

ACCA INTERIM 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

Kaplan Publishing/Kaplan Financial

Paper F1

KAPLAN
PUBLISHING

© Kaplan Financial Limited, 2011

The text in this material and any others made available by any Kaplan Group company does not amount to advice on a particular matter and should not be taken as such. No reliance should be placed on the content as the basis for any investment or other decision or in connection with any advice given to third parties. Please consult your appropriate professional adviser as necessary. Kaplan Publishing Limited and all other Kaplan group companies expressly disclaim all liability to any person in respect of any losses or other claims, whether direct, indirect, incidental, consequential or otherwise arising in relation to the use of such materials.

All rights reserved. No part of this examination may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without prior permission from Kaplan Publishing.

Answer all questions – 50 questions (50 × 2 marks)

- 1 Which of the following is an example of a mutual organisation?**
- A Bank
 - B Hospital
 - C ACCA
 - D Government Department
- (2 marks)**
- 2 When examining the external environment organisations might use PEST analysis.**
- What does PEST stand for?
- A Political, Environmental, Social and Technical
 - B Physical, Environmental, Social and Technical
 - C Physical, Emergent, Strategic and Turbulent
 - D Political, Economic, Social and Technical
- (2 marks)**
- 3 What principle of the classical approach to management is breached by a matrix structure?**
- A Unity of command
 - B Delegation of authority
 - C Span of control
 - D Division of work
- (2 marks)**
- 4 An organisation may be divided into three levels. Starting at the top of the organisation, what are these levels?**
- A Strategic, tactical, operational
 - B Tactical, strategic, operational
 - C Strategic, operational, tactical
 - D Operational, tactical, operational
- (2 marks)**
- 5 According to Douglas McGregor**
- A 'Theory X' people dislike work, need direction and avoid responsibility
 - B 'Theory Y' people dislike work, need direction and avoid responsibility
 - C Self actualising people dislike work, need direction and avoid responsibility
 - D Hygiene factors determine whether people like work, need direction or take responsibility
- (2 marks)**

- 6 RPZ plc is a business that has many levels of management. Each manager only looks after a small number of staff in order to improve control.**

Which two of the following statements about RPZ are correct?

- (i) It has a long scalar chain
- (ii) It has a short scalar chain
- (iii) It has a wide span of control
- (iv) It has a narrow span of control

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

(2 marks)

- 7 Hofstede looked for national differences in an attempt to find aspects of culture that might influence business behaviour.**

Which of the following is one of Hofstede's key dimensions of national differences?

- A Position-power
- B Uncertainty avoidance
- C Work-relaxation
- D Task-people

(2 marks)

- 8 Different types of power may be exercised within an organisation by different individuals. Andre relies on his formal authority as the source of his power.**

Which type of power is associated with formal authority?

- A Reward power
- B Coercive power
- C Expert power
- D Legitimate power

(2 marks)

- 9 Tuckman identified four stages in group development which occur in a particular order.**

What is the correct order in which the stages occur?

- A Storming, norming, forming, performing
- B Forming, storming, norming, performing
- C Forming, norming, storming, performing
- D Norming, forming, storming, performing

(2 marks)

- 10 Which of the following is not a perspective of the balanced scorecard?**
- A Innovation and learning
 - B Financial
 - C External
 - D Customer
- (2 marks)**
- 11 Porter identified nine types of 'value activity' in a firm which he categorised into two types; primary activities and support activities.**
- Which of the following is a support activity?
- A Inbound logistics
 - B Procurement
 - C Service
 - D Marketing and sales
- (2 marks)**
- 12 Cyclical unemployment refers to unemployment:**
- A which occurs because of the seasonal nature of some industries
 - B resulting from the long-term decline of an industry
 - C which occurs at particular times of the year
 - D which occurs during recessions
- (2 marks)**
- 13 An inflationary gap exists in an economy when:**
- A the government has a budget deficit
 - B aggregate demand is greater than the full employment level of income
 - C the money supply rising faster than national income
 - D the government increases its level of expenditure
- (2 marks)**
- 14 D Greaves and Co has a culture where there is one central source of power (David Greaves) and few procedures or rules. How would D Greaves and Co's culture be classified by Handy?**
- A Power
 - B Role
 - C Task
 - D Person
- (2 marks)**

- 15 Which of the following statements about price elasticity of demand (PED) are correct?**
- A If the number of suppliers of a product increases, PED will usually fall
 - B PED tends to be low for items that customers spend a larger proportion of their income on
 - C Necessities are normally relatively elastic
 - D The longer a price change holds, the more likely a product is to become elastic
- (2 marks)**
- 16 Lucas Training is a small entrepreneurial organisation led by Frank Lucas who started the business 2 years ago. Frank 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 Lucas Training?**
- A Power
 - B Role
 - C Task
 - D Person
- (2 marks)**
- 17 Which of the following is an advantage of an entrepreneurial structure?**
- A Economies of scale
 - B Enhanced career opportunities
 - C Enables growth
 - D Goal congruence
- (2 marks)**
- 18 Blake and Mouton developed a grid for assessing management responsibility. The grid provides a method of 'scoring' managers according to their:**
- A concern for people and concern for production
 - B concern for participation and concern for authority
 - C concern for objectives and concern for performance
 - D concern for hygiene factors and concern for motivating factors
- (2 marks)**
- 19 Hofstede developed an influential model of the dimensions on which national cultures differ. X Inc is a company based in the country of Zee with a national culture that supports single status pay arrangements, informal styles of dress in the workplace and self-managed team working.**
- According to Hofstede, this would be classified as:
- A individualistic
 - B collective
 - C low power distance
 - D high uncertainty avoidance
- (2 marks)**

- 20 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 task role?**
- A Goal-setting
 - B Decision-making
 - C Peace-keeping
 - D Recognition
- (2 marks)**
- 21 Which of the following attributes of an organisation is an advantage of a centralised management structure?**
- A Flexibility
 - B Initiative
 - C Standardisation
 - D Decisions made close to the facts
- (2 marks)**
- 22 Which of the following is one of Fayol's five functions of management?**
- A Communicating
 - B Motivating
 - C Coordinating
 - D Developing
- (2 marks)**
- 23 What is defined as the 'scope and amount of discretion given to a person to make decisions by virtue of the position he or she holds in the organisation'?**
- A Authority
 - B Power
 - C Accountability
 - D Delegation
- (2 marks)**
- 24 A company has established a project team to design a new database. The team has had a few meetings to discuss how they are going to tackle the work and who should be doing what but some early ideas have been unsuccessful. Group members are still putting forward innovative ideas but they often strongly disagree with each other. The group members appear to be dividing into a number of separate camps each of which has an unofficial leader. These leaders agree about very little and appear to strongly dislike each other.**
- According to Tuckman what stage of development has the project team reached?
- A Forming
 - B Storming
 - C Norming
 - D Performing
- (2 marks)**

- 25 Peter Drucker grouped management activities into five categories. Which of the following is one of those categories?**
- A Planning
 - B Controlling
 - C Commanding
 - D Motivating
- (2 marks)**
- 26 Peter Jones is involved with a quality circle and often appears to be the source of original ideas and proposals within that group. According to Belbin, Peter would be classified as a:**
- A Shaper
 - B Plant
 - C Resource Investigator
 - D Team worker
- (2 marks)**
- 27 Which of the following is the name given to a type of computer-based information system that uses and combines mathematical models to assist with finding solutions to management problems?**
- A Management information system
 - B Decision support system
 - C Expert system
 - D Executive information system
- (2 marks)**
- 28 According to Herzberg work related factors causing satisfaction or dissatisfaction for individuals can be classified as either hygiene factors or motivator factors.**
- Which of the following could be either a motivator or a hygiene factor?
- A Pay
 - B Job security
 - C Working conditions
 - D Supervision
- (2 marks)**
- 29 Good quality information is always:**
- A Certain
 - B Produced quickly
 - C Inexpensive
 - D Relevant
- (2 marks)**

- 30 Which of the following is not an ethical safeguard put in place by the ACCA and other accounting institutes?**
- A Ethics training for all professional accountants
 - B Creation of corporate governance regulation
 - C Professional and regulatory monitoring and disciplinary procedures
 - D Creation of organisational codes of ethics
- (2 marks)**
- 31 Belbin defined nine roles within a team. 'Bringing in new contacts, ideas and developments to the group' is a description of which role?**
- A Shaper
 - B Plant
 - C Resource investigator
 - D Team worker
- (2 marks)**
- 32 An firm of accountants installs a new information system that contains all the relevant personal tax regulations for their clients. The system enables the firm to input a client's details and the system will calculate their tax liability automatically.**
- What type of information system is this?
- A Transaction processing system
 - B Management information system
 - C Expert system
 - D Executive information system
- (2 marks)**
- 33 According to Herzberg work related factors causing satisfaction or dissatisfaction for individuals can be classified as either hygiene factors or motivator factors.**
- Which of the following did he call a motivator?
- A Supervision
 - B Working conditions
 - C Job security
 - D Being given responsibility
- (2 marks)**
- 34 Structural unemployment is caused by:**
- A long-term decline in demand for an industry's products.
 - B falling levels of aggregate demand
 - C high levels of inflation
 - D a downturn in national economic activity
- (2 marks)**

35 Which of the following is not a benefit to the business of reducing its impact on the environment?

- A Customers often prefer dealing with an organisation that is seen as being more ethical
- B Reduced waste and pollution can help to improve the environment
- C Reduced waste may well lead to cost savings, improving business profits
- D The company will have a wider range of suppliers to choose from **(2 marks)**

36 Which of the following are the likely consequences of a fall in interest rates?

- (i) A rise in the demand for consumer credit.
 - (ii) A fall in investment.
 - (iii) A fall in borrowing.
 - (iv) A rise in the demand for housing.
- A (i) and (ii) only
 - B (i), (ii), and (iii) only
 - C (i) and (iv) only
 - D (ii), (iii) and (iv) only **(2 marks)**

37 One of the results of technological changes in large businesses is delayering. What is delayering?

- A Reducing the number of levels in the management hierarchy
- B Opening up internal communications through information systems
- C Decentralisation
- D Reduction in management specialisation and functionality **(2 marks)**

38 Rupa is an accountant. She has verbally agreed with one of her clients, Oliver, to understate his earnings on his tax return in order to reduce his tax liability in return for a large fee.

Which feature of a simple contract is missing, meaning that the contract is not valid?

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

39 Which of the following are ALL primary activities in the value chain?

- A Inbound logistics, Operations, Service
- B Procurement, Operations, Marketing and Sales
- C Inbound logistics, Outbound logistics, Infrastructure
- D Outbound logistics, Technology development, Service **(2 marks)**

- 40 Using Porter's five forces model to examine the profitability of an industry which of the following will lead to higher profitability (assuming everything else being equal)?**
- A An increase in buyer power
 - B A new entrant into the industry
 - C A new supplier to the industry
 - D The development of an alternative product which meets the needs of the industries' customers
- (2 marks)**
- 41 Which of the following would be part of a supply-side policy to reduce unemployment in an economy?**
- A Reducing the supply of imports by raising trade barriers
 - B Increasing labour retraining schemes
 - C Supplying government subsidies to declining industries
 - D A reduction in the level of public expenditure
- (2 marks)**
- 42 Porter stated that a firm wishing to obtain a competitive advantage over its rivals can do so by either through differentiation or cost leadership. Cost leadership may be achieved by all the following except which one?**
- A Efficiency improvements
 - B Economy in purchasing
 - C Effectiveness in output
 - D Economies of scale
- (2 marks)**
- 43 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)**
- 44 Using Mendelow's matrix, how would a stakeholder who has low interest and high power be classified?**
- A Minimal interest
 - B Keep informed
 - C Keep satisfied
 - D Key player
- (2 marks)**

45 H plc is launching a new IT system. It has experienced some resistance from workers, who are concerned that the new system will be too complicated for them to use. In response to this, H has launched a training program for all employees.

As defined by Kotter, which approach to managing change is H using?

- A Facilitation and support
- B Negotiation and agreement
- C Education and communication
- D Participation and involvement **(2 marks)**

46 In terms of employment ACCA's ethical guidelines require members to:

- A act responsibly in the way that all other professionals do
- B act responsibly but in a way that satisfies organisational demands and pressures
- C act responsibly but in a way that satisfies the individual's own ethical code
- D act responsibly, honour any legal contract of employment and conform to employment legislation **(2 marks)**

47 What sort of stakeholders might shareholders be described as?

- A Internal
- B Connected
- C External
- D Secondary **(2 marks)**

48 Porter stated that a firm wishing to obtain a competitive advantage over its rivals can do so by either through differentiation or cost leadership. Which of the following is a technique of differentiation?

- A Improving efficiency
- B Economy in purchasing
- C Improving customer service
- D Removing product features **(2 marks)**

49 Which of the following is a disadvantage of having a remuneration committee?

- A Takes the directors' attention away from making strategic decisions about the company's future
- B Increases the agency problem
- C Increased cost
- D Removes the danger of directors being paid excessive salaries **(2 marks)**

- 50 Non-executive directors can perform an important role in corporate governance in all but one of the following ways:**
- A They act as independent advisors ensuring that executive directors make decisions in the best interest of shareholders
 - B They play a role on the remuneration committee to ensure fair pay to directors
 - C They are members of the audit committee to whom internal and external auditors report
 - D They are responsible for all key business decisions so they should ensure that shareholders interests are taken into account **(2 marks)**

