, need direction and avoid responsibility
- 4 Theory Y people can be motivated to seek challenge and responsibility at work

Which of the above statements are correct?

- A 1 and 4
- B 1 and 2
- C 1 and 3
- D All of them (2 marks)

**25 G plc is a multinational company that has just installed a new information system. This allows them to scan the company's sales transactions and identify the total sales that have been made in each country they operate in.**

Which type of information system have G installed?

- A Transaction processing system
- B Expert system
- C Decision support system
- D Management information system (2 marks)

**26 The use of standard questions in a job interview helps ensure the process is:**

- A Fair
- B Valid
- C Reliable
- D Complete (2 marks)

**27 The board of directors of Leather Inc (a furniture manufacturer) have just met for a board meeting. At this meeting they discussed an overseas expansion plan which they wish to commence within the next 24 months. The plan involves significant capital investment and both staff recruitment and redeployment. What kind of plan is this?**

- A Strategic
- B Tactical
- C Operational
- D Divisional (2 marks)



**28 Cyclical unemployment is unemployment which:**

- A Occurs because of the seasonal nature of some industries, for example fruit picking
- B Refers to those people who are short term unemployed as they move from one job to another
- C Is caused by structural change in the economy, leading to a change in the skills required and the location where economic activity takes place
- D Occurs as a result of aggregate demand in the economy being too small to create employment opportunities for all those willing and able to work

**(2 marks)****29 To whom is the external auditor primarily accountable?**

- A The directors of the company
- B The company as a separate entity
- C The shareholders of the company
- D The employees of the company

**(2 marks)****30 Belbin defined nine roles within a team. 'Listens, builds, prevents friction and calms the waters' could be a description of which role?**

- A Shaper
- B Plant
- C Resource investigator
- D Team worker

**(2 marks)****31 K is an accountant who is auditing the accounts of OPL plc, a company whose CEO is one of her best friends. K previously gave advice to OPL, recommending the purchase of another company, GHJ Ltd. The directors of OPL are keen for K to report to them how GHJ has performed since its acquisition.**

Which **two** of the following key threats to ethical behaviour is K most likely to be facing?

- (i) Advocacy
- (ii) Self-interest
- (iii) Self-review
- (iv) Familiarity

- A (i) and (ii)
- B (i) and (iv)
- C (ii) and (iv)
- D (iii) and (iv)

**(2 marks)**

- 32 Which of the following is an advantage of a divisional structure?**
- A Economies of scale
  - B Enhanced career opportunities
  - C Enables growth
  - D Goal congruence (2 marks)
- 33 The impact of communication is predominantly determined by which of the following?**
- A Body language
  - B Tone of voice
  - C Words spoken
  - D Appearance (2 marks)
- 34 Hofstede developed an influential model of the dimensions on which national cultures differ. In the Hofstede model, a national culture where there is a strong emphasis on initiative and achievement, and people are expected to be self-sufficient, would be categorised as which of the following?**
- A Masculine
  - B Individualistic
  - C High uncertainty avoidance
  - D Low power distance (2 marks)
- 35 Stakeholders are individuals or groups who have a legitimate interest in the activities of an organisation. They can be categorised as internal, connected or external stakeholders.**
- Which of the following is a connected stakeholder?
- A Central government
  - B Pressure groups
  - C Bankers
  - D Directors (2 marks)
- 36 Honey and Mumford identifies four learning styles. Which of the following is one of the names they gave to these styles?**
- A Reviewer
  - B Analyst
  - C Reflector
  - D Thinker (2 marks)

- 37 Which of the following are implications of Taylor's scientific management?**
- 1 Workers should be set high targets but should be well rewarded for achieving them
  - 2 Workers can often be motivated by other methods than tight control and financial reward
  - 3 Management should plan and control all the workers efforts, leaving little discretion for individual control over working methods
  - 4 Working methods should be analysed 'scientifically', including the timing of tasks
- A 1 and 2  
B 4 only  
C 1, 3 and 4  
D 2 and 3 (2 marks)
- 38 Patterns of communication exist between group members. These patterns can be either centralised or decentralised. Which of the following are centralised patterns of communication?**
- A Wheel, chain, circle  
B Wheel, chain, Y  
C Wheel, Y, circle  
D Wheel, circle, all channels (2 marks)
- 39 An effective appraisal system involves which of the following:**
- A Assessing the personality of the appraisee  
B Advising on the faults of the appraisee  
C The manager being updated on the work of the appraisee  
D A participative, problem-solving process between the manager and appraisee (2 marks)
- 40 Which of the following is a stage in Kolb's learning cycle?**
- A Positive experience  
B Concrete experience  
C Active experience  
D Cement experience (2 marks)

**41 Herzberg defines three ways that management can attempt to improve staff satisfaction and motivation. One such way is 'a deliberate and planned process to improve the responsibility, challenge and creativity of a job' what term did Herzberg use to describe this process?**

- A Job enlargement
  - B Job enlightenment
  - C Job enrichment
  - D Job rotation
- (2 marks)**

**42 Which of the following is a characteristic of a matrix structure?**

- A Built around the owner manager, who makes all the decisions
  - B Appropriate to small companies which have few products and locations and which exist in a relatively stable environment
  - C Structured in accordance with product lines or divisions or departments
  - D Requires dual reporting to managers, for example reporting to both subject and department heads in a school
- (2 marks)**

**43 In many countries a child is unable to enter into legally binding contracts.**

What feature of a simple contract is usually considered to be missing if a child attempts to enter a legally binding contract?

- A Capacity
  - B Legality
  - C Agreement
  - D Consideration
- (2 marks)**

**44 Which of the following describes a budget surplus?**

- A Government income is less than government expenditure
  - B Government income is greater than government expenditure
  - C The money supply rising faster than national income
  - D The government increases its level of expenditure
- (2 marks)**

**45 Which one of the following statements regarding health and safety is correct?**

- A Health and safety is concerned with eliminating all risks
  - B Typical health and safety legislation only looks at the responsibilities of employers
  - C Employees must comply with anyone carrying out duties under the health and safety legislation
  - D Employers do not need to investigate accidents if no members of staff were injured.
- (2 marks)**

- 46 Harry works in a large organisation which has both suppliers and customers all over the world. Harry is an ACCA qualified accountant and is responsible for managing foreign currency. In particular, Harry tries to minimise the company's exposure to foreign exchange losses.**

What is Harry's role?

- A Treasurer
  - B Management accountant
  - C Financial accountant
  - D Finance director
- (2 marks)**

- 47 Tuckman described four stages which a group may pass through. Which of the four is described by the following passage?**

'Most groups go through this stage in which norms of attitude and behaviour are challenged and rejected. Members may compete for chosen roles within the group. If successful, this stage will have forged a stronger team with greater knowledge of each other and the groups' objectives'.

- A Forming
  - B Storming
  - C Norming
  - D Performing
- (2 marks)**

- 48 In the context of selection, which of the following involves a candidate being interviewed by several people at once?**

- A Group interview
  - B Stress interview
  - C Panel interview
  - D Face-to-face interview
- (2 marks)**

- 49 In the regulatory framework surrounding financial accounting, which body has the key objective of developing a single set of enforceable global accounting standards?**

- A The International Accounting Standards Board
  - B The International Accounting Standards Committee
  - C The International Financial Reporting Interpretations Committee
  - D The European Union
- (2 marks)**

**50 Margaret is a widow with a grown up family who have moved away. She works as an accountant in a small company on a part time basis. Which of Maslow's hierarchy of needs is most likely to be motivating Margaret?**

- A Basic
- B Safety
- C Social
- D Ego

**(2 marks)**