

ACCA



PAPER FI

ACCOUNTANT IN
BUSINESS

FOR EXAMS IN 2010

P
R
A
C
T
I
C
E
&
R
E
V
I
S
I
O
N
K
I
T

ACCA

PAPER F1

ACCOUNTANT IN BUSINESS

P
R
A
C
T
I
C
E

&

R
E
V
I
S
I
O
N

K
I
T

In this January 2010 new edition

- We discuss the **best strategies** for revising and taking your ACCA exams
- We show you how to be well prepared for the **2010 exams**
- We give you **lots of great guidance** on tackling questions
- We provide you with **three** mock exams including the **Pilot paper**
- We provide the **ACCA examiner's answers** as well as our own to the Pilot Paper as an additional revision aid

Our **i-Pass** product also supports this paper.

FOR EXAMS IN 2010

First edition 2007

Fourth edition January 2010

ISBN 9780 7517 8046 8

(previous ISBN 9780 7517 6652 3)

British Library Cataloguing-in-Publication Data
A catalogue record for this book
is available from the British Library

Published by

BPP Learning Media Ltd
BPP House, Aldine Place
London W12 8AA

www.bpp.com/learningmedia

Printed in the United Kingdom

All our rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of BPP Learning Media Ltd.

We are grateful to the Association of Chartered Certified Accountants for permission to reproduce past examination questions. The answers to past examination questions have been prepared by BPP Learning Media Ltd.

Your learning materials, published by BPP Learning Media Ltd, are printed on paper sourced from sustainable, managed forests.

©
BPP Learning Media Ltd
2010

Contents

	Page
Finding questions	
Question index	iv
Using your BPP Learning Media Practice and Revision Kit.....	vi
Passing F1	
Revising F1	vii
General exam support from BPP Learning Media.....	vii
Tackling multiple choice questions	viii
Tackling objective test questions.....	ix
Exam information	x
The computer based examination.....	x
Questions and answers	
Multiple choice questions	3
Objective test questions	35
Answers to multiple choice questions	67
Answers to objective test questions.....	89
Exam practice	
Mock exam 1	
• Questions	113
• Answers.....	123
Mock exam 2	
• Questions	131
• Answers.....	143
Mock exam 3 (Pilot paper)	
• Questions	153
• Answers.....	163
ACCA examiner's answers	
• Pilot paper	167
Review form & free prize draw	

Question index

The headings in this checklist/index indicate the main topics of questions. The questions in Section 1 and Section 19 cover material from Chapters 1a and 1b in the Study Text.

Marks	Time allocation Mins	Page number	
		Question	Answer

Multiple choice questions

Part A: Business organisational structure, governance and management

1 Business organisation and structure	25	33	3	67
2 Information technology and systems	15	20	5	68
3 Influences on organisational culture	19	25	7	69
4 Ethical considerations	15	20	8	70
5 Corporate governance and social responsibility	16	21	10	71

Part B: Key environmental influences

6 The macro-economic environment	23	31	11	72
7 The business environment	23	31	13	73

Part C: History and role of accounting

8 The role of accounting	21	28	15	74
--------------------------	----	----	----	----

Part D: Specific functions of accounting and internal financial control

9 Control, security and audit	15	20	17	75
10 Identifying and preventing fraud	17	23	18	76

Part E: Leading and managing individuals and teams

11 Leading and managing people	20	27	20	77
12 Individuals, groups and teams	17	23	21	78
13 Motivating individuals and groups	20	27	23	79

Part F: Recruiting and developing effective employees

14 Personal effectiveness and communication	20	27	25	80
15 Recruitment and selection	19	25	26	82
16 Diversity and equal opportunities	15	20	28	83
17 Training and development	20	27	29	83
18 Performance appraisal	15	20	31	85

	Marks	Time allocation Mins	Page number	
			Question	Answer
Objective test questions				
Part A: Business organisational structure, government and management				
19 Business organisation and structure	21	28	35	89
20 Information technology and systems	15	20	37	90
21 Influences on organisational culture	15	20	39	92
22 Ethical considerations	15	20	40	93
23 Corporate governance and social responsibility	16	21	42	94
Part B: Key environmental influences				
24 The macro-economic environment	17	23	44	94
25 The business environment	15	20	46	96
Part C: History and role of accounting				
26 The role of accounting	15	20	47	97
Part D: Specific functions of accounting and internal financial control				
27 Control, security and audit	15	20	49	98
28 Identifying and preventing fraud	15	20	51	99
Part E: Leading and managing individuals and teams				
29 Leading and managing people	17	23	52	100
30 Individuals, groups and teams	15	20	54	101
31 Motivating individuals and groups	15	20	55	102
Part F: Recruiting and developing effective employees				
32 Personal effectiveness and communication	17	23	57	103
33 Recruitment and selection	16	21	58	104
34 Diversity and equal opportunities	10	13	60	106
35 Training and development	15	20	61	106
36 Performance appraisal	15	20	63	107

Mock exam 1

Paper-based exam

Mock exam 2

Computer-based exam

Mock exam 3 (Pilot paper)

Using your BPP Learning Media Practice and Revision Kit

Tackling revision and the exam

You can significantly improve your chances of passing by tackling revision and the exam in the right ways. Our advice is based on feedback from ACCA examiners.

- We focus on Paper F1; we discuss revising the syllabus, how to approach different types of question and ways of obtaining easy marks

Selecting questions

We provide a full **question index** to help you plan your revision

Making the most of question practice

At BPP Learning Media we realise that you need more than just questions and simple answers to get the most from your question practice. We include workings and explanations to show you how we arrived at the right answer and why the wrong answers were incorrect.

Attempting mock exams

There are three mock exams that provide practice at coping with the pressures of the exam day. We strongly recommend that you attempt them under exam conditions. **Mock exam 1** reflects the question styles and syllabus coverage of the paper-based exam. **Mock exam 2** reflects what you will see in a computer-based exam. **Mock exam 3** is the Pilot paper. To help you get the most out of doing these exams, we provide help with each answer. The examiner's answers to the Pilot paper are included at the back of the kit.

Using your BPP Learning Media products

This Kit gives you the question practice and guidance you need in the exam. Our other products can also help you pass:

- **Learning to Learn Accountancy** gives further valuable advice on revision
- **Passcards** provide you with clear topic summaries and exam tips
- **Success CDs** help you revise on the move
- **i-Pass CDs** offer tests of knowledge against the clock

You can purchase these products by visiting www.bpp.com/mybpp.

You can view demonstrations of i-Learn and i-Pass products by visiting www.bpp.com/acca/study-materials/#ilearn. Scroll down the page until you find the sections for i-Learn and i-Pass and click on the appropriate 'View demo' button.

Revising F1

General exam support from BPP Learning Media

BPP Learning Media is committed to giving you the best possible support in your quest for exam success. With this in mind, we have produced **guidance** on how to revise and techniques you can apply to **improve your chances of passing** the exam. This guidance can be found on the BPP Learning Media web site at the following link:

www.bpp.com/acca/examtips/Revising-for-ACCA-exams.doc

A paper copy of this guidance is available by e-mailing learningmedia@bpp.com

Topics to revise

The examiner will test **every area of the syllabus** so you must revise **all topics**. Selective revision will limit the number of questions that you can answer and reduce your chance of passing. You need to think of ways of committing the information to memory. You could try using mind maps, post it notes, small cards, explaining a topic to someone else or making a list of key theorists. It is vital that you learn and self-test as you go along.

Although the Paper F1 exam does not require you to submit written workings or explanations, it is still essential that you **practise** answering questions. The F1 examiner has stated that it is very important to read the question and option carefully. You must pick out **key words** which act as prompts to help you choose the correct answer and steer you away from the incorrect ones. You will need to practise questions to develop this skill.

But do not spend too long on any one topic – it will probably only feature in a few questions.

Question practice - paper based or computer based?

You may take Paper F1 as a **paper based** exam or a **computer based** exam. It is very much a personal choice which one you choose – however your final revision should be tailored towards your choice of exam. You can find general details about computer based exams on page x.

The **computer based** exam contains a **mixture of multiple choice and objective test questions**, whilst the **paper based** exam contains **only multiple choice questions**. Before you decide on the mode of exam you might prefer, it is a good idea to have a look at multiple choice and objective test question banks in this kit to get a feel for the different styles of questions you might be faced with.

Mock Exam 1 and **Mock Exam 3** (pilot paper) are paper based (multiple choice questions only), **Mock Exam 2** contains the style of questions you might face in a computer based exam (even though it is on paper!).

(i) Paper based exams

If you choose the paper based route, your revision must include the following:

- Read 'Tackling multiple choice questions' on page viii
- Attempt all the multiple choice and objective test questions in this kit (you can never get enough question practice!)
- Do Mock Exam 1 and Mock Exam 3 (the pilot paper) under exam conditions
- If time allows, do Mock Exam 2 for additional question practice.

(ii) **Computer based exams**

If you decide to take the exam on computer, you must include the following in your revision plan:

- Read 'Tackling multiple choice questions' (see below) and 'Tackling objective test questions' on page ix
- Attempt all the multiple choice and objective test questions in this kit
- Do **Mock Exam 2** in this kit **under exam conditions**.
- **If time allows**, do Mock Exam 1 for additional question practice.

Tackling multiple choice questions

The MCQs in your exam will contain four or five possible answers. You have to **choose the option that best answers the question**. The three or four incorrect options are called distractors. There is a skill in answering MCQs quickly and correctly. By practising MCQs you can develop this skill, giving yourself a better chance of passing the exam.

You may wish to follow the approach outlined below, or you may prefer to adapt it.

Step 1 Skim read all the MCQs and identify which appear to be the easier questions.

Step 2 Work out **how long** you should allocate to each MCQ bearing in mind the number of marks available. Remember that the examiner will not expect you to spend an equal amount of time on each MCQ; some can be answered instantly but others will take time to work out.

Step 3 Attempt each question – **starting with the easier questions** identified in Step 1. Read the question thoroughly. You may prefer to work out the answer before looking at the options, or you may prefer to look at the options at the beginning. Adopt the method that works best for you.

You may find that you recognise a question when you sit the exam. Be aware that the detail and/or requirement may be different. If the question seems familiar, read the requirement and options carefully – do not assume that it is identical.

Step 4 Read all of the options and see if one matches your own answer. Be careful with numerical questions, as the distractors are designed to match answers that incorporate **common errors**. Check that your calculation is correct. Have you followed the requirement exactly? Have you included every stage of the calculation?

Step 5 You may find that none of the options matches your answer.

- **Re-read the question** to ensure that you understand it and are answering the requirement
- **Eliminate any obviously wrong answers**
- **Consider which of the remaining answers** is the most likely to be correct and select that option

Step 6 If you are still unsure, **continue to the next question**. Likewise if you are nowhere near working out which option is correct after a couple of minutes, leave the question and come back to it later. Make a note of any questions for which you have submitted answers, but you need to return to later. The computer will list any questions for which you have not submitted answers.

Step 7 Revisit unanswered questions and other questions you're uncertain about. When you come back to a question after a break, you often find you can answer it correctly straightaway. If you are still unsure, have a guess. You are not penalised for incorrect answers, so **never leave a question unanswered!**

Tackling objective test questions

What is an objective test question?

An objective test (OT) question is made up of some form of **stimulus**, usually a question, and a **requirement** to do something.

- **MCQs.** Read through the information on page viii about MCQs and how to tackle them.
- **True or false.** You will be asked if a statement is true or false.
- **Data entry.** This type of OT requires you to provide figures such as the answer to a calculation, words to fill in a blank, single word answers to questions, or to identify numbers and words to complete a format.
- **Interpretation.** You may be asked to interpret or analyse graphical data.
- **Multiple response.** These questions provide you with a number of options and you have to identify those that fulfil certain criteria.
- **Listing.** You may be asked to list items in rank order.
- **Matching.** This OT question format could ask you to classify particular costs into one of a range of cost classifications provided, to match descriptions of variances with one of a number of variances listed, and so on.

OT questions in your exam

If you are sitting your exam on computer your exam will contain different types of OT questions. It is not certain how many questions in your exam will be MCQs and how many will be other types of OT, nor what types of OT you will encounter in your exam. For maximum preparation, attempt all the different types of OT questions in this kit.

Dealing with OT questions

Again you may wish to follow the approach we suggest, or you may be prepared to adapt it.

- Step 1** Work out **how long** you should allocate to each OT, taking into account the marks allocated to it. Remember that you will not be expected to spend an equal amount of time on each one; some can be answered instantly but others will take time to work out.
- Step 2** **Attempt each question.** Read the question thoroughly, and note in particular what the question says about the **format** of your answer and whether there are any **restrictions** placed on it.
- Step 3** Read any options you are given and select which ones are appropriate. Check that your calculations are correct. Have you followed the requirement exactly? Have you included every stage of the calculation?
- Step 4** You may find that you are unsure of the answer.
- Re-read the question to ensure that you understand it and are answering the requirement
 - Eliminate any obviously wrong options if you are given a number of options from which to choose
- Step 5** If you are still unsure, **continue to the next question.** The computer will list any questions for which you have not submitted answers.
- Step 6** Revisit unanswered questions and other questions you are uncertain about. When you come back to a question after a break you often find you are able to answer it correctly straight away. If you are still unsure have a guess. You are not penalised for incorrect answers, so **never leave a question unanswered!**

Exam information

Format of the exam

Paper-based exam (2 hours)

40 2-mark MCQs
10 1-mark MCQs

*Number of
marks*
80
10
90

Computer based exam (2 hours)

50 OTQs (40 2-mark questions and 10 1-mark questions)

The pass mark for both papers is 50%.

The computer based examination

In 2002, the ACCA introduced computer based examinations (CBE) (in addition to the conventional paper based examinations).

Computer based examinations must be taken at ACCA Approved Computer Examination Centres. A full list of approved centres can be found on the ACCA web site using the following link:

<http://www.accaglobal.com/students/exams/cbes/preparing>

How does CBE work?

- Questions are displayed on a monitor and candidates enter their answers directly onto the computer
- When the candidate has completed their examination (two hours are allowed), the computer automatically marks the file containing the candidate's answers
- Candidates are provided with a certificate showing their results before leaving the examination room
- The CBE Licensed Centre uploads the results to ACCA (as proof of the candidate's performance)

Benefits

- **Flexibility** as a CBE and resits can be sat at any time, with no restrictions on number of sittings.
- **Instant feedback** as the computer displays the results at the end of the CBE
- Results are notified to ACCA **within 48 hours**
- **Extended closing date periods** (see ACCA website for further information)

Multiple choice questions

1 Business organisation and structure

33 mins

- 1 'An organisation is a social arrangement which pursues collective....., which controls its own performance and which has a boundary separating it from its environment.'
- Which of the following words best completes this sentence?
- A Profits
 - B Stakeholders
 - C Goals
 - D Tactics
- (2 marks)**
-
- 2 What is the term given to the idea that the combined output of a number of individuals working together will exceed that of the same individuals working separately?
- A Sympathy
 - B Specialisation
 - C Synergy
 - D Systems thinking
- (2 marks)**
-
- 3 Which of the following statements is true?
- A Limited company status means that a company is only allowed to trade up to a predetermined turnover level in any one year.
 - B For organisations that have limited company status, ownership and control are legally separate.
 - C The benefit of being a sole trader is that you have no personal liability for the debts of your business.
 - D Partnerships offer the same benefits as limited companies but are usually formed by professionals such as doctors and solicitors.
- (2 marks)**
-
- 4 An organisation owned or run by central or local government or government agencies is part of the voluntary sector.
- Is this statement true or false?
- A True
 - B False
- (1 mark)**
-
- 5 Which of the following statements about an organisation chart is not true?
- A An organisation chart provides a summary of the structure of a business.
 - B An organisation chart can improve internal communications within a business.
 - C An organisation chart can improve employees' understanding of their role in a business.
 - D An organisation chart can indicate functional authority but not line authority within a business.
- (2 marks)**
-
- 6 Which of the following is a correct definition of 'span of control'?
- A The number of employees subordinate in the hierarchy to a given manager
 - B The number of levels in the hierarchy 'below' a given manager's
 - C The length of time between a manager's decision and the evaluation of it by his superior
 - D The number of employees directly responsible to a manager
- (2 marks)**
-
- 7 Which of the following terms is *not* used by Mintzberg in his description of organisational structure?
- A Strategic apex
 - B Support base
 - C Technostructure
 - D Operating core
- (2 marks)**
-

- 8 Y plc is a growing organisation which has recently diversified into a number of significant new product markets. It has also recently acquired another company in one of its overseas markets.

What would be the most appropriate form of organisation for Y plc?

- A Geographical departmentation
- B Divisionalisation
- C Functional departmentation

(1 mark)

- 9 Which of the following principles of classical management is challenged by matrix management?

- A Structuring the organisation on functional lines
- B Structuring the organisation on geographical lines
- C Unity of command
- D Decentralisation of decision-making

(2 marks)

- 10 The research and development (R & D) function of a business:

- (i) is primarily concerned with market research
- (ii) can improve existing products as well as developing completely new products
- (iii) has been less important for firms manufacturing computers to meet an industry standard than for those firms developing the next generation of computers
- (iv) is always undertaken under contract by specialist external consultancies

Which of the above statements are correct?

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

(2 marks)

- 11 Services have certain qualities which distinguish them from products. Because of their, physical elements such as vouchers, tickets, confirmations and merchandise are an important part of service provision.

Which of the following words most accurately completes the sentence?

- A Intangibility
- B Inseparability
- C Variability
- D Perishability

(2 marks)

- 12 U Ltd produces a portfolio of products and focuses its efforts and resources on persuading customers to buy them.

This is an example of which type of 'orientation'?

- A Production
- B Sales
- C Marketing

(1 mark)

- 13 Which of the following is/are objectives of human resource management?

- 1 To meet the organisation's social and legal responsibilities relating to the human resource.
- 2 To manage an organisation's relationship with its customers
- 3 To develop human resources that will respond effectively to change.

- A 1 and 2
- B 1 and 3
- C 1
- D 1,2 and 3

(2 marks)

- 14 Jeff, Jane and Jaitinder work in different departments in the firm XYZ Co. They are members of the permanent 'staff committee' which meets on a monthly basis to discuss staff issues such as pensions and benefits. Their purpose is to listen to communication from staff within their department and raise issues on behalf of their department at committee meetings. What is the name given to this type of committee?
- A Joint committee
 - B Task force
 - C Ad hoc committee
 - D Standing committee

(2 marks)

(Total: 25 marks)

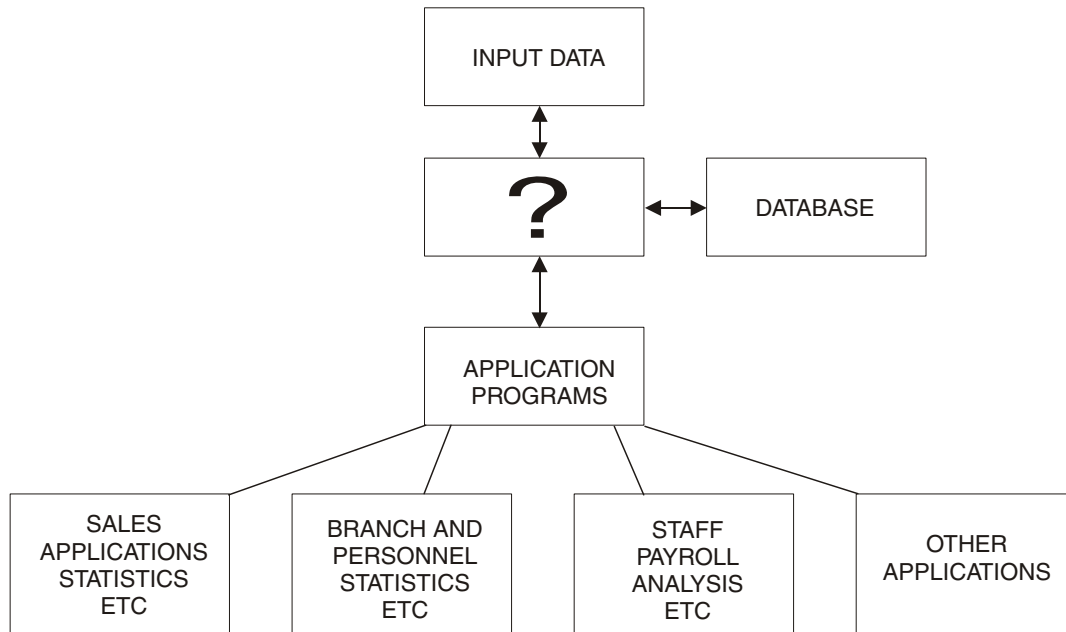
2 Information technology and systems

20 mins

- 1 All the following statements *except one* are examples of the advantages that a computer-based accounting system used by a management accountant has over a manual system.
- Which statement is the exception?
- A A computer-based accounting system is easier to update as new information becomes available
 - B A computer-based accounting system will always reject inaccurate financial information input to the system's database
 - C Financial calculations can be performed more quickly and accurately
 - D The management accountant can more readily present financial information to other business departments in a variety of forms
- (2 marks)
- 2 Gordon works in the accounts department of a retail business. He and his colleagues are looking at the sales figures for various types of clothing. The director asks them to use exception reporting to summarise their findings. Which of the following correctly defines the concept of 'exception reporting' within a business context?
- A The reporting of exceptional events, outside the normal course of events
 - B The analysis of those items where performance differs significantly from standard or budget
 - C The preparation of reports on routine matters on an 'ad hoc' basis
 - D The scrutiny of all data as a matter of course, save in exceptional circumstances
- (2 marks)
- 3 A small company's computer system comprises five desktop personal computers located in separate offices linked together in an intranet within the same building. The computers are not connected to the Internet and employees are not allowed to take storage media into or out of the building. Information which the business' owner wishes to keep confidential to herself is stored in one of the computers.
- Which one of the following statements can be concluded from this information?
- A This company's computer system does not need a back-up storage system
 - B This company's computer system does not need a password access system
 - C This company's computer system does not receive e-mail from customers or suppliers
 - D This company's computer system does not need virus detection software
- (2 marks)
- 4 Systems pool data from internal and external sources and make information available to senior managers, for strategic, unstructured decision-making.
- Which word or phrase correctly completes this sentence?
- A Expert
 - B Decision Support
 - C Executive Support
- (1 mark)

- 5 All the following statements *except one* describe the relationship between data and information. Which *one* is the exception?
- A Information is data which has been processed in such a way as to be meaningful to the person who receives it.
 - B The relationship between data and information is one of inputs and outputs
 - C Information from one process can be used as data in a second process
 - D Data is always in numerical form whereas information is always in text form.
- (2 marks)**

6



What element of a database system is represented by the question mark in the above diagram?

- A Database administrator
 - B Electronic point of sale system
 - C Data storage
 - D Database management system
- (2 marks)**
- 7 Which of the following statements about data security is *not* true?
- A Loss or corruption of data is almost always non-deliberate.
 - B New staff in particular pose a threat.
 - C It is impossible to prevent all threats cost-effectively.
 - D Smoke detectors are a form of data protection.
- (2 marks)**

- 8 Office Automation Systems are designed mainly to increase the of data and information workers.

Which word correctly completes this sentence.

- A Expertise
 - B Productivity
 - C Flexibility
 - D Decision-making capability
- (2 marks)**

(Total: 15 marks)

3 Influences on organisational culture

25 mins

- 1 BZ Ness Ltd is an organisation with a strongly traditional outlook. It is structured and managed according to classical principles: specialisation, the scalar chain of command, unity of command and direction. Personnel tend to focus on their own distinct tasks, which are strictly defined and directed. Communication is vertical, rather than lateral. Discipline is much prized and enshrined in the rule book of the company.

From the scenario, what sort of culture does BZ Ness Ltd have, using Harrison's classifications?

- A Role culture
- B Task culture
- C Existential culture
- D Power culture

(2 marks)

- 2 Which of the following statements is true?

- A Strong values improve corporate performance
- B Strong values can replace rules and controls in an organisation
- C Strong values minimise conflict within an organisation
- D Strong values are dangerous if they filter out 'uncomfortable' environmental information

(2 marks)

- 3 Which of the following groups may be considered to be stakeholders in the activities of a nuclear power station?

- (i) The government
- (ii) Friends of the Earth
- (iii) Employees
- (iv) Local residents

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

(2 marks)

- 4 Culture is the collective programming of the mind which distinguishes the members of one from another.

Which word or phrase most accurately completes the definition.

- A Nation
- B Ethnic group
- C Category of people

(1 mark)

- 5 Which of the following is *not* one of the terms used by Hofstede to describe a key dimension of culture?

- A Power-distance
- B Acquisitive/giving
- C Individualism/collectivism
- D Uncertainty avoidance

(2 marks)

- 6 Which is the 'deepest' set of underlying factors which determine culture, and the hardest to manage?

- A Values
- B Beliefs
- C Rituals
- D Assumptions

(2 marks)

- 7 Who defined organisational culture as 'the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about and reacts to its environment.'
- A Maslow
 - B Schein
 - C Porter
 - D Mintzberg
- (2 marks)**
-

- 8 Which of the following statements about the informal organisation is *not* true?
- A The influence of the informal organisation was highlighted by the Hawthorne Studies, in the way group norms and dynamics affected productivity.
 - B Informal organisation can pose a threat to employee health and safety.
 - C Informal organisation can stimulate innovation.
 - D Managers in positions of authority generally cannot be part of the informal organisation
- (2 marks)**
-

- 9 Secondary stakeholders is another term for which group of stakeholders?
- A Internal stakeholders
 - B Connected stakeholders
 - C External stakeholders
 - D Contractual stakeholders
- (2 marks)**
-

The following question is taken from the December 2008 exam paper.

- 10 Research has indicated that workers in country A display characteristics such as toughness and the desire for material wealth and possessions, while workers in country B value personal relationships, belonging and the quality of life.
- According to Hofstede's theory, these distinctions relate to which of the following cultural dimensions?
- A Masculinity – femininity
 - B Power – distance
 - C Individualism – collectivism
 - D Uncertainty avoidance
- (2 marks)**
-

(Total = 19 marks)

4 Ethical considerations

20 mins

- 1 Managers are said to have a responsibility (or duty of faithful service) in respect of the entities whose purposes they serve.
- Which term correctly completes this sentence?
- A Financial
 - B Ethical
 - C Fiduciary
 - D Fiscal
- (2 marks)**
-

- 2 What is the name given to an approach to ethical decision-making which considers the 'right' decision to be the one which results in the greatest good to the greatest number of people in a given situation?
- A Utilitarianism
 - B Deontology
 - C Virtue ethics
 - D Corporate social responsibility
- (2 marks)**
-

- 3 X plc is trying to get a trading permit, for which it qualifies. Unfortunately, there is a backlog at the issuing office, and X plc has been notified that there will be a delay in the processing of its permit. The divisional manager offers a donation to the issuing office's staff welfare fund, if the official concerned will expedite the paperwork.
- Which of the following statements is true of this action?
- A It is not unethical, because the money is offered for positive purposes.
 - B It is not unethical, because X plc is legally entitled to the benefit it is claiming.
 - C It constitutes bribery.
 - D It constitutes grease money.
- (2 marks)**
-

- 4 Which of the following is an approach to ethics which combines a concern for the law with an emphasis on managerial responsibility?
- A Compliance based
 - B Integrity based
- (1 mark)**
-

- 5 Farrah works in the sales tax section of the accounts department of BCD Co. When the finance director is on holiday, Farrah notices that BCD Co has not been paying the correct quarterly amounts to the authorities. Farrah had suspected this for some time and decides to contact the authorities to tell them about the fraud. This disclosure is known as.....
- What two words correctly complete the sentence?
- A Organisational accountability
 - B Confidentiality breach
 - C Corporate conscience
 - D Whistle blowing
- (2 marks)**
-

- 6 Which of the following would raise ethical issues for a manufacturer of fast-moving consumer goods?
- (i) The materials used in manufacture of the goods
 - (ii) The quality of the goods
 - (iii) How the goods are advertised
 - (iv) How much its raw materials suppliers pay their staff
 - (v) How the goods are packaged
- A (ii) and (iii) only
 - B (i), (ii) and (iii) only
 - C (ii), (iii) and (v) only
 - D (i), (ii), (iii), (iv) and (v)
- (2 marks)**
-

- 7 Reliability, responsibility,..... , courtesy and respect are the personal qualities expected of an accountant.
- Which of the following words correctly complete this statement?
- A Accountability
 - B Social responsibility
 - C Timeliness
 - D Ambition
- (2 marks)**
-

- 8 You have been asked to work on a major investment decision that your company will be making, and discover that your brother-in-law is the managing director of a firm that may benefit from the outcome of the decision. You have no intention of allowing this to influence the advice you give your firm, and you know that your brother-in-law will not try to influence you in any way.

What professional quality would make you consider handing this task to a colleague, or otherwise raising questions with your superiors?

- A Scepticism
- B Accountability
- C Independence of mind
- D Independence in appearance

(2 marks)

(Total: 15 marks)

5 Corporate governance and social responsibility

21 mins

- 1 Which of the following statements about corporate social responsibility is true?

- (i) CSR guarantees increased profit levels
- (ii) CSR adds cost to organisational activities and reduces profit levels
- (iii) Social responsibility may have commercial benefits
- (iv) Social responsibility is a concern confined to business organisations

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

(2 marks)

- 2 Calum, Heidi and Jonas are managers for Zip Co. They have been told that their salary will be based on company performance and that a bonus scheme will also be introduced. The bonus will also be related to company performance. Which of the following best describes the approach to governance that Zip Co is using?

- A Stewardship theory
- B Agency theory
- C Stakeholder theory

(1 mark)

- 3 Michael has been asked to prepare a presentation for the company directors on good corporate governance. Which one of the following is he likely to exclude from his presentation?

- A Risk management
- B Internal controls
- C Maximising shareholder wealth
- D Accountability to stakeholders

(2 marks)

- 4 Corporate governance is essentially a control system: it is not considered of strategic importance.

Is this statement true or false?

- A True
- B False

(1 mark)

- 5 Which of the following is a feature of poor corporate governance?

- A Domination of the board by a single individual
- B Critical questioning of senior managers by external auditors
- C Supervision of staff in key roles
- D Lack of focus on short-term profitability

(2 marks)

- 6 The tasks of which body include: monitoring the chief executive officer; formulating strategy; and ensuring that there is effective communication of the strategic plan?
- A The audit committee
 - B The Public Oversight Board
 - C The board of directors
 - D The nomination committee
- (2 marks)**
-
- 7 Which of the following would be included in the principles of Corporate Social Responsibility?
- (i) Human rights
 - (ii) Employee welfare
 - (iii) Professional ethics
 - (iv) Support for local suppliers
- A (ii) and (iii) only
 - B (i) only
 - C (ii), (iii) and (iv) only
 - D (i), (ii) and (iv) only
- (2 marks)**
-
- 8 Which of the following is subject to the least direct regulation?
- A Employment protection
 - B Corporate social responsibility
 - C Professional ethics
 - D Corporate governance
- (2 marks)**
-

The following question is taken from the December 2008 exam paper.

- 9 In most countries, what is the usual purpose of codes of practice on corporate governance?
- A To establish legally binding requirements to which all companies must adhere
 - B To set down detailed rules to regulate the ways in which companies must operate
 - C To provide guidance on the standards of the best practice that companies should adopt
 - D To provide a comprehensive framework for management and administration
- (2 marks)**
-

(Total = 16 marks)

6 The macro-economic environment

31 mins

- 1 Which of the following is *not* an element of fiscal policy?
- A Government spending
 - B Government borrowing
 - C Taxation
 - D Exchange rates
- (2 marks)**
-
- 2 Which of the following is associated with a negative Public Sector Net Cash Requirement?
- A The government is running a budget deficit
 - B The government's expenditure exceeds its income
 - C The government is running a budget surplus
 - D Public Sector Debt Repayment (PSDR) is high.
- (2 marks)**
-

- 3 taxes are collected by the Revenue authority from an intermediary, which attempts to pass on the tax to consumers in the price of goods.
- Which word correctly completes this statement?
- A Regressive
 - B Progressive
 - C Direct
 - D Indirect
- (2 marks)**
-
- 4 If a government has a macro-economic policy objective of expanding the overall level of economic activity, which of the following measures would *not* be consistent with such an objective?
- A Increasing public expenditure
 - B Lowering interest rates
 - C Increasing taxation
- (1 mark)**
-
- 5 The currency in country X is the Krone while country Y uses the Euro. Country Y has recently experienced an increase in its exchange rate with Country X. Which of the following effects is likely to result in Country Y?
- A A stimulus to exports in Country Y
 - B An increase in the costs of imports from Country X
 - C Reducing demand for imports from Country X
 - D A reduction in the rate of cost push inflation
- (2 marks)**
-
- 6 The following, *with one exception*, are 'protectionist measures' in international trade. Which is the exception?
- A Import quotas
 - B Harmonisation of technical standards
 - C Customs procedures
 - D Tariffs
- (2 marks)**
-
- 7 Are the following statements true or false?
- 1 Frictional unemployment will be short term
 - 2 Governments can encourage labour mobility if they want to reduce unemployment
- A Both statements are true
 - B Statement 1 is true and statement 2 is false.
 - C Statement 1 is false and statement 2 is true.
 - D Both statements are false.
- (2 marks)**
-
- 8 Monetary policy is a government economic policy relating to:
- 1 Interest rates
 - 2 Taxation
 - 3 Public borrowing and spending
 - 4 Exchange rates
- Which of the above are correct?
- A 1 and 4
 - B 2 and 3
 - C 2 and 4
 - D 3 and 4
- (2 marks)**
-

- 9 Which of the following organisations might benefit from a period of high price inflation?
- A An organisation which has a large number of long term payables
 - B An exporter of goods to a country with relatively low inflation
 - C A supplier of goods in a market where consumers are highly price sensitive and substitute goods are available
 - D A large retailer with a high level of inventory on display and low rate of inventory turnover **(2 marks)**
-

- 10 Which of the following are the goals of macroeconomic policy?
- 1 Encouraging economic growth
 - 2 Zero inflation
 - 3 Achievement of a balance between exports and imports
 - 4 Encouraging stagnation
- A 1 and 2
 - B 2 and 3
 - C 2, 3 and 4
 - D 1, 2 and 3 **(2 marks)**
-

- 11 Which of the following would be an example of cyclical unemployment?
- A The entry of school leavers into the labour pool each year
 - B Lay-offs among agricultural labourers in winter
 - C Automation of ticketing services in tourism
 - D Recession in the building industry **(2 marks)**
-

- 12 A surplus on the balance of payments usually means a surplus or deficit on the account.
- Which word correctly complete this statement?
- A Current
 - B Capital
 - C Financial
 - D Income statement **(2 marks)**
-

(Total: 23 marks)

7 The business environment

31 mins

- 1 What is an acronym used to describe the key elements of an organisation's external environment?
- A SWOT
 - B SMART
 - C PEST **(1 mark)**
-
- 2 Which of the following is *not* a legitimate method of influencing government policy in the interests of a business?
- A Employing lobbyists to put the organisation's case to ministers or civil servants
 - B Giving lawmakers non-executive directorships
 - C Offering financial incentives to public officials to use their influence on the organisation's behalf
 - D Attempting to influence public opinion, to put pressure on the legislative agenda **(2 marks)**
-

- 3 is an analysis of statistics on birth and death rates, age structures of people and ethnic groups within a community.
Which word correctly completes the sentence?
- A Ergonomics
 - B Economics
 - C Psychographics
 - D Demographics
- (2 marks)**
-
- 4 A recent trend in organisation and management is the rise in 'virtual organisation' and 'virtual teamworking'. To which of the following environmental (PEST) factors is this most directly attributed?
- A Economic
 - B Socio-cultural
 - C Technological
- (1 mark)**
-
- 5 The stationery and printing company S Co, has recently upgraded its computers and printers so that more production has become automated. Many middle managers will now be made redundant. This is known as:
- A Downsizing
 - B Delaying
 - C Outsourcing
 - D Degrading
- (2 marks)**
-
- 6 In the context of 'best practice' employment protection law, in which of the following circumstances is dismissal of an employee automatically considered unfair?
- A Selection for redundancy on the basis of age
 - B Misconduct
 - C Marriage to a key competitor
 - D Incompetence
- (2 marks)**
-
- 7 Which of the following socio-cultural trends will have a direct impact on most business organisations?
- (i) Increasing ethnic and religious diversity in populations
 - (ii) Falling birthrates
 - (iii) Focus on 'green' issues
 - (iv) Increase in single-member households
- A (iii) only
 - B (i) and (iii) only
 - C (i), (ii) and (iii) only
 - D (i), (ii), (iii) and (iv)
- (2 marks)**
-
- 8 Porter's five forces model identifies factors which determine the nature and strength of competition in an industry. Which of the following is *not* one of the five forces identified in Porter's model?
- A Substitute products or services
 - B New entrants to the industry
 - C Bargaining power of customers
 - D Government regulation of the industry
- (2 marks)**
-
- 9 For what function in an organisation would demographic information about social class be most relevant?
- A Finance
 - B Human Resources
 - C Marketing
- (1 mark)**
-

- 10 Which of the following is a *support* activity in Porter's value chain model?
- A Procurement
 - B Operations
 - C Marketing and sales
 - D Inbound logistics
- (2 marks)**
-

- 11 Which of the following statements about the impact of technological developments is *not* true?
- A Technology developments have supported corporate delayering
 - B Technology developments tend to adversely affect employee relations
 - C Technology developments creates risk for long-range product/market planning
 - D Technology developments offer significant advantages for corporate communications
- (2 marks)**
-

The following question is taken from the December 2008 exam paper .

- 12 BCD Co is a large trading company. Steve is the administration manager and is also responsible for legal and compliance functions. Sheila is responsible for after sales service and has responsibility for ensuring that customers who have purchased goods from BCD Co are fully satisfied. Sunny deals with suppliers and negotiates on the price and quality of inventory. He is also responsible for identifying the most appropriate suppliers of plant and machinery for the factory. Sam is the information technology manager and is responsible for all information systems within the company.

According to Porter's value chain, which of the managers is involved in a primary activity as opposed to a support activity?

- A Steve
 - B Sheila
 - C Sunny
 - D Sam
- (2 marks)**
-

The following question is taken from the June 2009 exam paper.

- 13 What is the latest stage at which a new recruit to a company should first be issued with a copy of the company's health and safety policy statement?
- A On accepting the position with the company
 - B As early as possible after employment
 - C After the first few weeks of employment
 - D During the final selection interview
- (2 marks)**
-

(Total: 23 marks)

8 The role of accounting

28 mins

- 1 Joseph has just started his first job in an accountancy department. A qualified senior member of staff explains to him what the main aim of accounting is. Which of the following options is the correct aim of accounting?
- A To maintain ledger accounts for every asset and liability
 - B To provide financial information to users of such information
 - C To produce a trial balance
 - D To record every financial transaction individually
- (2 marks)**
-

- 2 Luca Pacioli wrote the first printed explanation of double entry bookkeeping in which year?
- A 1024
 - B 1494
 - C 1884
 - D 1924
- (2 marks)**
-
- 3 Which of the following statements about accounting information is *incorrect*?
- A Some companies voluntarily provide specially-prepared financial information to employees.
 - B Accounting information should be relevant, reliable, complete, objective and timely.
 - C Accountants have a strong obligation to ensure that company accounts conform to accounting standards
 - D Charities and professional bodies do not have to produce financial statements in the same way as businesses.
- (2 marks)**
-
- 4 In a typical finance function, budgets and budgetary control would usually be the responsibility of which of the following roles?
- A The Financial Controller
 - B The Management Accountant
 - C The Treasurer
- (1 mark)**
-
- 5 Three of the following are outputs of a payroll system, and one is an input to the system. Which is the input?
- A Credit transfer forms
 - B Time sheets
 - C Payroll analysis
 - D Pay slips
- (2 marks)**
-
- 6 Which of the following is an aim of the control system relating to accounts payable and purchases?
- A To ensure that all credit notes received are recorded in the general and payables ledger
 - B To ensure that goods and services are only supplied to customers with good credit ratings
 - C To ensure that all credit notes that have been issued are recorded in the general and receivables ledgers
 - D To ensure that potentially doubtful debts are identified
- (2 marks)**
-
- 7 Which of the following does company law require a statement of financial position to give?
- A A true and fair view of the profit or loss of the company for the financial year
 - B An unqualified (or 'clean') report on the statement of affairs of the company as at the end of the financial year
 - C A true and fair view of the statement of affairs of the company as at the end of the financial year
 - D A qualified report, setting out matters on which independent auditors disagree with management
- (2 marks)**
-
- 8 The following, with one exception, are areas in which an integrated accounting software package has advantages compared to a series of separate (stand-alone) dedicated programs. Which is the exception?
- A Efficiency in updating data
 - B Flexibility in preparing reports
 - C Data integrity
 - D Specialised capabilities
- (2 marks)**
-

- 9 A is a program which deals with one particular part of a computerised business accounting system.
Which of the following terms correctly completes this definition?
- A Suite
 - B Module
 - C Spreadsheet
- (1 mark)**
-
- 10 All the following, with one exception, are examples of advantages of a computer-based accounting system over a manual system. Which statement is the exception?
- A Financial calculations can be performed more quickly and accurately
 - B Financial information can be presented to other business departments in a variety of forms
 - C There is much stronger provision for data security
 - D The system is easier to update as new information becomes available
- (2 marks)**
-
- 11 A spreadsheet software application may perform all of the following business tasks *except one*. Which one of the following is the exception?
- A The presentation of numerical data in the form of graphs and charts
 - B The application of logical tests to data
 - C The application of 'What if?' scenarios
 - D Automatic correction of all data entered by the operator into the spreadsheet
- (2 marks)**
-
- 12 The following question is taken from the June 2009 exam paper.
The preparation and filing of accounts by limited companies each year is required by which of the following?
- A Codes of corporate governance
 - B National legislation
 - C International Accounting Standards
- (1 mark)**

(Total: 21 marks)

9 Control, security and audit

20 mins

- 1 Which of the following is *not* an aim of internal controls?
- A To enable the organisation to respond appropriately to business, operational and financial risks
 - B To eliminate the possibility of impacts from poor judgement and human error
 - C To help ensure the quality of internal and external reporting
 - D To help ensure compliance with applicable laws and regulations
- (2 marks)**
-
- 2 Some controls are provided automatically by the system and cannot be by-passed, ignored or overridden: for example, having to input a password to enter a computer system. These are classified as controls.
Which term correctly completes this statement?
- A Detect
 - B Mandated
 - C Non-discretionary
 - D Administrative
- (2 marks)**

- 3 The mnemonic SPAMSOAP is often used to remember the range of financial control procedures. What does the 'O' stand for in this mnemonic?
- A Operations
 - B Organisation
 - C Oversight
 - D Openness
- (2 marks)**
-
- 4 The attitude and awareness of directors and managers regarding controls would comprise part of which element of an internal control system?
- A Control environment
 - B Control procedures
- (1 mark)**
-
- 5 Which of the following is *not* an internal check?
- A Separation of duties for authorising, custody and recording
 - B Pre-lists, post-lists and control totals
 - C Bank reconciliations
 - D Systems for authorising transactions within specified spending limits
- (2 marks)**
-
- 6 Which of the following statements about internal audit is true?
- A Internal audit is an independent appraisal activity
 - B Internal audit is separate from the organisation's internal control system
 - C Internal audit is carried out solely for the benefit of the organisation's stakeholders
 - D The internal audit function reports to the finance director
- (2 marks)**
-
- 7 The use of uninterruptible (protected) power supplies is a method of protecting data and IT systems from what sort of security threat?
- A Fire
 - B Accidental damage
 - C Weather
 - D Hacking
- (2 marks)**
-
- 8 Which of the following would be classed as a contingency control in an information system?
- A Password-only access to the system
 - B System recovery procedures
 - C Audit trails
 - D Data validation procedures
- (2 marks)**

(Total: 15 marks)

10 Identifying and preventing fraud

23 mins

- 1 What is the term given to a method of fraud in the accounts receivable area, by which cash or cheque receipts are stolen, and the theft concealed by setting subsequent receipts against the outstanding debt?
- A Collusion
 - B Misrepresentation
 - C Teeming and lading
 - D Fictitious sales
- (2 marks)**
-
- 2 Which of the following activities create vulnerability to fraud?
- (i) Calculating payslips
 - (ii) Preparing delivery notes
 - (iii) Paying supplier invoices
 - (iv) Meeting budgets and performance targets

- A (iii) only
 - B (i) and (iii) only
 - C (i) and (ii) only
 - D (i), (ii), (iii) and (iv)
- (2 marks)**
-

3 X plc has a bad debt policy whereby aged receivables who are obviously not going to pay, are written off. The financial accountant does not enforce this policy.

This might be fraudulent insofar as it creates which of the following effects?

- A It removes funds from the business
 - B It results in the understatement of profits and net assets
 - C It results in the overstatement of profits and net assets
 - D It results in the intentional overstatement of profits and net assets
- (2 marks)**
-

4 Dishonesty is a to act in ways which contravene accepted ethical, social, organisational or legal norms for fair and honest dealing.

Which word correctly completes this statement?

- A Motivation
 - B Pre-disposition
 - C Opportunity
- (1 mark)**
-

5 All of the following, with one exception, are internal factors which might increase the risk profile of a business. Which is the exception?

- A Increased competition
 - B Corporate restructuring
 - C Upgraded management information system
 - D New personnel
- (2 marks)**
-

6 Which of the following would most clearly present a personnel risk of fraud?

- A Segregation of duties
 - B High staff morale
 - C Staff not taking their full holiday entitlements
 - D Consultative management style
- (2 marks)**
-

7 All of the following, with one exception, are potential impacts on a business of removal of significant funds or assets. Which is the exception?

- A Fall in returns to shareholders
 - B Reduction in profits
 - C Increase in working capital
 - D Reputational damage
- (2 marks)**
-

8 Which of the following internal controls might be least effective in preventing fraud, if staff are in collusion with customers?

- A Physical security
 - B Requiring signatures to confirm receipt of goods or services
 - C Sequential numbering of transaction documents
 - D Authorisation policies
- (2 marks)**
-

- 9 In a limited company, or plc, it is the ultimate responsibility of the to take reasonable steps to prevent and detect fraud.

Which word or phrase correctly completes this statement?

- A The board of directors
- B The fraud officer
- C The external auditor
- D The audit committee

(2 marks)

(Total: 17 marks)

11 Leading and managing people

27 mins

- 1 Leaders may be distinguished from managers by the fact that they do not depend on..... power in the organisation.

Which of the following types of power correctly completes this statement?

- A Person power
- B Expert power
- C Position power
- D Physical power

(2 marks)

- 2 Which of the following writers is *not* a member of the school of management thought to which the others belong?

- A FW Taylor
- B Elton Mayo
- C Abraham Maslow
- D Frederick Herzberg

(2 marks)

- 3 Monica is a manager in the finance department of P Co and she has several staff working for her. She has become quite friendly with most of her staff and they like her and appreciate that she does everything she can to attend to their needs. Which type of managerial style does Monica have?

- A Impoverished
- B Task management
- C Country club
- D Dampened pendulum

(2 marks)

- 4 A particular team leader is liked and trusted by his work group, and his position gives him complete discretion to distribute bonuses within the team and to apply whatever disciplinary measures are necessary. The team is currently working on routine project, with well-defined, structured tasks.

According to Fiedler's contingency theory, would this situation be favourable or unfavourable to the team leader?

- A Favourable
- B Unfavourable

(1 mark)

- 5 According to Fielder, which of the following are true of psychologically distant managers?

- 1 They judge their staff on the basis of performance
- 2 They are primarily task-oriented
- 3 They prefer formal consultation methods rather than seeking staff opinions
- 4 They are closer to their staff

- A 1 and 2
- B 2 and 3
- C 1,2 and 3
- D 1,2,3 and 4

(2 marks)

- 6 What is delegated by a superior to a subordinate?
- A Authority
 - B Power
 - C Responsibility
 - D Accountability
- (2 marks)**
-

- 7 Which of the following is *not* a technique of scientific management or Taylorism?
- A Micro-design of jobs
 - B Work study techniques to establish efficient methods
 - C Multi-skilled teamworking
 - D Financial incentives
- (2 marks)**
-

- 8 What is the key contribution of the human relations approach to management?
- A Awareness of the importance of group dynamics and worker attitudes as an influence on productivity
 - B Concern for productivity and efficiency
 - C Awareness of the many different variables that influence and constrain a manager's behaviour
 - D Proof of a clear link between job satisfaction, worker motivation and business success
- (2 marks)**
-

- 9 Which of the following leadership styles gives the most discretion or decision-making power to subordinates?
- A Autocratic
 - B Consultative
 - C Democratic
- (1 mark)**
-

- 10 Of Mintzberg's nine managerial roles, which is being exercised by a manager who gathers information from contacts within and outside the organisation?
- A Leader
 - B Monitor
 - C Spokesperson
 - D Disseminator
- (2 marks)**
-

- 11 is the role at the interface between the operational core (non-managerial workers) and management.
- Which word or phrase correctly completes this definition?
- A Middle line
 - B Junior management
 - C Employee communications
 - D Supervision
- (2 marks)**
-

(Total: 20 marks)

12 Individuals, groups and teams

23 mins

- 1 Which of the following is most clearly a sign of an ineffective group?
- A There is disagreement and criticism within the group
 - B There is competition with other groups
 - C Members passively accept work decisions
 - D Individuals achieve their own targets
- (2 marks)**
-

2 A team leader is having difficulties with conflict in the team, due to 'clashes' or incompatibilities in the personalities of two of its members. The leader draws up a list of options for managing the problem.

Which option, from the following list, would be the least practicable?

- A Educate the members about personality differences
- B Encourage the members to modify their behaviours
- C Encourage the members to modify their personalities
- D Remove one of the members from the team

(2 marks)

3 At the Soli-Darretty Bros factory, a project team has been put together by management. The team are engaged in debating how they are going to approach the task, and who is going to do what. Some of their first ideas have not worked out but they are starting to put forward some really innovative ideas: they get quite excited in brainstorming sessions, and are uninhibited in putting forward their views and suggestions. Factions are emerging, not only around different ideas, but around two dominating individuals who always seem to disagree.

At what stage of Tuckman's group development model is this team?

- A Forming
- B Storming
- C Norming
- D Performing

(2 marks)

4 Which of the following would worsen group think, rather than restrain it?

- A Actively encouraging self-criticism
- B Paying more attention to group maintenance
- C Welcoming outside ideas and criticisms

(1 mark)

5 are mental states (made up of thoughts, feelings and intentions) which influence an individual's response to all objects and situations with which they are related.

Which word correctly completes this definition?

- A Personality traits
- B Perceptions
- C Attitudes
- D Emotional intelligences

(2 marks)

6 For which of the following applications is teamworking *not* best suited?

- A Ideas generation for innovation
- B Co-ordination of different functions
- C Crisis decision-making
- D Co-ordination of geographically dispersed workers

(2 marks)

7 If a team is bogged down in argument, and discussion is turning hostile, which of the following types of contribution would the team leader seek to discourage?

- A Bringing-in
- B Blocking
- C Summarising
- D Testing understanding

(2 marks)

8 Which of the following is *not* a key tool of team building?

- A Members identify with the team
- B Members are as alike as possible
- C Members have solidarity with one another
- D Members commit to shared objectives

(2 marks)

The following question is taken from the June 2009 exam paper.

- 9 Grant is a member of a project team. His colleagues in the team rely on him to read and check complex project documentation. Grant has a keen eye for detail and often identifies minor details in documents that others miss but may be of significance. Despite the diligent approach, Grant always meets his deadlines. However, some of Grant's colleagues feel frustrated when he refuses to involve others. He can hold up progress as he will not agree to the team signing off project documents until all of his concerns are fully discussed.

According to Belbin's team roles theory, Grant is an example of which of the following?

- A Implementer
- B Completer – finisher
- C Monitor – evaluator
- D Shaper

(2 marks)

(Total: 17 marks)

13 Motivating individuals and groups

27 mins

- 1 Phil T Luker & Son offers its employees a reward package which includes salary and company car. Its factory is safe and clean and rather smart. The work is technically challenging and employees are encouraged to produce innovative solutions to problems.

Which of the rewards offered by the firm is a form of intrinsic reward?

- A The salary
- B The car
- C The factory environment
- D The work

(2 marks)

- 2 Which of the following is not a category in Maslow's hierarchy of needs theory?

- A Physiological needs
- B Freedom of inquiry and expression needs
- C Need for affiliation
- D Safety needs

(2 marks)

- 3 Keepham (Hungary) Co offers its employees:

- (i) Sensible company policies
- (ii) Good salaries and bonuses
- (iii) Considerate supervision
- (iv) Training programmes

According to Herzberg's two-factor theory, which of these things will satisfy employees in such a way as to motivate them to superior effort in the long-term?

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

(2 marks)

- 4 What term is given, in motivation theory, to the things people value and choose to pursue?

- A Goals
- B Innate needs
- C Drives

(1 mark)

- 5 Willy Dewitt-Ornott works in Sales. There is always a sales competition at the year end and the winner is likely to be made team leader. Willy's quite certain that he will be able to win and that he will have more responsibility, which he would like. But he would also have to work much longer hours, and he is quite reluctant to do this for family reasons.
- If an expectancy equation were used to assess Willy's motivation to work hard at the end of the year, based on the information given, which of the following results would you expect to see?
- A Valence would be high, expectancy high, motivation high
 - B Valence would be high, expectancy low, motivation low
 - C Valence would be around 0, expectancy high, motivation low
 - D Valence would be around 0, expectancy high, motivation high
- (2 marks)**
-

- 6 All of the following, with one exception, are alternative terms for the same thing. Which is the exception?
- A Motivator factor
 - B Hygiene factor
 - C Environmental factor
 - D Maintenance factor
- (2 marks)**
-

- 7 The five core dimensions which contribute to job satisfaction are skill variety, task identity, task significance, and feedback.
- Which of the following is the dimension missing from the above list?
- A Recognition
 - B Advancement
 - C Autonomy
 - D Rewards
- (2 marks)**
-

- 8 Participation can motivate employees by making them take 'ownership' of the task and increasing their commitment. In which of the following circumstances, however, would this *not* happen?
- A Participation is genuine
 - B The purpose of participation is made clear
 - C Everyone is allowed to participate equally
 - D Efforts at participation are maintained for a reasonable period
- (2 marks)**
-

- 9 The management of Guenguiss Cans Co runs a 'tight ship', with clocking-on timekeeping systems, close supervision and rules for everything. 'Well,' says the general manager, 'if you allow people to have any freedom at work, they will take advantage and their work rate will deteriorate'.
- Which of Douglas McGregor's 'theories' does this management team subscribe to?
- A Theory X
 - B Theory Y
- (1 mark)**
-

- 10 Application of process theories to motivation in practice involves all but one of the following measures. Which is the exception?
- A Clarifying intended results
 - B Giving feedback on actual results
 - C Immediacy of reward following results
 - D Consistency of reward for results
- (2 marks)**
-

- 11 Which of the following is a potential problem with individual performance-related pay (PRP) as a motivator?
- A Its effect on organisational communication
 - B Its relevance to business objectives
 - C The fact that it does not relate to individuals' wage or salary grades
 - D Its effect on team motivation
- (2 marks)**
-

(Total: 20 marks)

14 Personal effectiveness and communication

27 mins

- 1 If a supervisor in the Sales department requests the help of the HR Director in a complex disciplinary matter, what direction is the communication flow?
- A Vertical
 - B Horizontal
 - C Lateral
 - D Diagonal
- (2 marks)**
-
- 2 What name is give to the process whereby an individual defines objectives and formulates action plans for learning with a view to improving his or her own effectiveness?
- A Coaching
 - B Mentoring
 - C Counselling
 - D Personal development planning
- (2 marks)**
-
- 3 The following, with one exception, are potential problems for time management. Which is the exception?
- A An open door policy of management
 - B A sociable work group
 - C An assertive style of communication
 - D Reading and acting on e-mails as they are received
- (2 marks)**
-
- 4 Urgency, or closeness to deadline, is the most important factor in prioritising tasks.
Is this statement true or false?
- A True
 - B False
- (1 mark)**
-
- 5 Jared is the leader of a virtual team which stays in contact via e-mail. Team members send all messages to Jared, who forwards them to the rest of the network.
Which communication pattern is reflected in this situation?
- A The circle
 - B The 'Y'
 - C The wheel
 - D The all-channel
- (2 marks)**
-
- 6 You are a sales representative who routinely visits customers in their homes and places of business to present the latest products and take orders (where inventory is available).
Which of the following technology tools will most directly enhance your effectiveness?
- A Computer telephony integration
 - B Asymmetric Digital Subscriber Line (ADSL) broadband
 - C Electronic Data Interchange (EDI)
 - D Mobile communications
- (2 marks)**
-
- 7 Which of the following areas is *not* an advantage of using e-mail as a communication tool?
- A Security
 - B Speed
 - C Multiple recipients
 - D Versatility
- (2 marks)**
-

- 8 Counselling is essentially a role.
Which of the following words correctly completes this statement.
- A Advisory
 - B Non-directive
 - C Task-related
- (1 mark)**
-
- 9 Which of the following is *not* an attribute of communication through an informal organisational network or 'grapevine'?
- A Fast
 - B Selective
 - C Accurate
 - D Up-to-date
- (2 marks)**
-
- 10 The following, with one exception, are measures for encouraging upward communication in an organisation. Which is the exception?
- A Suggestion schemes
 - B Management by Walking Around
 - C Quality circles
 - D Exception reporting
- (2 marks)**
-
- 11 In the radio signal model, which of the following shows the correct order in which a message is transmitted?
- A Feedback, Sender, Decoded message, Coded message, Receiver
 - B Sender, Decoded message, Coded message, Feedback, Receiver
 - C Coded message, Sender, Decoded message, Receiver, Feedback
 - D Sender, Coded message, Decoded message, Receiver, Feedback
- (2 marks)**

(Total: 20 marks)

15 Recruitment and selection

25 mins

- 1 Which of the following would be classed as a 'selection' rather than a 'recruitment' activity?
- A Job description
 - B Designing application forms
 - C Screening application forms
- (1 mark)**
-
- 2 A recruitment manager has prepared a statement of the key duties, tasks and reporting responsibilities involved in a particular job, as the basis for job interviewing.
What name would be given to such a statement?
- A Job analysis
 - B Job description
 - C Job advertisement
 - D Personnel specification
- (2 marks)**
-
- 3 In the context of personnel specifications, the Seven Point Plan (Rodger) does *not* explicitly include which of the following headings?
- A Physical make-up
 - B Interests
 - C Motivation
 - D Circumstances
- (2 marks)**

- 4 The current trend in human resource management is to centralise recruitment and selection responsibilities within the HR function.
Is this statement true or false?
A True
B False **(1 mark)**
-
- 5 Selection tests such as IQ tests and personality tests may not be effective in getting the right person for the job for several reasons. Which of the following criticisms of the tests is *not* justified, however?
A Test results can be influenced by practice and coaching rather than genuine ability
B Subjects are able to deliberately falsify results
C Tests do not eliminate bias and subjectivity
D Tests are generally less accurate predictors of success than interviews **(2 marks)**
-
- 6 In a selection interview, the interviewer asks: 'Surely you'd agree that objectivity is a key requirement for an auditor?'
What sort of question is this?
A Open
B Closed
C Problem-solving
D Leading **(2 marks)**
-
- 7 Which of the following is a disadvantage of a large panel or selection board interview compared to individual or one-to-one interviews?
A A number of people see the candidate at one sitting
B Specialists can ask a questions about technical areas of the work
C Questions tend to be more varied and more random
D There is less opportunity for personal rapport with the candidate **(2 marks)**
-
- 8 In the context of selection interviews, which of the following describes the 'halo effect'?
A A tendency for people to make an initial judgement based on first impressions, and then letting this colour their later perceptions.
B An effect whereby the interviewer changes the behaviour of the applicant by suggestion
C A tendency to mentally assign people to a group and then attribute to them the traits assumed to be characteristic of the group as a whole
D An effect whereby the interviewer attributes to the applicant beliefs, attitudes or feelings which he has himself **(2 marks)**
-
- 9 Selection tests which focus on aptitude, intelligence and personality factors are called tests.
Which word correctly completes this sentence?
A Proficiency
B Psychometric
C Standardised **(1 mark)**
-
- 10 In the context of selection, what is an assessment centre?
A A place where candidates are taken to undergo group assessments
B A series of tests and interviews undergone by an individual candidate over several days
C A series of tests, interviews and activities undergone by a group of candidates over several days
D A technique for assessing large numbers of candidates, usually for junior positions, in a cost-effective manner **(2 marks)**
-

- 11 Which of the following statements about reference checking is true?
- A References provide objective information about a job candidate
 - B Written references help to minimise the inaccuracy of references
 - C Personal references are particularly valuable in assessing the qualities of a candidate
 - D At least two employer references are desirable
- (2 marks)**
-

(Total: 19 marks)

16 Diversity and equal opportunities

20 mins

- 1 Sound business arguments can be made for having an equal opportunities policy. Which of the following reasons apply?
- 1 To show common decency and fairness in line with business ethics
 - 2 To widen the recruitment pool
 - 3 To attract and retain the best people for the job
 - 4 To improve the organisation's image as a good employer
- A 1,2 and 3
 - B 2 and 3
 - C 1 and 3
 - D 1,2,3 and 4
- (2 marks)**
-

- 2 Which of the following correctly describes the purpose of current Equal Pay regulations?
- A To ensure that there is no element of sexual or racial discrimination in determining pay rates
 - B To provide that job evaluation must be used in determining pay rates
 - C To provide that women have the right to equal pay to work of equal value to that of men
 - D To ensure that women have the right to equal pay to men in the same job
- (2 marks)**
-

- 3 Which of the following statements are true?
- 1 Taking active steps to encourage people from disadvantaged groups to apply for jobs and training is classed as positive discrimination.
 - 2 Diversity in the workplace means implementing an equal opportunities policy.
- A They are both true
 - B 1 is true and 2 is false
 - C 1 is false and 2 is true
 - D They are both false.
- (2 marks)**
-

- 4 The main advantages to an organisation of operating equal opportunities policies are in the areas of compliance and reputation, rather than business benefits.
- Is this statement true or false?
- A True
 - B False
- (1 mark)**
-

- 5 Members of a religious minority in a workplace are frequently subjected to jokes about their dress and dietary customs, and a bit of name-calling, by non-religious workmates. They find this offensive and hurtful – even though their colleagues say it is 'just a bit of fun'.
- What type of discrimination (if any) would this represent?
- A Victimisation
 - B Indirect discrimination
 - C Harassment
 - D No discrimination is involved
- (2 marks)**
-

- 6 Which of the following is a potential business benefit of a corporate diversity policy?
- A Compliance with equal opportunities legislation
 - B Respect for individuals
 - C Better understanding of target market segments
 - D Efficiency in managing human resources
- (2 marks)**
-
- 7 Which of the following statements about disability discrimination law is *not* true?
- A The requirements only effect employers of more than 20 employees
 - B Employers must adjust working arrangements or the physical features of premises to remove any disadvantage to disabled people
 - C For an individual to be defined as a disabled person, the physical or mental impairment must have an adverse effect of more than 12 months duration
 - D Public bodies have additional duties to protect and promote equality for disabled people
- (2 marks)**
-
- 8 Which of the following would constitute direct discrimination?
- A Setting age limits or ranges in an employment advertisement
 - B Offering less favourable terms to workers on flexible hours contracts
 - C Using word-of-mouth recruitment in a predominantly male workforce
 - D Offering staff benefits to the spouses of heterosexual employees, but not to the partners of gay employees
- (2 marks)**

(Total: 15 marks)

17 Training and development

27 mins

- 1 Trainee Sara is unhappy in her current training programme, because it is too 'hands on': she is required to attempt techniques before she has had a chance to study the underlying principles first. She spends the evenings trying to read ahead in the course text-book.
- Which of Honey and Mumford's learning styles is probably Sara's preferred style?
- A Reflector
 - B Pragmatist
 - C Theorist
 - D Activist
- (2 marks)**
-
- 2 Which of the following is *not* a characteristic of a 'learning organisation'?
- A The generation and transfer of knowledge
 - B Support for learning and development by all members
 - C A scientific approach to problem-solving, in order to minimise risk and error
 - D Willingness to continuously transform itself in response to a changing environment
- (2 marks)**
-
- 3 Which of the following statements about training is most likely to be the foundation of an effective training policy?
- A Training is the responsibility of the HR department
 - B Training is all cost and no quantifiable benefit
 - C The important thing is to do lots of training
 - D Training can be an effective solution to some performance problems
- (2 marks)**

4 is 'the planned and systematic modification of behaviour through learning events, programmes and instruction which enable individuals to achieve the level of knowledge, skills and competence to carry out their work effectively'.

Which word correctly completes this definition?

- A Conditioning
- B Training
- C Education
- D Development

(2 marks)

5 The learning cycle developed by David Kolb is a process for learning. Which of the following words correctly completes this sentence?

- A Programmed
- B Experiential
- C Action

(1 mark)

6 All the following, with one exception, are clear benefits of training and development for an organisation. Which is the exception?

- A Increased organisational flexibility
- B Less need for detailed supervision
- C Enhanced employability of staff members
- D Improved succession planning

(2 marks)

7 Which of the following are 'on the job' training methods?

- (i) Day-release
- (ii) Job rotation
- (iii) Coaching
- (iv) Temporary promotion

- A Method (iii) only
- B Methods (i) and (iii) only
- C Methods (ii), (iii) and (iv) only
- D Methods (i), (ii), (iii) and (iv)

(2 marks)

8 You have been asked to comment on the most effective approach for training accounts staff in the use of a new payroll system. Which of the following arguments would you put forward for choosing an *on-the-job* approach?

- A Ability of learners to concentrate on the learning process
- B Risk of errors
- C Relevance to the informal customs and practices of the department
- D Application of learned skills to the job

(2 marks)

9 Induction is a process whereby a person is formally introduced and integrated into an organisation or department on their first day of work.

Is this statement true or false?

- A True
- B False

(1 mark)

10 The effectiveness of a training scheme may be measured at different levels. Which of the following levels would be most appropriate for a team leader seeking to evaluate a training programme designed to improve the productivity of her section?

- A Level 1: trainee reactions
- B Level 2: trainee learning
- C Level 3: job behaviour
- D Level 5: ultimate value

(2 marks)

- 11 development is a process whereby employees are offered a wide range of developmental opportunities, rather than focusing on skills required in the current job.

Which word or phrase correctly completes this sentence?

- A Management
- B Career
- C Continuing professional
- D Personal

(2 marks)

(Total: 20 marks)

18 Performance appraisal

20 mins

- 1 Which of the following is *not* a use of performance appraisal?

- A Job evaluation
- B Reward review
- C Identification of training needs
- D Succession planning

(2 marks)

- 2 A manager is assessing the performance of her team members. In accordance with the appraisal system of the organisation, she has been given a list of characteristics and performance elements, with notes on how to interpret and apply the terms: 'integrity', 'punctuality' and so on. She is required to comment on how each appraisee measures up in terms of each factor.

Which appraisal technique is this organisation using?

- A Overall assessment
- B Grading
- C Behavioural incident
- D Guided assessment

(2 marks)

- 3 All of the following, except one, are sound principles for devising performance measures. Which is the exception?

- A They should be related to actual key tasks of the job
- B They should be easily achievable
- C They should be within the control of the individual
- D They should be observable or measurable

(2 marks)

- 4 In an appraisal interview, the manager tells the subordinate how he has been assessed – good and bad – and then gives him a chance to put questions, suggest improvement targets, explain shortcomings and identify problems.

Using Maier's classification, what is the name given to this approach to appraisal interviewing?

- A Tell and sell
- B Tell and listen
- C Problem solving

(1 mark)

- 5 Which of the following is likely to be the most objective approach to appraisal?

- A Self appraisal
- B Peer appraisal
- C Upward appraisal
- D 360-degree feedback

(2 marks)

6 is 'a process to establish a shared understanding about what is to be achieved, and an approach to managing and developing people in order to achieve it'.

Which two words correctly completes this definition?

- A Performance appraisal
- B Disciplinary action
- C Performance management
- D Peer appraisal

(2 marks)

7 Which of the following are meaningful criteria for measuring the effectiveness of an appraisal scheme?

- (i) Serious intent
- (ii) Fairness
- (iii) Efficiency
- (iv) Co-operation
- (v) Results

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

(2 marks)

8 is the name given to gathering of appraisals from the individual, superiors, subordinates, peers and co-workers and customers.

Which word or phrase correctly completes this sentence?

- A Multi-source feedback
- B 360-degree management
- C Management by objectives
- D Performance management

(2 marks)

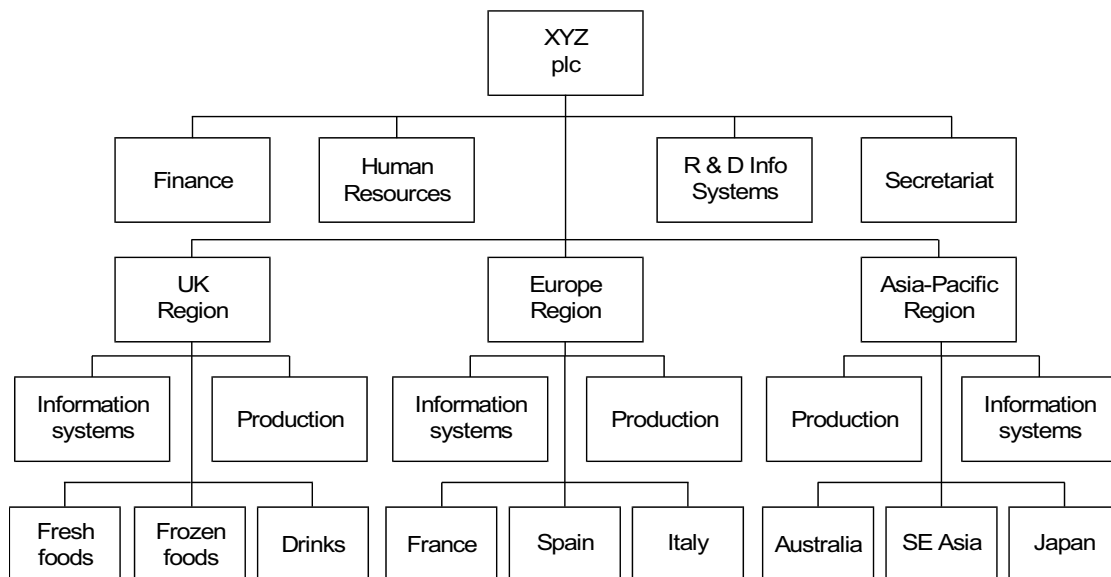
(Total: 15 marks)

Objective test questions

19 Business organisation and structure

28 mins

1 The diagram below shows the organisation chart of a leading public company.



Which *two* of the following conclusions can *not* be inferred from the chart?

- A XYZ plc's organisation chart is pyramid shaped
 - B XYZ plc has a relatively wide span of control
 - C The organisation structure is partly functionally-based and partly geographically-based
 - D There are product-based departments within the organisation structure
 - E The company's organisation structure allows vertical communication to take place within the organisation but prevents horizontal and diagonal communication
- (2 marks)**

2 Which of the following features of organisational structure is *not* associated with flexibility and adaptability?

- A Horizontal structure
 - B Shamrock organisation
 - C Scalar chain
 - D Project teams
- (2 marks)**

3 The concept of limited liability means that shareholders' risk is generally restricted to the amount they have invested in the company when buying shares.

Is this statement true or false?

- False
 - True
- (1 mark)**

- 4 Identify which four of the following elements are included in the marketing mix, and which four are included in the purchasing mix.

Marketing mix	Purchasing mix
Quality	Quality
Price	Price
Promotion	Promotion
Place	Place
Delivery	Delivery
Quantity	Quantity
Product	Product

(2 marks)

- 5 Which of the following is the role of the secretary of a committee?

- A Guiding discussion in committee meetings
 B Selecting members of the committee
 C Taking and circulating minutes of the meeting
 D Determining the agenda of the meeting

(2 marks)

- 6 Josh, Joanne, Ed, and Sue all work for D Co. Josh works in the finance department. Joanne works in the human resources department. Ed is Sue's line manager in the purchasing department. Which one of the staff members would be involved with payroll administration?

- Josh
 Joanne
 Ed

(1 mark)

The following question is taken from the June 2008 exam paper.

- 7 Which of the following organisations would rely most heavily on value for money indicators and efficiency rather than information on performance and profitability?

- A A private accountancy college
B A local authority
C A small retailer
D A pension fund

(2 marks)

- 8 Which three of the following are primary purposes of committees?

- A To create new ideas
 B As a means of communication
 C To delegate work
 D To provide training
 E To solve problems

(2 marks)

- 9 Managers Jill and Paul are talking about how to resolve a business problem. Jill suggests that a committee should be formed to discuss the issues. Paul argues that committees are time-consuming and expensive and they invite a compromise instead of a clear-cut decision.

Is this true or false?

- True
 False

(1 mark)

10 Which one of the following is an advantage of centralisation?

- A It helps to develop the skills of junior managers
- B It avoids overburdening top managers in terms of workload and stress
- C Senior managers can take a wider view of problems and consequences
- D Controls and accountability are better

(2 marks)

11 Diane carries out routine processing of invoices in the purchasing department of L Co. Joanne is Diane's supervisor. Lesley is trying to decide how many staff will be needed if some proposed new technology is implemented. Tracey is considering the new work that L Co will be able to offer and the new markets it could enter, once the new technology is well established.

Which member of L Co carries out tactical activities?

- A Diane
- B Joanne
- C Lesley
- D Tracey

(2 marks)

12 ADB is a business which is owned by its workers. The workers share the profits and they each have a vote on how the business is run.

Which of the following best describes ADB?

- A Public sector
- B Private sector
- C Not-for-profit
- D Co-operative

(2 marks)

(Total: 21 marks)

20 Information technology and systems

20 mins

1 Which of the following are qualities of good information (select all that apply).

- Cost-beneficial
- Complete
- Multi-source
- Accurate
- Authoritative
- Complex
- Detailed
- Timely

(2 marks)

2 For each of the levels of an information system, identify the correct types of outputs.

- | | | | | |
|---------------------|--------------------------|--------------------------|---|-----------------------|
| Strategic | <input type="checkbox"/> | <input type="checkbox"/> | A | Variance analysis |
| Operational | <input type="checkbox"/> | <input type="checkbox"/> | B | Key ratios |
| Tactical/management | <input type="checkbox"/> | <input type="checkbox"/> | C | Exception reports |
| | | | D | Updated file listings |
| | | | E | Market analysis |
| | | | F | Invoices |

(2 marks)

3 Which *two* of the following are characteristics of a Management Information System

- A Little analytical capability
- B Relatively inflexible
- C External environment focus

(1 mark)

4 Which of the following are internal sources of information (select all that apply)?

- A Accounting records
- B Information bureaux
- C Members of staff
- D Published reports

(2 marks)

5 In a database system, the duplication of data items is referred to as.....

Which two words correctly completes this sentence?

- A Data independence
- B Data integrity
- C Data integration
- D Data redundancy

(2 marks)

6 An extranet is accessible to authorised outsiders. Is this statement true or false?

- A True
- B False

(1 mark)

7 Which of the following is a major application system within the Transaction Processing System of a manufacturing/production function?

- A Product pricing system
- B Purchase order control
- C Accounts receivable/payable
- D Employee records

(2 marks)

8 Ace Airlines has a computerised system for making reservations and ticketing. Operators enter each customer's details and requirements into their terminals, and generate confirmed bookings while the customer waits: the flight database shows the seats as booked, and makes them unavailable to other operators. Only Ace operators are authorised to enter the system.

What sort of transaction processing system does this represent?

- A On-line processing
- B Batch processing
- C Extranet processing
- D Office Automation Processing System

(2 marks)

9 Martin is a middle manager in the accounts department of ABC Co. He uses a finance information system to deal with weekly cashflow forecasts and working capital management. Which level of information is Martin looking at?

- A Operational
- B Tactical
- C Strategic

(1 mark)

(Total: 15 marks)

21 Influences on organisational culture

20 mins

1 Which of the following statements is/are true?

- (i) An informal organisation exists with every formal organisation
- (ii) The objectives of the informal organisation are broadly the same as those of the formal organisation
- (iii) A strong, close-knit informal organisation is desirable within the formal organisation

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

(2 marks)

2 Which of Handy's 'gods' is associated with 'power culture'?

- A Zeus
- B Apollo
- C Athena
- D Dionysus

(2 marks)

3 Mr Q is manager of a division which is undergoing a business downturn. He tries to shelter the workforce from the effects of downsizing: taking time for consultation, organising counselling and refusing to institute compulsory redundancies.

Which *one* of the following cultural types identified in the Hofstede model is this manager most likely to represent?

- A Low power-distance
- B Low masculinity
- C Low uncertainty avoidance

(1 mark)

4 Which of the following would *not* be an objective of stakeholder management in relation to major suppliers?

- A Continuity of supply
- B Mutual trust
- C Mutual dependency
- D Information sharing

(2 marks)

5 Which three of the following stakeholder groups would have the most direct interest in the financial performance of a local retailer?

- A Its employees
- B Its customers
- C Media
- D Its managers
- E Professional bodies
- F The government

(2 marks)

6 Operational management is concerned with routine activities to carry out tactical plans. It therefore suits Harrison's task culture. Is this true or false?

- A True
- B False

(1 mark)

- 7 Janet works for a toy company called K Co. She telephones Mary at P Co on a daily basis to order parts. Janet has no contact with customers but does deal with complaint letters from D Group, an organisation against slave labour. D Group believe that K Co use slave labour in the toy manufacturing factories.

Which of the following are internal stakeholders of K Co?

- A Janet only
 B Janet and Mary at P Co
 C Janet and D Group
 D Janet, Mary and D Group

(2 marks)

- 8 A grapevine or informal communication network should be discouraged by the organisation, as it has a negative effect on productivity.

Is this statement true or false?

- A True
 B False

(1 mark)

- 9 Which of the following factors help shape an organisation's culture?

- (i) The person who founded the organisation
(ii) The failures and successes experienced by the organisation
(iii) Recruitment and selection
(iv) The industry the organisation is in
(v) Labour turnover

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

(2 marks)

(Total: 15 marks)

22 Ethical considerations

20 mins

- 1 In the context of the different levels of objectives that an organisation may pursue, environmental protection regulations would represent which of the following categories?

- A Primary economic objective
 B Non-economic, social objective
 C Responsibility
 D Boundary

(2 marks)

- 2 Which of the following would *not* represent an ethical objective in relation to employment practices?

- A Guarantee of minimum wages
 B Proactive health, safety and welfare promotion
 C Promotion of workforce diversity
 D Employability training

(2 marks)

- 3 An IT manager who buys an unnecessarily sophisticated enterprise resource management system in order to enhance his prestige is failing in his or her fiduciary duty to shareholders.

Is this statement true or false?

- True
 False

(1 mark)

- 4 X plc has clear ethical guidelines and rules for all its staff, setting out the 'right' and 'wrong' thing to do in a range of situations. Activities are monitored and audited regularly. Clear disciplinary procedures are in place, and communicated to all staff, to deal with ethical breaches.

Which *two* types of approach to ethical management does this describe?

- A Compliance-based approach
 B Integrity-based approach
 C Rules-based approach
 D Framework-based approach
 E Utilitarian approach

(2 marks)

- 5 Which *two* of the following are potential ethical issues under the ACCA Code of Ethics?

- A Lack of time for Continuing Professional Development activities
 B Accepting gifts offered to staff at Christmas time
 C Vulnerability to pressure from an influential superior in the organisation
 D Disclosing suspicion of money laundering activity, in good faith, to the appropriate authorities.

(2 marks)

- 6 One of the professional qualities an accountant should demonstrate is scepticism. Is this true or false?

- True
 False

(1 mark)

- 7 Three of the following are recognised advantages of a framework-based approach to ethical codes. Which is the exception?

- A Encourages proactive discussion of issues
 B Encourages consistent application of rules
 C Suits complex situations and evolving environments
 D Encourages professional development

(2 marks)

- 8 Of the three main sources of rules that regulate the behaviour of businesses, the minimum level of acceptable behaviour is set by which?

- A Non-legal rules and regulations
 B Ethics
 C The law

(1 mark)

- 9 While out to lunch, you run into a client at the sandwich bar. In conversation, she tells you that she expects to inherit from a recently deceased uncle, and asks you how she will be affected by inheritance tax, capital gains tax and other matters – which you have not dealt with, in detail, for some years.

Which of the following principles of the ACCA Code of Ethics is raised by this scenario?

- A Due care
 B Integrity
 C Professional behaviour
 D Confidentiality

(2 marks)

(Total: 15 marks)

23 Corporate governance and social responsibility

21 mins

- 1 Are the following statements true or false?

True False

Lack of board involvement is a feature of poor corporate governance

A board containing a majority of non-executive directors is a feature of poor corporate governance

(2 marks)

- 2 Which one of the following would be identified as a problem with the role of non-executive director?

- A External stakeholder security
 B Time available to devote to the role
 C Objective viewpoint
 D Dual nature as full board members *and* strong, independent element

(2 marks)

- 3 One of the key tasks of a nomination committee is to attract and select board members of diverse demographic groups.

Is this statement true or false?

- True
 False

(1 mark)

- 4 Who should set directors' reward and incentive packages, according to corporate governance provisions?

- A The board of directors
 B The nomination committee
 C A remuneration committee made up of independent non-executive directors
 D A remuneration committee made up of a balance of executive and non-executive directors

(2 marks)

- 5 In the context of corporate social responsibility, which two of the following might 'sustainability' involve?

- A Using local suppliers
 B Maintaining long-term relationships with suppliers
 C Minimising energy consumption
 D Ethical employment practices

(2 marks)

6 One of the main responsibilities of the audit committee is to review the financial statements and systems. Is this true or false?

- True
 False

(1 mark)

7 What is the purpose of an Operating and Financial Review (OFR)?

- A To provide the board of directors with a narrative statement by the audit committee of its findings on the efficacy of internal operational and financial controls.
- B To provide the London Stock Exchange with a statement as to whether or not they complied through the accounting period with the provisions set out in the Combined Code.
- C To set out the directors' analysis of the business, in order to provide investors with a historical and prospective view through the eyes of management.
- D To provide a statement that the company is a going concern.

(2 marks)

8 Which of the following are advantages of having non-executive directors on the company board?

- 1 They can provide a wider perspective than executive directors.
- 2 They provide reassurance to shareholders.
- 3 They may have external experience and knowledge which executive directors do not possess.
- 4 They have more time to devote to the role.

- A 1 and 3
- B 1, 2 and 3
- C 1, 3 and 4
- D 2 and 4

(2 marks)

9 What is implied by an 'accommodation' strategy, in the context of corporate social responsibility?

- A The business is prepared to take full responsibility for its actions and plans in advance to minimise its adverse impacts on stakeholders and the environment.
- B The business recognises that it has a problem, and attempts to minimise or avoid additional obligations arising from it.
- C The business sites its facilities in areas which will benefit from economic activity, while minimising environmental impacts at the sites.
- D The business takes responsibility for its actions in response to pressure from interest groups or the risk of government interference if it does not.

(2 marks)

(Total: 16 marks)

24 The macro-economic environment

23 mins

1 Match the terms A B C and D with the correct definition from 1, 2, 3 and 4.

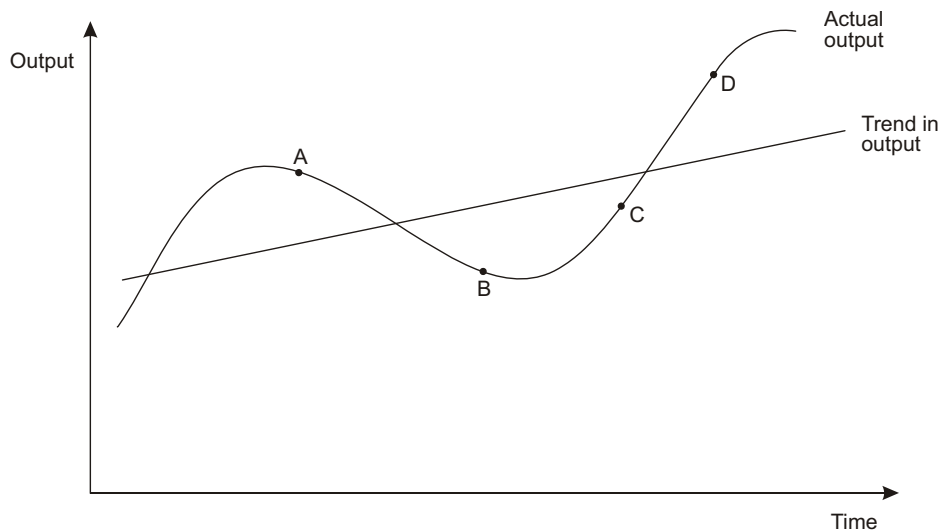
- A Structural unemployment
- B Frictional unemployment
- C Real wage unemployment
- D Seasonal unemployment

- 1 Unemployment arising from the lead time in matching unemployed workers with available jobs
- 2 Unemployment arising from a fluctuation in the demand for labour at certain times of year
- 3 Unemployment arising from rates of pay above market clearing level
- 4 Unemployment arising from long-term decline in an industry or region

<input type="checkbox"/>	A
<input type="checkbox"/>	B
<input type="checkbox"/>	C
<input type="checkbox"/>	D

(2 marks)

2



The diagram above depicts the business cycle. Match up the points on the diagram with the correct labels for the phases of the cycle.

- | | | |
|-----------------|--------------------------|--------------|
| A matches label | <input type="checkbox"/> | 1 Boom |
| B matches label | <input type="checkbox"/> | 2 Recession |
| C matches label | <input type="checkbox"/> | 3 Recovery |
| D matches label | <input type="checkbox"/> | 4 Depression |

(2 marks)

3 Changing taxation levels on an annual basis is an element of monetary policy.

Is this statement true or false?

<input type="checkbox"/>	True
<input type="checkbox"/>	False

(1 mark)

4 A manufacturing company is forced to raise its prices because of an escalating wages bill, caused by skill shortages in its local area. What type of inflation is represented by this example?

- | | |
|--------------------------|-------------------------|
| <input type="checkbox"/> | A Demand pull inflation |
| <input type="checkbox"/> | B Cost push inflation |

(1 mark)

- 5 Which *three* of the following are functions of taxation?
- A To cause products to be priced to take into account their social costs
- B To protect industries from foreign competition
- C To protect the wealth of high-income individuals and corporations as a source of 'trickle down' benefits for the economy
- D To raise revenues for the government
- E To stimulate upswings in the trade cycle (2 marks)

- 6 The sum of the balance of payments account must be.....
- Which word correctly completes this statement?
- A positive amount
- Zero
- A negative amount (1 mark)

- 7 Are the following statements true or false?
- | | <i>True</i> | <i>False</i> |
|--|--------------------------|--------------------------|
| High interest rates will keep the cost of exports high | <input type="checkbox"/> | <input type="checkbox"/> |
| Low interest rates will reduce the demand for products | <input type="checkbox"/> | <input type="checkbox"/> |
- (2 marks)

The following question is from the December 2007 exam paper.

- 8 Which type of unemployment arises from a permanent reduction in demand for the products supplied by a single industry or group of industries with traditionally large workforces?
- A Frictional
- B Structural
- C Cyclical
- D Seasonal (2 marks)

The following question is from the June 2008 exam paper.

- 9 Northland, Southland, Eastland and Westland are four countries of Asia. The following economic statistics have been produced for the year 2007.

Country	<i>Northland</i>	<i>Southland</i>	<i>Eastland</i>	<i>Westland</i>
Change in GDP (%)	-0.30	+2.51	-0.55	+2.12
Balance of payments current account (\$m)	+5550.83	-350.47	-150.90	+220.39
Change in consumer prices (%)	+27.50	+15.37	+2.25	+2.15
Change in working population employed (%)	-4.76	+3.78	+1.76	-8.76

- Which country experienced stagflation in the relevant period?
- A Northland
- B Southland
- C Eastland
- D Westland (2 marks)

10 economic growth is determined by supply-side rather than by demand side factors.

Which word correctly complete this statement?

- A Actual
- B Potential
- C National
- D Inflationary

(2 marks)

(Total: 17 marks)

25 The business environment

20 mins

1 In Porter's five forces model, which of the following would not constitute a 'barrier to entry'?

- A Scale economies available to existing competitors
- B High capital investment requirements
- C Low switching costs in the market

(1 mark)

2 Information technology has had which TWO of the following effects on organisations?

- A Widening span of control
- B Less detailed business planning
- C A greater appreciation of the value of information as a resource
- D Taller organisations

(2 marks)

3 Which TWO of the following are support activities in Porter's value chain?

- A Procurement
- B Service
- C Technology development
- D Logistics

(2 marks)

4 Three of the following strategies are closely related. Which is the exception?

- Downsizing
- Delegating
- Delaying
- Outsourcing

(2 marks)

5 Which of the following would be identified as cultural trends? (Select all that apply.)

- A Health and safety legislation
- B Concern with health and diet
- C Green consumerism
- D Increasing age of the population

(2 marks)

- 6 Which of the following correctly describes the nature of political risk?
- A The risk that political factors (such as wars, civil unrest or change in trading policy) will have adverse impacts on a business strategy
- B The risk that political conflicts within the organisation (such as empire- and coalition building) will undermine the ability of management to manage the business effectively (1 mark)

7 Government can directly affect an organisation by influencing

- 1 Demand
2 Capacity expansion
3 Competition

- A 1 and 2
 B 1 and 3
 C 2 and 3
 D 1,2 and 3 (2 marks)

8 The changing business environment such as globalisation and technological developments has encouraged a taller, more flexible organisational structure. Is this statement true or false?

- A True
 B False (1 mark)

9 For demographic purposes, which of the following is not a variable in the identification of social class?

- A Income level
 B Lifestyle
 C Occupation
 D Education (2 marks)

(Total: 15 marks)

26 The role of accounting

20 mins

1 The following tasks appear on two separate job descriptions:

- A Non-current asset management and payroll
 B Inventory reporting and valuation and variance analysis

Which tasks appear on the following job descriptions?

- 1 Financial accountant
 2 Cost accountant (2 marks)

2 Which of the following user groups of financial and accounting information are likely to need, and have access to, this information most?

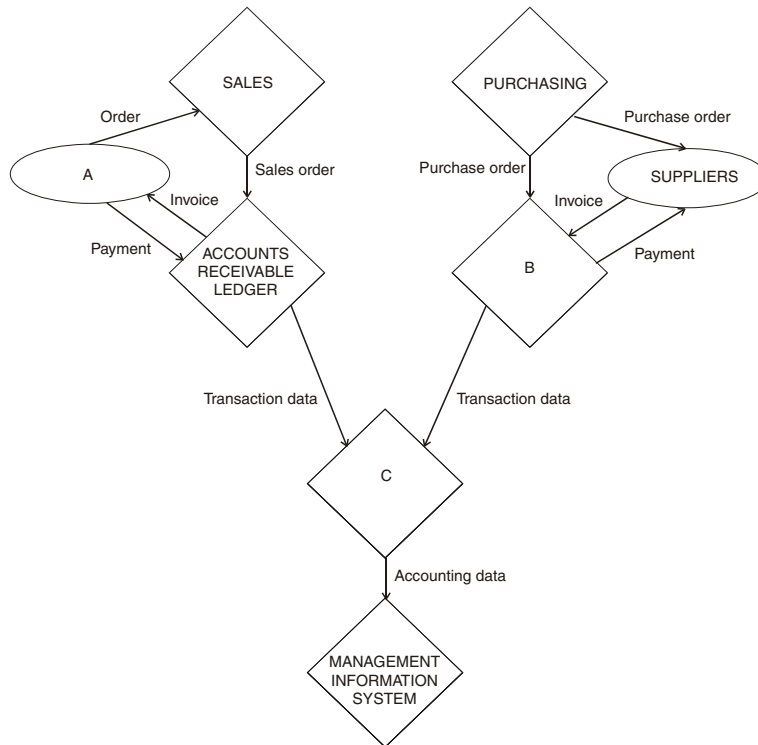
- A Managers of the company
 B Shareholders of the company
 C Tax authorities
 D Financial analysis advisers (2 marks)

3 To whom should the internal audit department of an organisation report?

- The Finance Director
- The Management Accountant
- The audit committee of the board of directors

(1 mark)

4



Select the correct label, from the following list, for each of the elements A, B and C in the above diagram.

Labels

- 1 Suppliers
- 2 Customers
- 3 Accounts department
- 4 Accounts receivable ledger
- 5 Accounts payable ledger
- 6 General ledger
- 7 Payroll ledger

- A
- B
- C

(2 marks)

5 Which of the following statements, in the context of computerised accounting systems, is *not* true?

- A A database is a structured, centralised pool of data which can be accessed by a number of applications.
- B A spreadsheet is particularly useful for creating financial models.
- C Computerised systems reduce the risk of errors in financial calculations
- D Information and Communication Technology (ICT) systems are more efficient than manual systems for any task an accountant may have to perform

(2 marks)

- 6 An integrated accounting system requires less computer memory than separate (stand-alone) systems so there is more space to store data.
- A True
 B False
- (1 mark)**
-

- 7 Which function in an organisation is responsible for ensuring that only properly authorised purchases which are necessary for the business are made?
- A Goods inwards
 B Finance/accounts
 C Purchasing/procurement
 D Production/operations
- (2 marks)**
-

- 8 In the accounts payable department, a clerk's message tray contains an invoice for a large amount, sent from the purchasing department, marked 'approved to pay' and signed by the purchasing director. Has the clerk received authorisation to make a payment to the supplier?
- A Yes
 B No
- (1 mark)**
-

- 9 There is a need for co-ordinated information flow between sections and departments in accounting management. To which of the following should the receivables ledger section give information about overdue debts?
- A Cost accounting staff
 B The credit control department
 C The payables ledger section
 D The cashier
- (2 marks)**
-

(Total: 15 marks)

27 Control, security and audit

20 mins

- 1 All of the following, with one exception, are inherent limitations of internal control systems. Which is the exception?
- A The costs of control
 B Potential for human error and deliberate override
 C The types of transactions controls are designed to cope with
 D The independence of controls from the method of data processing
- (2 marks)**
-

- 2 Which of the following statements about external auditors is *not* correct?
- A External auditors are appointed by the shareholders of a company
 B The primary responsibility of external auditors is to investigate financial irregularities and report them to shareholders
 C External auditors may rely on the work of internal auditors, if they first assess its worth
 D External auditors are concerned with the financial records and statements of the organisation
- (2 marks)**
-

- 3 In the context of audit, what are 'substantive tests' designed to accomplish?
- A To establish whether internal controls are being applied as prescribed
 - B To identify errors and omissions in financial records
 - C To establish the causes of errors or omissions in financial records
- (2 marks)**
-

- 4 Backing up computer files and storing copies of software in separate locations to the main system are examples of which type of controls?
- Prevent
 - Detect
 - Correct
 - Automated
- (1 mark)**
-

- 5 In the context of data security controls, are records showing who has accessed a computer system and what operations he or she has performed.
- Which word or phrase correctly completes this definition?
- Passwords
 - Audit trails
 - Archives
 - Cookies
- (2 marks)**
-

- 6 Checking the signature on a purchase order is an example of a discretionary control. Is this true or false?
- A True
 - B False
- (1 mark)**
-

- 7 Which type of audit is concerned with the monitoring of management's performance, concentrating on the outputs of the system and the efficiency of the organisation?
- A Systems audit
 - B Operational audit
 - C Probity audit
 - D Social audit
- (2 marks)**
-

- 8 The primary role of external auditors is to report on the client's financial statements to its shareholders.
- Is this statement true or false?
- A True
 - B False
- (1 marks)**
-

9 Which of the following circumstances would cast doubt on the external auditor's ability to rely on the work of internal auditors?

- A There is evidence that management and directors consistently act on internal audit recommendations
- B The internal audit function has a direct line of communication to the audit committee
- C No audit manuals or working papers are available for inspection
- D Internal auditors are recruited on technical qualifications and demonstrated proficiency

(2 marks)

(Total: 15 marks)

28 Identifying and preventing fraud

20 mins

1 Which *two* of the following factors are identified as prerequisites for fraud?

- Motivation
- Lack of motivation
- Opportunity
- Confidentiality

(2 marks)

2 Which of the following is *not* a key risk area for computer fraud?

- A Hackers
- B Lack of managerial understanding
- C Inability to secure access to data
- D Integration of data systems

(2 marks)

3 The overstatement of overtime hours would be considered unethical, but not fraudulent.

Is this statement true or false?

- True
- False

(1 mark)

4 Which *two* of the following stakeholders will be most directly affected if a business overstates its financial position?

- Staff
- Customers
- Investors
- Suppliers

(2 marks)

5 Which of the following would *not* form part of a fraud response plan?

- A Suspending staff suspected of fraudulent activity
- B Investigating the activities and contacts of a suspected fraudster
- C Changing passwords for computer access
- D Fraud awareness training and recruitment controls.

(2 marks)

- 6 It is the responsibility of the shareholders to take reasonable steps to detect and prevent fraud and error.
- A True
 B False
- (1 mark)**
-

The following question is taken from the December 2007 exam paper.

- 7 In relation to fraud prevention, what objective should external auditors have in designing and implementing their audit procedures?
- A A reasonable prospect of detecting irregular statements or records
 B The identification of every inconsistency or error within the records
 C To provide a systematic check of every recorded transaction
 D To verify pre-determined samples of all types of records
- (2 marks)**
-

- 8 Only allowing purchasing staff to choose suppliers from an approved list is an example of what sort of fraud prevention measure?
- A Segregation of duties
 B Appropriate documentation
 C Limitation controls
- (1 mark)**
-

- 9 Which of the following statements about fraud prevention is *not* true?
- A Cash sales are an area of high risk of fraud.
 B Performance-based rewards for managers reduce the risk of fraud.
 C Emphasis on the autonomy of operational management may weaken controls.
 D Fraud awareness and ethics education can reduce the risk of fraud
- (2 marks)**
-

(Total: 15 marks)

29 Leading and managing people

23 mins

- 1 According to research, which of the following statements is true of a consultative style of management, compared to other styles?
- A It is most popular among subordinates
 B It is most popular among leaders
 C It encourages the highest productivity
 D It provokes most hostility in groups
- (2 marks)**
-

- 2 Which of the following terms is used to describe the 'right' to perform an action in an organisation?
- Responsibility
 Authority
 Influence
 Power
- (2 marks)**
-

- 3 Which *two* of the following functions are included in Fayol's five functions of management?
- Controlling
 Commanding
 Communicating
- (1 mark)**
-

- 4 Which of the following is an 'interpersonal' role of management, in Mintzberg's classification of nine managerial roles?
- Spokesperson
 - Figurehead
 - Negotiator
 - Resource allocator
- (2 marks)**
-

- 5 Match the main schools of leadership theory with the statement that correctly describes the key idea of each.

Key ideas

- 1 Leaders tend to adopt more or less consistent clusters of behaviour, which may be more or less appropriate according to the situation
- 2 There are certain personal qualities common to 'great' men and women, and these are necessary for successful leadership
- 3 There is no one best way to lead: it all depends on the specific situation

Schools of leadership theory

- A Trait theory
 - B Style theory
 - C Contingency theory
- (2 marks)**
-

- 6 John Adair's action-centred leadership model is part of which school of thought?

- A Trait theories
 - B Style theories
 - C Contingency theories
- (1 mark)**
-

The following question is taken from the June 2008 exam paper.

- 7 Are the following statements true or false?

- 1 Adair's leadership model focuses on what leaders do and not what they are
 - 2 The Ashridge leadership model proposes a democratic approach to leadership
- A Both statements are true
B Statement 1 is true; statement 2 is false
C Statement 1 is false; statement 2 is true
D Both statements are false
- (2 marks)**
-

- 8 According to research by Henry Mintzberg, which of the following statements about managerial work is *not* true?

- A Managerial work is disjointed and discontinuous
 - B Managers prefer the formal output of management information systems to informal, verbal information
 - C Managers occupy a number of different roles within and outside the organisation
- (1 mark)**
-

- 9 Which leadership approach sees the leadership process in a context made up of three interrelated variables: task needs, the individual needs of group members and the needs of the group as a whole?

- A Action-centred leadership
 - B Contingency theory
 - C The managerial grid
 - D Dispersed leadership
- (2 marks)**
-

10 is the managerial function concerned with establishing a structure of tasks; grouping and assigning them to appropriate units; and establishing lines of information and reporting to support performance.

Which managerial function is referred to in this definition?

- A Planning
- B Organising
- C Commanding
- D Controlling

(2 marks)

(Total: 17 marks)

30 Individuals, groups and teams

20 mins

1 What is the most important attribute of a 'group', which distinguishes it from a random crowd of people?

- Leadership
- Purpose
- Conformity
- Identity

(2 marks)

2 The merits of using teams for problem-solving and decision-making is often debated. In this context, which *two* of the following statements are generally true?

- A Group decisions are more cautious
- B Group decisions are more swiftly reached
- C Group decisions are more easily enforced
- D Group decisions are better evaluated

(2 marks)

3 In Belbin's model of team roles, which of the following is most important for a well-functioning team?

- A A mix and balance of team roles
- B Nine members, so that all roles are filled
- C A focus on functional/task roles, not process roles

(1 mark)

4 A team is winding up a challenging project that it has been working on for some time. Next week, the same team will go on to a new project with quite different challenges.

Which stage of the group development model is this team likely to be going through?

- Norming
- Dorming
- Mourning
- Adjourning

(2 marks)

- 5 Which of the following would be an effective technique for encouraging healthy team solidarity?
- A Discouraging competition with other groups
 - B Encouraging competition within the group
 - C Encouraging members to express disagreements
 - D Discouraging members from expressing disagreements
- (2 marks)**
-

- 6 Which of the following theories suggests that people behave according to other people's expectations of how they should behave in that situation?
- A Group think theory
 - B Team identity theory
 - C Role theory
- (1 mark)**
-

- 7 An organisation has set up a team in which any member of the team can perform the full range of its tasks. The manager is able to share out tasks between members according to who is available to do a given job when it is required.
- What sort of team organisation does this describe?
- A Multi-disciplinary team
 - B Multi-skilled team
 - C Self-managed team
 - D Virtual team
- (2 marks)**
-

- 8 Fred, George and Percy all do the same job at N Co. Their work involves a three step process where they each construct the same unit of product. Their supervisor suggests that they should change the way that they work from working as individuals to working as a team. 'Genuine team working always offers synergy' she claims.
- Is the supervisor's statement true or false?
- A True
 - B False
- (1 mark)**
-

- 9 Team-member Tom is one of those people who is dynamic and thrives on pressure. He tends to be the one who challenges and pushes other team members, sometimes annoying or upsetting them – but also getting the team past difficult periods.
- Which of Belbin's team roles does Tom exercise?
- A Plant
 - B Co-ordinator (chair)
 - C Implementer
 - D Shaper
- (2 marks)**
-

(Total: 15 marks)

31 Motivating individuals and groups

20 mins

- 1 The following, with one exception, are claimed as advantages for job enrichment as a form of job re-design. Which is the exception?
- A It increases job satisfaction
 - B It enhances quality of output
 - C It replaces monetary rewards
 - D It reduces supervisory costs
- (2 marks)**
-

2 According to Maslow's hierarchy of needs, which of the following is the final 'need' to be satisfied?

- A Self-realisation
- B Self-actualisation
- C Esteem needs
- D Physiological needs

(2 marks)

3 Which *two* of the following would be effective measures of employee job satisfaction and morale?

- Productivity levels
- Absenteeism
- Labour turnover

(1 mark)

4 Job evaluation puts a relative value on jobs primarily on the basis of which of the following factors?

- A Equity
- B Job content
- C Negotiated pay scales
- D Market rates of pay

(2 marks)

5 In Vroom's expectancy theory, what is meant by 'valence'?

- A The strength of an individual's preference for a given outcome
- B The strength of an individual's motivation to act in a certain way
- C The strength of an individual's belief that acting in a certain way will obtain the desired outcome
- D The values an individual applies to the motivation decision

(2 marks)

6 Satisfying relationships with your team mates and bosses would be classed as which sort of factor, in Herzberg's two factor theory?

- Hygiene
- Motivator

(1 mark)

7 Eva Moor-Drudgery used to pack chocolate bars into boxes of three dozen. Her job has been redesigned, so that she now packs them, applies a 'sell-by' date stamp, cellophanes the box and applies a promotional sticker.

Of which form of job redesign is this an example?

- A Job rotation
- B Job evaluation
- C Job enlargement
- D Job enrichment

(2 marks)

8 Which of the following is the focus of content theories of motivation?

- A What are the things that motivate people?
- B How do people become motivated?

(1 mark)

9 Which job design technique was advocated by the scientific management school?

- A Empowerment
- B Micro-division of labour
- C Division of labour
- D Job enlargement

(2 marks)

(Total: 15 marks)

32 Personal effectiveness and communication

23 mins

1 Which of the following communication mechanisms is designed to improve upward communication?

- Notice boards
- Organisation manual
- Team meetings
- Team briefings

(2 marks)

2 What is the technical term given to a fault in the communication process where the meaning of the message is lost 'in translation' from intention to language, or from language to understanding?

- Noise
- Redundancy
- Distortion
- Feedback

(2 marks)

3 In the context of work planning, which of the following terms means allocating tasks to people or machines?

- A Loading
- B Sequencing
- C Scheduling

(1 mark)

4 An employee is having problems getting on with other members of her team, and is frequently involved in conflict.

Which type of intervention should be used to address this situation?

- Coaching
- Mentoring
- Counselling

(1 mark)

5 Which of the following is a key quality of good communication?

- A Relevant to user needs
- B Detailed

(1 mark)

6 According to Leavitt, which one of the following communication patterns is the fastest in terms of problem solving?

- A Y
- B Circle
- C Chain
- D Wheel

(2 marks)

7 Interdepartmental communication by people of different ranks may be described as:

- A Lateral communication
 B Diagonal communication

(1 mark)

The following question is taken from the December 2007 exam paper.

8 Which of the following best defines coaching?

- A Developing the individual by helping to build on skills and overcome weaknesses
 B Provision of one-way instruction on formal tasks required to carry out the immediate job
 C Offering career guidance in order to maximise the individual's potential
 D Provision of objective advice to overcome the individual's personal problems

(2 marks)

9 Which of the following statements about non-verbal communication is *not* true?

- A Non-verbal cues can be used to reinforce or undermine spoken messages
 B People pay less attention to non-verbal cues than to what is being said
 C Non-verbal cues include tone of voice and silences
 D Non-verbal cues are a key source of feedback

(2 marks)

10 Which of the following is the most likely barrier to communication for an accountant trying to explain cost accounting to a marketing manager?

- A Differing priorities
B Technical noise
C Jargon

(1 mark)

11 Which is usually the most highly-structured of the following forms of written communication?

- A Memorandum
B E-mail
C Formal report

(1 mark)

12 In the context of work planning and personal development planning, a SMART framework is often used as a checklist of the characteristics of effective goals.

What does the 'M' in SMART stand for?

- A Manageable
B Measurable
C Motivational

(1 mark)

(Total: 17 marks)

33 Recruitment and selection

21 mins

1 Job descriptions have advantages for use in all but *one* of the following areas of human resource management. Which is the exception?

- Job evaluation
 Training needs analysis
 Recruitment
 Employee flexibility

(2 marks)

2 A financial consultancy firm has a job vacancy for a junior office assistant at one of its offices. Which of the following would be the most suitable medium for the job advertisement?

- Accountancy journal
- National newspapers
- Local newspapers
- The company web site

(2 marks)

3 A policy of internal promotion, as opposed to external recruitment, can have positive and negative effects. Which *one* of the following would be *negatively* effected by such a policy?

- Innovation
- Succession planning
- Induction times
- Accuracy of selection decisions

(2 marks)

4 Which of the following is *not* a primary aim of a job selection interview?

- A Comparing the applicant against job requirements
- B Getting as much information as possible about the applicant
- C Giving the applicant information about the job and organisation
- D Making the applicant feel (s)he has been treated fairly

(2 marks)

5 Which *two* of the following would be a form of selection test designed to measure abilities or skills already possessed by a candidate in a job related area?

- Intelligence test
- Proficiency test
- Work sampling
- Aptitude test

(2 marks)

6 In which of the following circumstances would an organisation be better off carrying out its own recruitment, rather than using recruitment consultants?

- A The organisation has a strong, traditional culture, but is now looking to introduce greater innovation and flexibility
- B The organisation does not have a specialist recruitment function, but is looking to recruit on a large scale for the first time
- C The organisation uses outside consultants in many areas of its business, and is used to managing their services effectively
- D The organisation has complex cultural, business and technical selection criteria for its staff, but is considering using a consultancy for the first time, because it requires new people urgently in order to exploit an opportunity

(2 marks)

7 are capacities that lead to behaviours that meet job demands within the parameters of the organisational environment.

Which word correctly completes this sentence?

- A Attributes
- B Skills
- C Competences
- D Attainments

(2 marks)

8 The first stage in the recruitment process is:

- A To write a job description
- B To write a person specification
- C To identify a vacancy
- D To liaise with recruitment consultants

(2 marks)

(Total: 16 marks)

34 Diversity and equal opportunities

13 mins

1 Which *two* of the following measures would help to promote equal opportunities for women in a workplace?

- A Appointing an Equal Opportunities manager
- B Offering flexible working hours, in return for less favourable terms and conditions
- C Offering assertiveness training
- D Using word of mouth recruitment among the networks of existing managers to fill up-coming managerial positions

(2 marks)

2 A job interviewer asks a woman about her plans to have a family. She eventually does not get the job, because she lacks qualifications which are listed as essential in the person specification. However, she later finds out that men who attended interviews were not asked questions about their plans to have a family.

Which of the following statements correctly describes the situation?

- A The woman would have a successful claim of direct sexual discrimination
- B The woman would have a successful claim of indirect sexual discrimination
- C The organisation has laid itself open to a claim of indirect sexual discrimination, but such a claim would not be successful
- D The organisation has not laid itself open to any claim of discrimination

(2 marks)

3 An organisation is having to make staff redundant due to a business downturn. It decides that the fairest policy is to select younger staff for redundancy, as they will have a better prospect of finding alternative employment.

Is this discriminatory?

- Yes
- No

(1 mark)

4 The concept of is based on the belief that the dimensions of individual difference on which organisations currently focus are crude and performance-irrelevant, and that an organisation should reflect the range of differences within its customer and labour markets.

Which words correctly complete this sentence?

- Equal opportunity
- Cultural divergence
- Managing diversity
- Market segmentation

(2 marks)

- 5 Which of the following is an example of 'positive discrimination' rather than 'positive action' on equal opportunities?
- A Selecting a certain number of people from ethnic minorities for jobs, regardless of job-relevant selection criteria
 - B Using ethnic languages in job advertisements
 - C Implementing training for women in managerial skills
 - D Setting targets for the number of people from ethnic minorities that the organisation would like to see in managerial positions
- (2 marks)**

-
- 6 An equal opportunities policy can widen the recruitment pool. Is this statement true or false?
- A True
 - B False
- (1 mark)**

(Total: 10 marks)

35 Training and development

20 mins

- 1 Peter has been identified, using Honey & Mumford's learning styles questionnaire, as a Pragmatist learner. He is now preparing a personal development plan to improve his sales skills. Which of the following training methods is he most likely to include in his plan?
- A On-the-job coaching by his supervisor
 - B A group workshop in 'interpersonal skills practice'
 - C Personal development journaling
 - D A computer-based training module on sales
- (2 marks)**

- 2 The HR manager of a firm has been asked to explain to the finance director the quantifiable benefits of training programmes. Which of the following might she hesitate to put forward?
- A Increased speed of working
 - B Increased accuracy of work
 - C Increased employee satisfaction
 - D Decreased accident rates
- (2 marks)**

- 3 What is the 'induction crisis' stage of the employment lifecycle?
- A The point at which a new employee may leave the organisation prematurely if (s)he has not successfully been integrated into the organisation and job.
 - B The point at which a new employee is performing steadily and no longer requires induction training
 - C The first few days of employment, when the employee requires induction training
- (1 mark)**

- 4 Which *three* of the following pieces of information are required for the identification of training needs?
- Job requirements
 - Pre-training behaviour
 - Costs of training
 - Learning gap
- (2 marks)**

5 The 'validation' of training is different from the 'evaluation' of training. What question is asked in the process of *validation*?

- Did we do the right thing?
- Did we do it right?
- Did it achieve its stated objectives?

(1 mark)

6 1 The growth or realisation of a person's ability and potential through the provision of learning and educational experiences.

2 The planned and systematic modification of behaviour through learning events, programmes and instruction which enable individuals to achieve the level of knowledge, skills and competences to carry out their work effectively.

Which of the following is correct?

- A 1 is the definition of development and 2 is the definition of training
- B 1 is the definition of education and 2 is the definition of development
- C 1 is the definition of training and 2 is the definition of development
- D 1 is the definition of education and 2 is the definition of training

(2 marks)

7 Which of the following documents would be part of a formal training needs analysis exercise?

- A An e-mail reminding you that a new piece of legislation is about to come into effect
- B A health and safety officer's report showing that a department failed its assessment in a recent fire evacuation drill
- C A set of competence standards for your job or department
- D Feedback from a colleague about the standard of your work

(2 marks)

8 is learning through a network of computers or the Internet (but not stand-alone CD-Rom or tuition software), so that learning support is available from on-line tutors, moderators and discussion groups.

What term is used for this important new learning technology?

- A E-learning
- B Computer based training
- C Blended learning

(1 mark)

9 The stages of Kolb's experiential learning cycle are as follows.

- 1 Draw conclusions from the experience
- 2 Have an experience
- 3 Plan the next steps
- 4 Reflect on the experience

Which is the correct order?

- A 2, 4, 1, 3
- B 2, 3, 4, 1
- C 2, 4, 3, 1
- D 2, 1, 4, 3

(2 marks)

(Total: 15 marks)

36 Performance appraisal

20 mins

- 1 Appraisal is a complex human relations and political exercise. Which of the following is *not* necessarily a helpful factor in the design of an appraisal scheme?

- A The purpose of the system is positive and clearly expressed
 B There is reasonable standardisation throughout the organisation
 C Time is allowed for appraisee preparation and appraiser training
 D There is an implied link between assessment and reward

(2 marks)

- 2 Match each the following appraisal techniques with the comment that applies correctly to it.

	<i>Appraisal techniques</i>		<i>Comments</i>
A	Behavioral incident	1	Also known as rating scales
B	Overall assessment	2	For example, Management by Objectives
C	Results-oriented	3	Subject to managers' ability to express themselves clearly in writing
D	Grading	4	Based on observation of 'real life' actions and reactions, compared to benchmarks

- A matches comment
 B matches comment
 C matches comment
 D matches comment

(2 marks)

- 3 Of Maier's three approaches to appraisal interviewing, the one in which the appraiser is least perceived in the role of critic is the 'tells and listens' method.

Is this statement true or false?

- True
 False

(1 mark)

- 4 Which of the following is *not* a barrier to effective appraisal?

- A Appraisal is seen as a way of wrapping up unfinished business for the year
 B Appraisal is seen as conforming to Human Resource procedures
 C Appraisal is seen as an opportunity to raise workplace problems and issues
 D Appraisal is seen as an annual event

(2 marks)

- 5 Which *two* of the following statements about upward appraisal are true?

- A Subordinates are in a good position to appraise their superiors' leadership style
 B Subordinates welcome the opportunity to give upward feedback
 C Subordinate appraisal is likely to have a strong influence on managers
 D Upward appraisal is less subject to bias than downward appraisal

(2 marks)

- 6 Which *one* of the following criteria would *not* be suitable for evaluating an appraisal system?

- A Serious intent
 B Fairness
 C Bonuses awarded

(1 mark)

7 Which of the following is an advantage to appraisees of having a formal appraisal system?

- A Suitable promotion candidates are identified
- B It provides a basis for medium-to-long term HR planning
- C Individual objectives are related to the objectives of the whole organisation
- D It provides a basis for reviewing recruitment and selection decisions

(2 marks)

8 It is not necessary to have a formal appraisal system in order to have effective appraisal.

Is this statement true or false?

- A True
- B False

(1 mark)

9 A sales team is assessed according to the number of sales calls made, number of leads generated, and number and value of sales made.

Which appraisal technique is described in this example?

- A Behavioural incident
- B Rating scale
- C Guided assessment
- D Results-oriented

(2 marks)

(Total: 15 marks)

Answers to multiple choice questions

1 Business organisation and structure

- 1 C **Rationale:** Collective goals or aims are a feature of organisations.
- Pitfalls:** Watch out for closely related terminology like 'goals' and 'tactics'. You might have thought 'tactics' would fit here, but they are the lower level plans of functions: they may not be shared by the organisation as a whole.
- Ways in:** If you didn't know the definition, you could have got to the answer by ruling out the other options. Stakeholders doesn't fit 'pursues'; profits are not the objective of all organisations; and tactics are at a lower level than goals.
- 2 C **Rationale:** Synergy is the $2 + 2 = 5$ factor, and is one of the key reasons for the formation of teams and organisations.
- Pitfalls:** You need to read all the options carefully, especially if they look similar and all 'sound' plausible.
- Ways in:** You should be able to define the other options, to confirm that they do not fit the definition given.
- 3 B **Rationale:** In a limited company, the owners (shareholders) are separate from the managers of the concern (board of directors).
- Pitfalls:** Some options look plausible because of the wording. 'Limited' doesn't mean 'only being allowed to trade up to' – but looks as if it might. The second half of the statement about partnerships is true – but this doesn't mean that the first half is also true.
- Ways in:** You should have been able to rule out A (no company's turnover is limited), C (sole traders do have personal liability for debts: they do not have 'limited liability') and D (partnerships are different from limited companies).
- 4 B **Rationale:** Such an organisation is part of the public sector. The voluntary sector comprises charities and other organisations whose members are volunteers.
- Pitfalls:** Watch out for 'public' and 'private' sector terms – and be able to distinguish clearly between them.
- 5 D **Rationale:** Line authority can easily be shown on the organisation chart.
- Pitfalls:** You may have hesitated if you didn't know the difference between functional authority (where an expert department has authority over the activities of other departments in the areas of its expertise eg the HR department setting recruitment policy for the sales and production departments) and line authority (direct authority flowing down the chain of command). However, you only needed to know the meaning of line authority to see that the statement was untrue.
- Ways in:** You may have paused to ask whether an organisation chart can improve internal communications, but it does in one key way: by highlighting the length and complexity of lines of communication between people who need to co-ordinate their work.
- 6 D **Rationale:** This is the definition of span of control: all the others are distractors.
- Pitfalls:** All the distractors are plausible: note the need to think them through carefully. Option A is close to the correct definition – but if you think about it, the number of subordinate employees includes *all* those below the manager, whereas span of control is direct reports only.
- 7 B **Rationale:** Support base is not one of Mintzberg's components of organisation structure: the other correct terms are middle line and support staff.
- Pitfalls:** The basic terminology of well-known models is must-learn material!
- 8 B **Rationale:** While there may be elements of functional and geographical organisation, Y plc's situation suits divisionalisation: more or less autonomous product and regional businesses, with co-ordination from head office. 'Diversification' and 'acquisition' are good pointers to divisionalisation.

- Pitfalls:** Don't get sidetracked by the link between 'overseas markets' and 'geographical'.
- 9 C **Rationale:** Matrix organisation is based on dual command: the classical principle of unity of command is 'one person, one boss'.
- 10 B **Rationale:** R & D tends to be concerned with product research (not market research), and many organisations have internal R & D functions.
- Pitfalls:** Be aware of the difference between product and market research.
- Ways in:** If you were able to rule out statement (i), you were only left with two options to choose from – and you should be able to rule out statement (iv) if you know any organisations with an internal R & D department, leaving you with the correct option.
- 11 A **Rationale:** Intangibility refers to the fact that there are no material or physical aspects to a service: physical elements help to reduce this effect, and make the provision concrete for the customer. Inseparability and perishability refer to the fact that services are created and consumed at the same time: they cannot be stored – and pose challenges to demand forecasting and scheduling. Variability refers to the fact that services are specific to the situation and cannot easily be standardised.
- Ways in:** What do physical elements *do* for a customer purchasing eg a train ride or legal advice? If you knew the meaning of the term 'intangible', the answer to this question would get you to the correct answer.
- 12 B **Rationale:** A sales orientation assumes that customers must be persuaded to buy the products that the firm produces. A production orientation assumes that customer will buy whatever is produced: the focus of the firm is on meeting demand. A marketing orientation seeks to determine the needs, wants and values of customers and to produce what customers want to buy.
- Pitfalls:** Don't confuse selling and marketing!
- 13 B **Rationale:** HRM is concerned with the most effective use of human resources. It deals with staffing levels, motivation, employee relations and employee services. It is the marketing function which manages an organisation's relationship with its customers, not HRM. Note that increasingly, HRM is undertaken by line managers as well or instead of HR departments.
- 14 D **Rationale:** A standing committee is formed for a particular purpose on a permanent basis. Joint committees are formed to co-ordinate the activities of two or more committees: they need not be permanent. Task forces and ad hoc committees are specifically *not* permanent: they fulfil their allocated task and then wind up.
- Pitfalls:** The confusion of related terminology is often the target of testing.

2 Information technology and systems

- 1 B **Rationale:** 'Garbage in, garbage out'!
- 2 B **Rationale:** Exception reporting focuses attention on those items where performance differs significantly from standard or budget.
- Pitfalls:** The word 'exceptional' was placed in other options as a distractor!
- 3 C **Rationale:** Back-up storage, virus detection software and password protection are basic security requirements of any computer system, regardless of whether they are connected to the Internet. Because this system is not so connected, however, it cannot receive e-mail.
- Pitfalls:** Make sure you distinguish between intranet (internal network) and Internet (world wide network), and read questions carefully to see which is being discussed.
- 4 C **Rationale:** This is the definition of an ESS. It is distinguished from a DSS by supporting decision-making at a higher and less structured level. Expert systems draw on a knowledge base to solve well-defined technical problems.

- Pitfalls:** ‘Expert’ and ‘Decision’ were plausible distractors: make sure you can distinguish between the different types of system, and how they contribute to decision-making and problem solving.
- 5 D **Rationale:** Data is any kind of unprocessed information, and information is any kind of processed information.
- 6 D **Rationale:** The DBMS is the software that builds, manages and provides access to a database. Data storage is carried out in the database itself. The database administrator is a person (not a part of the system) who controls the system. EPOS is a form of data collection and input.
- 7 A **Rationale:** Data can be lost or corrupted as the result of deliberate actions such as fraud, sabotage, commercial espionage or malicious damage – as well as human error. The other statements are true: new staff pose a security risk because of the risk of human error (if they are inexperienced or untrained); it is impossible to prevent all threats (important to be realistic!); and smoke detectors are an example of protection from physical risks (in this case, fire).
- Pitfalls:** Don’t forget physical security measures: you may have discounted Option D too quickly. Data security also involves protection against fire, flood, interruption of power source and so on.
- 8 B **Rationale:** OAS systems, with functions such as word processing, digital filing, email, schedulers and spreadsheets, are primarily designed to streamline administrative tasks: document management, communication, data management.

3 Influences on organisational culture

- 1 A **Rationale:** The role culture is a bureaucratic or mechanistic culture, as described in the scenario. Task culture is project-focused; existential culture is person-focused; and power culture is leader-focused.
- Pitfalls:** If you didn’t know Harrison’s model well, you might have confused ‘focus on the task’ (see in the scenario) with a task culture, or the strong central leadership with a ‘power’ culture.
- 2 D **Rationale:** This is a problem with strong cultures (and ultra-cohesive groups).
- Pitfalls:** The other statements are plausible: you need to come up with counter-arguments to show that they are not always true. B is most plausible because it makes a limited claim that values ‘can’ replace rules: think of health and safety or financial controls, however, to disprove the claim.
- Ways in:** You could rule out two of the statements because they are dogmatic (so that just one counter-example would make them untrue).
- 3 B **Rationale:** All these groups have a legitimate stake in the enterprise: the government, as a regulator; employees, as participants in the business; and environmental pressure group and local residents, because of potential impacts.
- Pitfalls:** Don’t forget external stakeholders!
- 4 C **Rationale:** There are many spheres of culture: nation and ethnic group are only two of them. ‘Culture’ applies to categories of people including genders, social classes and organisations.
- 5 B **Rationale:** The fourth dimension in Hofstede’s model is masculinity-femininity.
- 6 D **Rationale:** Assumptions are foundational ideas that are no longer even consciously recognised or questioned by the culture, but which ‘programme’ its ways of thinking and behaving. Values and beliefs are the next level up: they are consciously held concepts which give meaning to the next level up again – observable factors such as rituals, artefacts and behaviour.
- 7 B **Rationale:** This is just a case of learning who is associated with which theory and definition. For the F1 exam, the theorists’ names are important.

- 8 D **Rationale:** Option A is a fact. Option B is true, because of informal ‘short cuts’ which are often developed and shared, by-passing health and safety rules and procedures. Option C is true, because the ‘grapevine’ encourages knowledge sharing and multi-directional communication. Option D is not true: managers can feed information into the grapevine and be part of their own informal networks.
- 9 C **Rationale:** Primary stakeholders are those who have a contractual relationship with the organisation, including some internal and connected stakeholders. Secondary stakeholders are therefore external stakeholders.
- 10 A **Examiner’s comments:** The examiner commented that only 27% of students chose the correct answer. Make sure that you learn the distinctions between the cultural dimensions.

4 Ethical considerations

- 1 C **Rationale:** ‘Fiduciary’ means ‘of trust’. Although this is a terminology question, it addresses the important point that all managers (and organisations) are accountable to some external entity and purpose.
- 2 A **Rationale:** Utilitarianism is based on ‘usefulness’: the greatest good of the greatest number. Deontology is an alternative approach based on absolute moral principles (or categorical imperatives): what is morally ‘right’ in a situation. Virtue ethics is a belief in pursuing positive moral qualities, which flow out into behaviour. CSR is an entirely different concept, to do with the obligations of an organisation towards its secondary stakeholders.
- 3 D **Rationale:** Grease money refers to payments for benefits to which the company is legally entitled – just to ‘oil the wheels’. Bribery is payment for benefits to which the company is *not* legally entitled – to ‘bend the rules’! In either case, this is unethical (and in some situations, illegal) – regardless of the legitimacy of the claim or the purposes to which the payment is (supposedly) put.
Pitfalls: Know the difference between extortion, bribery, grease money, gifts and hospitality.
- 4 B **Rationale:** The emphasis on managerial responsibility is a feature of the integrity or values-based approach to ethics management. A concern for the law alone is a compliance based approach.
- 5 D **Rationale:** Options A and C are irrelevant, and option B is incorrect, since whistle-blowing gives some protection to employees from being in breach of confidentiality.
- 6 D **Rationale:** These are all potential ethical issues. Materials used impacts on product safety and eco-friendliness (eg for recycling). Quality is a safety and customer satisfaction issues. Advertising poses issues of truth and non-manipulation. You may have hesitated over supplier labour practices, but this is a key area of ethical sourcing. It can cause significant damage to corporate reputations. Packaging raises issues of safety/perishability, eco-friendliness and truthful product labelling.
- 7 C **Rationale:** Accountability and social responsibility are classed as professional qualities, not personal qualities. Ambition is a personal quality – but is not considered essential in a professional ethics context: it can even pose ethical dilemmas...
Pitfalls: You need to read the question stems carefully to pick up fine distinctions such as ‘personal’ and ‘professional’.
- 8 D **Rationale:** Independence in appearance means avoiding situations that could cause a reasonable observer to question your objectivity. In the scenario, this is a risk – while independence of mind (free from actual partiality) isn’t. The pure distractors were plausible because of the possibility of raising questions (scepticism) with your superiors (accountability) – but irrelevant.

5 Corporate governance and social responsibility

- 1 D **Rationale:** Statement (i) is incorrect, because there is no such 'guarantee'; statement (ii) because it is not necessarily so, and statement (iv) because other organisations (eg charities, government bodies) are often more concerned with social responsibility than businesses.
- Ways in:** It is always worth checking to see if logic helps. Words like 'guarantee' often signal an untrue statement, because they make such extreme claims. And if statement (i) is therefore incorrect, you've halved your options. It should then be obvious that (iv) is incorrect (if you think about a hospital, say).
- 2 B **Rationale:** Agency theory suggests that managers will look after the performance of the company if doing so serves their own interests: hence performance incentives and rewards. Stewardship theory views the managers as stewards of the assets of the firm. Stakeholder theory argues that managers have a duty of care to a range of organisational shareholders.
- Ways in:** You could have ruled out Option C as irrelevant, and then worked on the implications of stewardship and agency.
- 3 C **Rationale:** The objective of corporate governance is overall performance, enhanced by good supervision and management, within best practice guidelines. Business is to be conducted in a way that is both ethical and effective from the perspective of all stakeholders – not just shareholders.
- 4 B **Rationale:** Corporate governance includes the selection of senior officers (with influence over the future direction of the organisation), and relationships between the organisation and its key stakeholders. It is therefore regarded as being of strategic importance.
- 5 A **Rationale:** This is a feature of poor corporate governance because it makes way for self-interested decision-making. The others may 'look' like negatives, but are in fact the opposites of three other features of poor corporate governance: lack of independent scrutiny; lack of supervision; and an emphasis on short-term profitability (which can cause pressure to conceal problems or manipulate accounts).
- Ways in:** You could have got to the answer with logic, with a sound grasp of corporate governance – but it would be worth learning the list of features of poor corporate governance, so you can recognise them in an exam question.
- 6 C **Rationale:** These are some of the roles fulfilled by the board. The audit committee reviews financial statements, audit procedures, internal controls and risk management. The Public Oversight Board monitors and enforces legal and compliance standards. The nomination committee oversees the process for board appointments.
- Pitfalls:** You need to be able to distinguish clearly between all the various participants in the corporate governance system.
- Ways in:** Strategy formulation should have steered you towards the correct answer.
- 7 D **Rationale:** Professional ethics concern the individual ethical sphere, not the wider sphere of Corporate Social Responsibility which operates at the level of the firm. All of the others are CSR principles: human rights as a component of ethical trading and investment; employee welfare as part of ethical employment; and support for local suppliers as an example of sustainability.
- Pitfalls:** The combinations were designed to test if your thinking was limited to internal organisational matters or commercial matters.
- 8 B **Rationale:** Employment protection is just one example of an area which is subject to law. Corporate governance is an area which is subject to codes of best practice (and law in some countries). While 'ethics' in general is arguably not directly regulated, professional ethics is, due to the ethical codes and educational standards of professional bodies, which control their members. CSR is therefore the area subject to least regulation and most managerial discretion.

- 9 C **Examiner's comments:** The examiner commented that only 47% of candidates answered this question correctly. Codes of practice are usually associated with a principles-based approach (rather than a rules-based approach) and so options A and B should have been easily eliminated. The words 'guidance' and 'should adopt' were the key words to lead to the correct option.

6 The macro-economic environment

- 1 D **Rationale:** Exchange rates are a target of monetary policy: government policy on the money supply, the monetary system interest rates, exchange rates and the availability of credit. Fiscal policy is government policy on the three other options.
- Pitfalls:** This whole syllabus area is full of fine distinctions in terminology, which lend themselves to testing in a Multiple Choice and Objective Testing format.
- Ways in:** If you knew that there was a distinction between fiscal and monetary policy, you might have identified exchange rates as the only monetary issue.
- 2 C **Rationale:** A budget surplus occurs when a government's income exceeds its expenditure: there is a negative PSNCR or PSDR. When a government's expenditure exceeds its income, so that it must borrow to make up the difference, there is a positive PSNCR and we say that the government is running a budget deficit.
- Ways in:** If you recognised that a negative PSNC means no borrowing, you might have been able to start eliminating some options...
- 3 D **Rationale:** The definition clearly distinguishes an indirect tax (eg sales tax) from a direct tax, which is paid direct by a person to the Revenue authority (eg income tax, corporation tax, capital gains tax and inheritance tax). Options A and B refer to the proportion of income taken by a tax.
- 4 C **Rationale:** Increasing taxation lowers demand in the economy because people have less of their own money after tax for consumption or saving/investment. Increasing public expenditure should increase the level of consumer demand. Lowering interest rates should stimulate investment (by companies) and consumer expenditure, even if only after a time lag.
- 5 D **Rationale:** An increase in the exchange rate makes a country's exports more expensive to overseas buyers, and imports cheaper: it therefore has the opposite of the first three effects. The lower cost of imports, however, is likely to reduce the rate of domestic inflation.
- Pitfalls:** The permutations of increases/decreases in interest rate can be confusing: ensure that the logic makes sense to you!
- Ways in:** You could group options B and C together (increased cost = reduce demand): since both cannot be the answer, and there is only one answer, neither of these options can be correct. This gets you quite a long way towards the solution... So if you don't know an answer, don't panic: logic can often help!
- 6 B **Rationale:** Harmonisation of technical standards (eg for quality and safety) supports the free movement of labour, goods and services – and hence, free competition. (It is a feature of the European market, for example.) The other options are tariff (taxes and duties on goods entering the country) and non-tariff barriers to trade.
- 7 A **Rationale:** Frictional unemployment occurs when there is difficulty in matching workers quickly with jobs. This means that frictional unemployment is temporary and short term and so statement 1 is true. A government can encourage labour mobility by offering individuals financial assistance with relocation expenses and by improving the flow of information on vacancies. This means that statement 2 is true.
- 8 A **Rationale:** Government policy on taxation, public spending and public borrowing relates to fiscal policy. Government policy on interest rates and exchange rates are part of the monetary policy.

- 9 A **Rationale:** Debts lose 'real' value with inflation: a company that owes a lot of money would effectively pay less (in real terms) over time. The other organisations would suffer because: inflation would make exports relatively expensive and imports relatively cheap; business might be lost due to price rises; and the cost of implementing price changes would be high.
- 10 D **Rationale:** The four main objectives of macroeconomic policy relate to economic growth, stable inflation, unemployment and the balance of payments (balance between exports and imports). A target of zero inflation may be both undesirable and possibly unachievable therefore is unlikely to be an aim of economic policy. Stagnation is the word used to describe a period of little or no economic growth. Government will obviously not want to encourage this.
- 11 D **Rationale:** Recession is part of the business cycle: demand for output and jobs falls, and unemployment rises until recovery is well under way. Option A is an example of frictional unemployment; option B of seasonal unemployment; option C of technological unemployment.
- Pitfalls:** It is easy to confuse cyclical with seasonal unemployment, or frictional unemployment that occurs on a seasonal basis (eg option A). You need to associate cyclical employment firmly with *business cycles*.
- 12 A **Rationale:** It is particularly tempting to equate a trade surplus or deficit with a 'profit' or 'loss' for the country, but this is not the case.

7 The business environment

- 1 C **Rationale:** PEST stands for Political, Economic, Socio-cultural and Technological.
- Pitfalls:** SWOT (Strengths, Weaknesses, Opportunities, Threats) is a related exercise, as PEST data is fed into the O/T part of the business appraisal.
- Ways in:** You could eliminate as many distractors as you could identify: SMART (Specific, Measurable, Attainable, Relevant, Time-bounded) refers to objective-setting.
- 2 C **Rationale:** This would be interpreted as corruption. The other options are legitimate methods of influence.
- 3 D **Rationale:** The statement defines demographics. Ergonomics is a study of the interaction of humans and their environments (used in design of office equipment and furniture, for example). Psychographics is the study of psychological factors (used in selection testing, for example).
- Ways in:** You could eliminate as many distractors as you could define in other ways.
- 4 C **Rationale:** Virtual organisation is the collaboration of geographically dispersed individuals and teams, specifically using the latest information and communication technology (ICT) enablers: the Internet, web-conferencing and so on.
- 5 B **Rationale:** Information technology has enabled managers or staff 'lower down' the hierarchy to make decisions previously made by middle management. This is known as delayering.
- Pitfalls:** You may have been tempted to think that this was downsizing. Downsizing, however, means reducing staff from all levels or layers in the business.
- Ways in:** It is 'layers' of middle management that have been removed. This may help to direct you to the answer 'delayering'.
- 6 A **Rationale:** This constitutes unfair selection for redundancy (on the basis of recent age discrimination legislation): redundancy is potentially fair grounds for dismissal as long as the basis of selection is fair. Options B and D are potentially fair grounds: there should be a reasonable attempt at performance or disciplinary management (warnings, training etc). You may have hesitated over C, but this is an example of 'substantial reasons' that would be considered by a tribunal.
- Ways in:** You could narrow the options by considering that there must be *some* way for companies to dismiss incompetent or deliberately obstructive employees.

- 7 C **Rationale:** Increasing diversity has an impact on HR policies in regard to equal opportunity and prevention of discrimination. Falling birthrates creates an aging workforce and skill shortages. All organisations need to take account of environmental regulation and consumerism. An increase in single-member households will impact on *some* organisations: notably, those which market goods and services to this segment (eg single-serve pack sizes), but the questions said 'most' organisations.
Pitfalls: You need to think through a range of compliance, marketing and skilling issues when appraising socio-cultural factors.
- 8 D **Rationale:** The other forces are bargaining power of suppliers and rivalry amongst current competitors in the industry.
Pitfalls: The five forces model is basic: you really need to learn the details...
- 9 C **Rationale:** Socio-economic groupings are often the basis on which markets are segmented, so that products/services and marketing messages can be targeted appropriately (to people with the right levels of income, aspiration, education and so on). You might have paused over Human Resources, because social class includes education factors, but the data cannot be used to predict skill availability.
- 10 A **Rationale:** Procurement, technology development, HR management and infrastructure are support activities. Inbound and outbound logistics, operations, marketing/sales and service are primary activities.
- 11 B **Rationale:** Technology is no longer regarded purely as a threat to job security: it can also support higher-level skilling, options for home-working, cleaner and safer work environments, better employee communications (eg through an intranet) and so on. Option A is true, because IT systems support lower-level decision making and direct communication between strategic apex and operational staff: replacing the role of middle management. Option C is true, because new technologies reduce product life cycles: products and processes can swiftly become obsolete. Option D should be obviously true: think of e-mail at one end of the scale, and 'virtual organisations' at the other.
- 12 B **Examiner's comments:** The examiners commented that only 31% of students chose the correct option. Steve, Sam, and Sunny all have support roles and the words 'administration' and 'information technology' should have immediately indicated a support role for Steve and Sam. Sunny's procurement role was not so clear cut but the responsibilities for dealing with the suppliers are sufficient to conclude that Sunny also has a support role.
- 13 B **Examiner's comments:** The examiner commented that only 20% of students chose the correct option. Options A and D are incorrect because there is no certainty that the job will be offered or accepted. Option C is incorrect because waiting a few weeks leaves the employee open to risks in those weeks.

8 The role of accounting

- 1 B **Rationale:** This is the main or overall aim of accounting.
- 2 B **Rationale:** You should have a general feel for how long double entry bookkeeping has been around, even if you cannot remember the exact year.
- 3 D **Rationale:** Non-commercial undertakings still prepare annual financial statements, for accountability to their trustees, members or funding bodies.
- 4 B **Rationale:** The Management Accountant provides information for management: cost accounting, budgets and budgetary control and financial management of projects. The Financial Controller is responsible for routine accounting, accounting reports, cashiers' duties and cash control. A Treasurer would be responsible for treasury management: raising and investing funds and cash flow control.
- 5 B **Rationale:** Time sheets are used to calculate hours worked and overtime, in order to calculate gross pay (before deductions). The system information for management (payroll analysis), information for employees (pay slips) and methods of payment (credit transfer forms), are all outputs.
Pitfalls: It is worth sorting out the inputs, processing and outputs of any financial system.

- 6 A **Rationale:** All the other aims relate to the control system relating to receivables and sales.
Pitfalls: You have to get straight in your mind which transactions and controls relate to payables/purchases and which to receivables/sales.
Ways in: Careful reading of the question should allow you to eliminate options B and D immediately (sales/supply, not purchases). You then have to think how credit notes work – but the fact that Option A mentions the ‘purchase’ ledger, and Option C the ‘sales’ ledger should lead you to the right answer.
- 7 C **Rationale:** Option A refers to the income statement, not the statement of financial position. Options B and D are distractors, referring to audit reports.
Pitfalls: If you were in a hurry, you might have selected option A immediately you saw the words ‘true and fair’. Avoid such mistakes by reading through *all* question options carefully, keeping an open mind.
- 8 D **Rationale:** An integrated package is expected to do everything, so it may have fewer facilities than specialised modules (especially as it also requires more computer memory). The other options are advantages of integration: ability to update multiple records from one data entry; ability to extract data from all relevant sources to compile specified reports; and less likelihood of discrepancies in different records.
- 9 B **Rationale:** A suite is a set of several modules. A spreadsheet is a type of program, and a format for displaying and processing data: it is often used to integrate data from accounting modules for decision-support and management information systems.
- 10 C **Rationale:** The system does not by itself provide for data security: appropriate controls have to be designed and implemented by users. Computer files are as vulnerable to theft and wilful damage as manual files, and are perhaps even more vulnerable to corruption or loss of data through user error.
- 11 D **Rationale:** Unfortunately: ‘garbage in, garbage out!’...
- 12 B **Examiner’s comments:** The examiner commented that only 36% of students got this question correct. Mandatory reports to government and shareholders are required under national legislation. Codes of corporate governance are principles-based and voluntary in nature. The International Accounting Standards do affect the content and presentation of accounts but it is national legislation which dictates the requirements for preparation and filing of accounts.

9 Control, security and audit

- 1 B **Rationale:** Options A, C and D were identified as aims of internal controls in the Turnbull report. However, the report also states that even a sound system of internal control reduces, but does not eliminate, the possibilities of poorly-judged decisions, human error, deliberate circumvention of controls and unforeseeable circumstances. Systems only provide reasonable (not absolute) assurance.
Ways in: If you had to guess, you could probably see that option B is an exaggerated claim. Look out for options that say ‘always’ or ‘never’ or ‘total’, in a similar vein: these are much more likely to be untrue than true, in the complex world of business...
- 2 C **Rationale:** Non-discretionary controls are as described: as opposed to discretionary controls which are subject to human choice. ‘Mandated’ is a similar idea, but mandated controls are required by law and imposed by external authorities (as opposed to voluntary controls, chosen by the organisation). Detect controls are controls designed to detect errors once they have happened. Administrative controls are to do with reporting responsibilities, communication channels and other means of implementing policies.
Pitfalls: There is so much terminology in this area: fertile ground for exam questions. Be able to use distinctions within classifications (as in ‘discretionary and non-discretionary’, or ‘prevent, detect, control’) as well as across classifications, as in this question.

- 3 B **Rationale:** Organisation in this context means identifying reporting lines, levels of authority and responsibility to ensure that everyone is aware of their control responsibilities. The full mnemonic stands for: Segregation of duties; Physical; Authorisation and approval; Management; Supervision; Organisation; Arithmetical and accounting; and Personnel.
- 4 A **Rationale:** This may seem obvious, but it is worth testing that you don't associate 'environment' just with premises, or PEST factors, or 'green' factors! The internal control system comprises both the control environment (overall context of control) and control procedures (the policies and procedures which are in place).
- 5 D **Rationale:** This is an internal control, rather than an internal check. Internal checks are more about dividing work (so that the work of one person can be independently proved by that of another) and using 'proof measures' to ensure the accuracy of records and calculations: options A, B and C are examples.
- 6 A **Rationale:** Internal audit is *independent*, but is still part of the internal control system: it is a control which examines and evaluates the adequacy and efficacy of other controls. Internal auditors should report direct to the audit committee of the board of directors (in order to preserve independence). It is *external* audit which is for the benefit of shareholders: internal audit is a service to management.
Ways in: Once you realised that the options were circling round different aspects of the definition of internal audit, and the difference between internal and external audit, you would be better able to sort out which statement was given to you 'straight' – and which were opposites of the true points.
- 7 C **Rationale:** This should be straightforward if you think through what the potential threats involve. Lightning strike or electrical storms are a key cause of power supply failures and surges which may effect computer functions. Fire and accidental damage are also physical threats to data and equipment. Hacking is a non-physical threat involving unauthorised access to data (possibly resulting in data theft or destruction).
- 8 B **Rationale:** System recovery procedures are set in place for activation in the event of breakdown, to get the system up and running again: this is a contingency control, because it plans for a 'worst case scenario'. Password access is an example of a *security* control: protecting data from unauthorised modification, disclosure or destruction of data. Audit trails (showing who has accessed a system and what they have done) and data validation (checking that input data is not incomplete or unreasonable) are examples of *integrity* controls: controls which maintain the completeness and correctness of data in the system.
Pitfalls: There is a lot of vocabulary and procedure in this area: make sure that you could answer questions on a variety of different data security controls.

10 Identifying and preventing fraud

- 1 C **Rationale:** Collusion is working with another party (eg customers or suppliers) to commit fraud. Misrepresentation is stating that something is so, when it is not, in order to mislead (eg overstating profits). Fictitious sales might involve generating false invoices or overcharging customers, in order to inflate revenue figures.
- 2 D **Rationale:** Payslips can be deliberately miscalculated to pay extra amounts. Staff may collude with customers to under-record quantities of despatched goods on delivery notes so the customer pays less: conversely, employees may collude with suppliers to pay invoices for larger quantities than were actually delivered. Option (iv) may have made you hesitate: it seems such a positive, desirable thing! However, profits in excess of target may be siphoned off, with less scrutiny once targets have been met.
- 3 D **Rationale:** One form of fraud is the intentional misrepresentation of the financial position of the business. Bad debt policy may be unenforced deliberately, in order to overstate profits.
- 4 B **Rationale:** This is an important distinction in making sense of the three prerequisites for fraud: dishonesty (a willingness to act dishonestly), motivation (an incentive or reason to act dishonestly) and opportunity (an opening to act dishonestly).

- 5 A **Rationale:** Increased competition is a risk factor (because it may put pressure on managers to manipulate results) – but it is an *external* factor. The others are internal factors which increase risk because they disrupt supervision and control (options B and C) or introduce unknown factors (option D).
- Pitfalls:** Look carefully at question stems for qualifier key words such as ‘internal’ and ‘external’.
- 6 C **Rationale:** This may seem like normal behaviour in a ‘workaholic’ office culture, but failure to take full holiday entitlement may signal an employee trying to prevent a temporary replacement from uncovering a fraud. The other options are factors in *reducing* risk: lack of segregation enables fraud to go undetected; low staff morale is often a motive for fraud (in retaliation against the firm); and an autocratic management style may prevent questioning.
- Pitfalls:** Ensure that you know what ‘segregation of duties’ means: otherwise, it might look like a risk factor (because it sounds like allowing people to work independently and unsupervised, say).
- 7 C **Rationale:** There is a reduction in working capital, which makes it more difficult for the company to operate effectively, potentially resulting in corporate collapse. The other effects should be obvious (remember, we are talking about removal of funds or assets and not overstatement of profits and/or net assets). Reputational damage refers to loss of shareholder and market confidence in the organisation’s management when the fraud emerges.
- 8 B **Rationale:** This should be clear from the context, because of the collusion with customers (if you remembered what collusion was). Physical security refers to keeping assets under lock and key: not to be dismissed as a fraud prevention measure! Sequential numbering works because it is easy to spot if documents are missing. Authorisation policies increase checks and accountabilities.
- 9 A **Rationale:** The directors are responsible for the conduct of the business, the deterrence and detection of fraudulent (and other dishonest) conduct, and the reliable reporting of financial information. Not all organisations have a fraud officer. The responsibility of the external auditor is only to express an opinion on the financial statements, although audit procedures should have a reasonable expectation of detecting misstatements arising from fraud. The audit committee reviews the organisation’s performance in fraud prevention, but also reports to the board.

11 Leading and managing people

- 1 C **Rationale:** Position power is legitimate organisational authority, by virtue of a position in the organisation hierarchy: managers depend largely on it for their influence. Leaders are often required to exercise informal, interpersonal forms of influence, such as person power (charisma, inspiration) and expert power (valued knowledge). Physical power (intimidation) should be used by neither managers nor leaders!
- Pitfalls:** the classifications of power are a rich source of related terminology, and hence a potential source both of confusion – and of exam questions!
- 2 A **Rationale:** Frederick Taylor is associated with scientific management. The other writers are associated with the human relations school, focusing on the role of ‘higher order’ needs (such as challenge and interest in the work) in human motivation.
- Ways in:** You could halve your options by realising that Maslow and Herzberg belong to the same school: therefore the ‘odd one out’ must be one of the other two.
- 3 C **Rationale:** The ‘country club’ is low-task, high-people focus and 1.9 on Blake and Mouton’s managerial grid. This describes Monica. Impoverished is 1.1 (both low), task management is 9.1 (all about the task), and dampened pendulum is 5.5 (swinging between the two extremes).
- 4 A **Rationale:** A situation is favourable to a leader, in Fiedler’s theory, in exactly this combination of circumstances.
- Ways in:** You could probably take a common sense guess at this, if you didn’t know Fiedler’s model.
- 5 C **Rationale:** Psychologically distant managers (PDMs) maintain distance from their subordinates and they prefer formal procedures rather than informal ones, for example, a formal consultation method.

Ways in: Hopefully you were able to rule out the fourth statement and therefore option D.

Psychologically close managers are closer to their subordinates. If you remembered that PDMs prefer formal procedures then you may have been able to work out that statements 1,2 and 3 were correct.

- 6 A **Rationale:** The essence of delegation is that the superior gives the subordinate part of his or her own authority. Power is not conferred by the organisation, so it cannot be delegated: it must be possessed. The most important thing to note is that responsibility and accountability are not delegated: the superior makes the subordinate responsible and accountable to him for the authority he has delegated, but he remains responsible and accountable for it to his own boss.
Pitfalls: It is easy to confuse these concepts, which is why they would make an excellent exam question.
- 7 C **Rationale:** Skilling was an important aspect of scientific management – but multi-skilled teamworking wasn't. Taylor's approach to job design (referred to in option A) was to break jobs down into single, simple tasks which were given to an individual as a whole (specialised, repetitive) job for an individual. The other options are key techniques (which, as a question in the Pilot Paper pointed out, are still prevalent in some work environments today...)
- 8 A **Rationale:** Option B is not a central concern of human relations: rather, this could apply to the scientific management school. Option C is a contribution of the contingency school. Option D has not yet been provided by any school of management or motivation theory: apart from anything else, business success depends on factors other than the productivity of the workers.
- 9 C **Rationale:** Democratic is a 'joins' style: decision is more or less by vote or consensus. Consultative means that the leader takes subordinate views into account, but still makes the decision. Autocratic is basically a 'tells' style.
- 10 B **Rationale:** The monitor role involves scanning the environment and gathering information from a network of contacts. As spokesperson, the manager can then provide information on behalf of the department or organisation to interested parties. As disseminator, (s)he can also spread relevant information to team members. The role of leader means hiring, firing and training staff.
Pitfalls: Options B, C and D are all information roles, so the distinction between them is quite fine. However, questions have been set at this level of detail, so such models are worth learning.
- 11 D **Rationale:** This is the key definition of the supervisory role: it is between non-managerial and managerial, acting as an information filter and overlap (since supervisors both do operational work and fulfil some managerial functions at a low level). Middle line and junior management are higher, since they are already managerial positions. Employee communications is a process, not a role, and is in any case much wider than managerial/non-managerial communication.

12 Individuals, groups and teams

- 1 C **Rationale:** Members of an effectively functioning group will take an active interest (as opposed to option C) in decisions affecting their work. Option A is healthy, particularly in avoiding problems that occur when groups seek consensus at all costs (eg 'group think'). Option B is healthy, as it unites and stimulates the group. Option D can be a sign that the group is supporting the performance of its members – not just that they are focusing on their own performance at the expense of the group.
Pitfalls: If you were trying to go by 'common sense' instead of knowledge, you might think that intra-team disagreement and inter-team competition were negatives: not so. The examiner does not set 'trick' questions, but questions can be designed to separate those who have studied from those who are guessing!
- 2 C **Rationale:** Personality is a relatively stable and distinctive concept: it is very difficult (if not impossible) to change personality, and the attempt has radical effects! The other options are constructive approaches to handling personality clashes in a team.
- 3 B **Rationale:** This is typical of 'storming' behaviour. Forming would be more tentative: just getting to know one another. Norming would be further along in the process of settling into shared values and behaviours. Performing would be still further along in performing the task.

- Pitfalls:** Don't assume that 'storming' is all about conflict! If you did this, you might have mistaken this description for norming, say.
- Ways in:** Underline some key words in the micro-scenario: 'debating', 'factions', 'disagree'...
- 4 B **Rationale:** Excessive attention to group maintenance and solidarity is what leads to group think in the first place. The other strategies are ways to control the tendency.
- 5 C **Rationale:** This is the definition of attitudes. Personality traits are relatively stable, enduring qualities of an individual's personality (eg 'impulsiveness'). Perceptions are how people 'see' things, according to how the brain selects and organises information. Emotional intelligence is a concept popularised by Daniel Goleman to describe awareness of, and ability to manage, one's own emotions and those of others. None of these concepts is explicitly mentioned in the syllabus – but you are required to know something about the 'characteristics of individual behaviour', so it is worth getting to grips with some of the basics.
- Ways in:** Perceptions are about thinking, emotions are about feeling – and the question asked for something that combines thinking, feeling and intention. So you could probably rule out B and D.
- 6 C **Rationale:** Teams are not the best vehicle for crisis decision-making, because group decision-making takes longer, and decisions may protect the team at the expense of the right (possible tough) solution. Teams are, however, great for decision-making where the hearing of different viewpoints is beneficial. They are also great for ideas generation (think of group brainstorming) and coordination (teams are often cross-functional). You might have hesitated over option D, but it is important to realise that distance is now no obstacle to team working (think of virtual teams, connected by IT and communications links).
- Pitfalls:** Don't forget 'virtual' teams in your thinking.
- 7 B **Rationale:** Blocking (or difficulty stating) is where members put obstacles in the way of proposals: this may be a positive contribution in circumstances where the proposals are risky or unrealistic – but it is probably contributing to the problem here. Bringing-in is encouraging the contribution of others; summarising, drawing together passages of discussion; testing understanding, checking whether points have been understood. They are generally supportive behaviours, which could be used to get the team back into constructive discussion.
- 8 B **Rationale:** 'Compatibility' is not the same as 'homogeneity': teams need diversity, in order to have a mix and balance of contribution and roles. The other three options correspond to team identity, team solidarity and shared objective: the three key tools of team building.
- 9 B **Examiner's comments:** The examiner commented that only 33% of the students chose the correct answer. The key words in the question were 'keen eye for detail', 'always meets deadlines' and 'reluctant to involve others'. These phrases are typical characteristics of a completer-finisher.

13 Motivating individuals and groups

- 1 D **Rationale:** Intrinsic rewards are 'part of' the work itself: extrinsic rewards are 'external' to the work itself.
- Pitfalls:** Potential confusion between intrinsic and extrinsic: a classic exam test!
- 2 C **Rationale:** Affiliation is actually a category in another need model by David McClelland. The other options are Maslow's (although freedom of inquiry and expression overarches the hierarchy itself).
- 3 B **Rationale:** In Herzberg's theory, only training is a 'motivator factor'. The others are all 'hygiene' factors: if they are inadequate, employees will be dissatisfied, but even if they are got right, they will not provide lasting satisfaction or motivation. Herzberg argued that satisfaction comes only from the job.
- Pitfalls:** Herzberg is frequently examined, and examiners are frustrated to see students get the basics of the theory wrong! Make sure you can sort the motivator factors from the hygiene factors.
- 4 A **Rationale:** Goals are things people choose to pursue: each individual will have their own goals, which may vary with time, circumstances and other factors. The idea of innate (in-born, instinctive) needs

- and drives is that they are biological or psychological imperatives, common to all people. (This is what makes it possible to have need theories with discussion of only a few innate needs.)
- 5 C **Rationale:** Willy's expectancy (expectation that by working hard he will be given the team leadership) is high, but valence (importance to Willy of becoming a team leader) is neutral, because he has both positive and negative feelings about it. Since $\text{Motivation} = E \times V$, if V is 0, motivation is also 0:
Pitfalls: Make sure you get valence and expectancy the right way round, and that you recognise why Willy's valence is 0.
Ways in: Work through the equation, calculating your own values for V and E ...
- 6 A **Rationale:** Herzberg used the other three terms to describe the same set of factors: the ones that maintain morale but do not positively motivate (maintenance); prevent dissatisfaction but do not promote satisfaction, in the same way that hygiene prevents ill-health but does not promote well-being (hygiene); and that relate to the environment of work rather than to the work itself (environmental). The opposite set of factors is 'motivator' factors in the work itself, which – according to Herzberg – positively create satisfaction and motivation to superior performance.
Pitfalls: An exam question may refer to hygiene factors by any one of its three names, so it is worth using this question to check that you know them all!
- 7 C **Rationale:** Autonomy is a degree of freedom or discretion in the job: the removal of restrictive controls.
Ways in: You may have spotted that all the core dimensions are all intrinsic to the job itself: they are all what Herzberg would call 'motivator' factors. You could then eliminate some of the options that are clearly extrinsic to the job, or 'hygiene' factors...
- 8 C **Rationale:** Participation will only work if the individual has the ability and information to participate effectively (the principle of 'capacity'): otherwise, they will feel frustrated and under pressure. You may have hesitated over option D, but this is necessary for people to take participation seriously (the principle of 'consistency').
- 9 A **Rationale:** Theory X is the managerial assumption that most people dislike work and responsibility and will avoid them if possible they have to be coerced and controlled to work adequately – hence the kinds of management measures described. Theory Y is the managerial assumption that people can be motivated to accept challenge and responsibility and contribute willingly to the firm – resulting in a quite different management style!
Pitfalls: You really do need to know which way round X and Y are! (If it helps, think of X as a 'cross' against workers' names...)
- 10 C **Rationale:** Options A, B and D are essential for an individual to work out how much effort will be required, and whether it will be worth it for the rewards expected (due to consistency) to be available. However, 'immediacy' is not necessarily required: people may have a high tolerance for 'delayed gratification', and be willing to wait for rewards as long as they have a reasonable expectation that they will eventually accrue. (As a student, for example, you may be working sacrificially hard now, in order to gain qualifications that will benefit your career in several years' time.)
- 11 D **Rationale:** Team members may work for individual rewards, rather than contributing to the group, especially since there is a problem offering rewards for less measurable criteria such as team-work. Option A is clearly a benefit. Option B is a benefit of PRP because it relates rewards directly to business objectives. You may have hesitated over option C but this is a benefit because PRP is a way of rewarding employees when there is no other way to do so (eg because they have reached the top of the salary/wage range their position is eligible for).

14 Personal effectiveness and communication

- 1 D **Rationale:** The communication here is both upwards and 'sideways'.
Pitfalls: Lateral is the same as horizontal: don't get sidetracked!

- 2 D **Rationale:** Personal development planning is something the individual does for his or her own improvement and learning, although a coach, mentor or counsellor may facilitate this process. Options A, B and C are all types of 'developmental relationships': a coach helps a trainee for a brief period to work on job-relevant skills; a mentor helps a less experienced person over the long term to work on more general personal development issues; and a counsellor helps an individual to work through emotional or social issues or problems.
- Pitfalls:** These are distinct roles: make sure you can identify them correctly.
- 3 C **Rationale:** An assertive style of communication will help in time management, because it enables you to say 'no' (appropriately) to interruptions and unscheduled demands. The other options are problems: options A and B are invitations to waste time in non-essential communication. Option D may look organised and decisive – but e-mails arrive so frequently, they would de-rail your entire schedule if you let them: better to batch them and deal with them at certain times.
- 4 B **Rationale:** Tasks may be urgent – but not *important* enough to take priority over tasks which have greater consequences or higher value, or on which other people or tasks are depending. Relative importance and urgency should always be considered together in prioritising tasks.
- 5 C **Rationale:** The wheel has a central figure who acts as a hub for all messages between members. The circle involves a message going from one person to another. The 'Y' involves a message going from person to person up a chain, until it reaches someone who is in contact with more than one person. And all-channel involves everyone sending messages to everyone else.
- Ways in:** If you can visualise the situation, it helps: you could then eliminate the circle and all-channel, at least.
- 6 D **Rationale:** A mobile phone enables both colleagues and customers to reach you when you are out of the office. It also enables you to call the office eg to check inventory availability of items, place immediate orders and so on. (If you had a laptop, this would be even better: you could have direct connection with office systems.) Options A, B and C all involve linked computer systems, so are not relevant.
- 7 A **Rationale:** Security is a key vulnerability of e-mail: there is no guarantee of privacy (and a risk of accidentally sending the message to the wrong person). The other options are significant strengths, however. If you hesitated over D, think about how e-mail can be used for memos/reports/letters, and how many formats (visual, audio) can be 'attached' to e-mail messages.
- 8 B **Rationale:** Counselling is facilitating others through the process of defining and exploring their own issues and coming up with their own solutions: this is relatively non-directive. Advising is a relatively directive role: offering information and recommendations on the best course of action to take. Counselling is often *not* directly task-related: it is often about helping employees to formulate learning goals or to cope with work (or non-work) problems.
- 9 C **Rationale:** The grapevine is a 'rumour mill': information is often inaccurate and exaggerated. Communication is, however, fast, selective (in that information is not randomly passed on to everyone) and up-to-date (information is often more current than in the formal system).
- 10 D **Rationale:** Exception reporting may improve the quality of upward communication (making it more selective), but it does not encourage it: if anything, it may create a culture in which staff don't 'bother' their superiors with information. The other options are all ways of encouraging upward flow of information and ideas – which otherwise tends to be rare in organisations.
- 11 D **Rationale:** The sender encodes the message and transmits it through a medium to the receiver who decodes it into information. The answer cannot be A since you need to have a message to feedback on before you provide the feedback.
- Ways in:** It might help you to picture the radio signal diagram in your mind.

15 Recruitment and selection

- 1 C **Rationale:** Screening means sorting through application forms received, in order to separate out candidates which are clearly ineligible for the vacancy, immediately worth short-listing and so on. It is selection because it is part of the process of measuring candidates against requirements, and selecting those who are most suitable. Recruitment is the process of defining requirements and reaching potential applicants: hence, options A and B.
- 2 B **Rationale:** This is job description rather than job analysis, because a job description is the statement produced from a process of job analysis. This is job description rather than personnel specification, because it addresses the requirements of the *job*, rather than the qualities of the ideal job holder or person. Job advertisement is just a distractor.
Pitfalls: The difference between job description and personnel specification has cropped up frequently in exams over the years. There is potential for confusion: remember that one describes the 'job', the other the 'person'...
- 3 C **Rationale:** 'Motivation' is a heading in an alternative method of person specification (the Five Point Pattern of Personality, by J Munro Fraser). Rodger's Seven Points are: physical make-up, attainments (qualifications), general intelligence, special aptitudes, interests, disposition (temperament) and circumstances.
- 4 B **Rationale:** The current trend is the opposite: to devolve recruitment and selection (among other HRM activities) increasingly to line managers, who handle recruitment within their own departments.
- 5 D **Rationale:** All the other criticisms about the reliability of selection tests are valid – and yet tests are *still* more reliable than interviews at predicting performance in the job!
- 6 D **Rationale:** A leading question pushes the interviewee to give a certain answer. (In this case, it is obvious that the interviewer expects the interviewee to agree.) An open question requires self-expression; a closed question invites a one word either/or answer, and a problem-solving question presents candidates with a situation and asks them to say how they would deal with it.
Pitfalls: This is an easy aspect of interviewing technique to set questions on: make sure you can identify all types of questions.
- 7 C **Rationale:** This is a disadvantage because there may not be a clear interview strategy, and candidates may have trouble switching from one topic to another. Option A is an advantage, because it reduces individual bias, and saves time in sharing assessments (eg compared to a series of one-to-one interviews). Option B is an advantage, because a single interviewer may not be able to spot candidate weaknesses in technical areas. Option D is an advantage, because personal rapport may lead to favourable bias on the part of an interviewer.
- 8 A **Rationale:** These are all different types of bias and errors of judgement in interviewing. Option A is halo effect. Option B is contagious bias. Option C is stereotyping. Option D is projection.
Ways in: Stereotyping is probably the most recognisable of the options, so you could at least narrow your options by ruling out option C.
- 9 B **Rationale:** Proficiency tests focus on current ability to perform tasks. 'Standardised' is a desirable quality of any type of test, meaning that it is applicable to a representative sample of the population being tested.
- 10 C **Rationale:** Assessment centres are group assessments, usually used for higher-level positions, because of the time and costs involved in exploring candidates' personalities and skills in depth.
Pitfalls: Don't fall for the common trap of thinking that an assessment 'centre' is a place!
- 11 D **Rationale:** Two employer references provide necessary factual information and comparison of views (to minimise bias). The other options are untrue: option A because references are highly subjective and/or deliberately limited; option B because people can be more cautious or less honest in writing than on the telephone; option C because personal references are selected to be supportive (you can choose your friends in a way you can't choose your employers!)

16 Diversity and equal opportunities

- 1 D **Rationale:** As well as compliance with relevant legislation, these are the main arguments for having an equal opportunities policy. It is good HR practice to attract and retain the best people for the job, regardless of race or gender.
- 2 C **Rationale:** The right to equal pay for work of equal value was established by the Equal Pay (Amendment) Regulations 1984. This does *not* imply that the woman has to be in the same job (option D). Job evaluation is recommended as a way of establishing relative values of jobs, but is not compulsory (option B). Equal Pay deals only with sexual discrimination – not race or other grounds.
- 3 D **Rationale:** Positive discrimination refers to actions being taken which give preference to a protected person, regardless of genuine suitability and qualification for the job. Statement 1 is not positive discrimination as the steps are only taken to encourage people to apply. It does not say that they will necessarily be accepted.
- Diversity goes further than equal opportunities. The ways in which people meaningfully differ in the work place include not only race and ethnicity, age and gender but personality, preferred working style, individual needs and goals and so on.
- 4 B **Rationale:** There are business benefits to equal opportunities, including widening the recruitment pools in times of skills shortages, and ability to recruit the best people for jobs – regardless of irrelevant personal/social factors.
- 5 C **Rationale:** Harassment is the use of threatening, intimidating, offensive or abusive language or behaviour focused on the race, religious belief, sex or sexual orientation of another person. This sounds like victimisation, but victimisation is a separate form of discrimination, involving penalising someone because they are involved in a claim of discrimination against an employer.
- 6 C **Rationale:** A business can better understand (and meet) the needs of market segments if it employs representatives of those segments: this is a business benefit, because it enhances customer loyalty, sales revenue, profitability etc. Option A is a legal/moral benefit (and addresses equal opportunities rather than diversity). Option B is a benefit to employees in a diverse organisation. Option D is not true of diversity, which requires significant management investment and less ‘standardised’ HR solutions.
- 7 B **Rationale:** The duty is to make ‘reasonable’ adjustments. The other statements are true.
- 8 A **Rationale:** Now that age discrimination legislation is in force, this would be direct discrimination (akin to saying ‘blue-eyed, English-speaking people only need apply’). The other options may well be construed as *indirect* discrimination.

17 Training and development

- 1 C **Rationale:** The Theorist seeks to understand basic principles and to take an intellectual, ‘hands off’ approach prior to trying things. Pragmatists and Activists are the opposite. You may have hesitated over option A, but Reflectors learn by thinking things through, rather than necessarily by applying theoretical concepts.
- Pitfalls:** This is an area ripe for exam questions, because of the clarity of the style classifications. Make sure you can identify the label to go with a description and vice versa.
- Ways in:** You could probably rule out Activist and Pragmatist quite quickly, because of Sara’s dislike of ‘hands on’ methods.
- 2 C **Rationale:** The scientific approach to problem-solving *is* a characteristic of learning organisation, but this involves experimentation and learning by testing ideas and making mistakes. Learning organisations have a high tolerance for risk, and regard errors as learning opportunities.
- Ways in:** If you don’t recognise the concept or model, don’t give up and guess: think through the options and how they relate to each other. A question phrased ‘which is *not*...?’ suggests that you

are looking for the 'odd one out'. If you look at the options, you should find three that are compatible with each other – leaving one that isn't.

- 3 D **Rationale:** This is a positive and realistic view of the benefits and limitations of training: not *all* performance problems are amenable to training, and may need other sorts of intervention (discipline, counselling, equipment repair, job re-design, motivation and so on). Option A would fail to involve trainees and line managers, who are key stakeholders in training. Option B would limit training provision, ignoring its significant benefits. Option C would fail to design training programmes appropriately for specific training needs and learner style preferences.
- 4 B **Rationale:** Conditioning may have sounded familiar if you only read as far as 'modification of behaviour', but it involves specific repetition-and-reward techniques. Education is the gradual acquisition of knowledge, by learning and instruction, often leading to qualifications. Development is a wider experience of the growth or realisation of a person's ability and potential through a wide range of learning experiences.
- Pitfalls:** This kind of related terminology lends itself to exam questions. Training, education and development all involve 'learning', but the learning experiences are of different types, and with different overall aims.
- 5 B **Rationale:** The learning cycle is experiential learning or 'learning by doing'. 'Action learning' sounds similar, but is actually a specific learning method by which managers are brought together as a problem-solving group to discuss real work issues. Programmed learning is highly structured learning, which doesn't apply here.
- 6 C **Rationale:** 'Employability' refers to an individual's having a portfolio of skills and experience that are valuable in the labour market, thus enhancing his or her mobility (and ability to get a job outside the present employer). This is a double-edged sword for the organisation: it is socially responsible and fosters employee satisfaction but may also cause a skill drain to other organisations. You should be able to see how training contributes to the other options, and why they are benefits for the organisation.
- Pitfalls:** Look out for qualifier keywords like 'for an organisation' (that is, *not* 'for the individual'). Think carefully through 'which is the exception?' questions, too. Logically, an option may be an exception for more than one reason: in this case, because it isn't a benefit (but a drawback) *or* because it isn't a benefit to the *organisation* (but a benefit to the individual). In a well designed question, you should get the same answer either way!
- 7 C **Rationale:** Day release is 'off-the-job', because the learning comes from the employee's attending a college or training centre one day per week. The other methods are all 'on the job'.
- Pitfalls:** Note the variety of 'on the job' methods: don't forget to include job rotation (which you might otherwise connect with job design and Herzberg) and temporary promotion (which you might not think of as training).
- 8 D **Rationale:** On-the-job approaches support 'transfer of learning': skills are learned in the actual context in which they will be applied – so application is seamless. Options A and B are advantages of *off-the-job* training: the learners don't have the distraction of other work duties, and errors while learning are less likely to have real consequences. You may have hesitated over option C, but there is a risk that by learning on the job, people will pick up 'bad habits' and short-cuts – rather than best practice.
- 9 B **Rationale:** Induction is an *on-going* process which may start on the first day of work, but includes training needs analysis, monitoring, coaching or mentoring and review at three, six or twelve month intervals.
- 10 C **Rationale:** Level 1 measures how employees rated the training. Level 2 measures how much they learned: what they know or can do that they didn't do before. However, for a manager concerned with departmental productivity, the important thing is whether the trainees *applied* what they learned effectively to the job: Level 3. Level 5 is the impact of training on the wider 'good' of the organisation and its stakeholders: this kind of information is usually only available (and worth the cost of gathering and analysing it) at senior management level.

- 11 D **Rationale:** Option A relates specifically to management effectiveness and succession; option B to planning opportunities for new challenges and learning through career moves (whether vertical or lateral); and option C to a structured programme of self-managed learning required by professional bodies.

18 Performance appraisal

- 1 A **Rationale:** Job evaluation is a method of measuring the value of a job, *not* the performance of the person holding the job. The other three options are key applications of performance appraisal. (Succession planning is a form of promotion or potential review, aimed at identifying future managers.)
Pitfalls: This is a common source of confusion (akin to the difference between job descriptions and person specifications in recruitment).
- 2 D **Rationale:** Overall assessment is narrative comment without the guidance on how the terms should be applied. Grading uses rating scales (definitions of performance on each characteristic from 1-5, say). Behavioural incident methods compare specific behaviours against typical behaviour in each job.
- 3 B **Rationale:** Achievable (which is part of the SMART objectives framework) is different from 'easily achievable': one of the key points of performance measures is that they should be motivational, which means that they should be at least a little bit challenging.
- 4 B **Rationale:** This manager listens in the second part of the interview, taking on a dual role as critic and counsellor – and not assuming that all performance problems are the fault of the employee himself. Tell and sell would be more one-sided ('selling' simply being gaining acceptance of the evaluation and improvement plan). Problem-solving is even more of a collaborative, proactive process, with the manager in the role of coach.
- 5 D **Rationale:** 360-degree is, by definition, a 'rounded' view of an individual's performance from the appraisee, colleagues, superiors, subordinates and relevant business contacts. Self appraisal is likely to be biased by self-perception; peer appraisal by team relationships; and upward appraisal by subordinates' fear of reprisals.
- 6 C **Rationale:** This is the definition of performance management. It differs from performance appraisal in its emphasis on collaboration, objective-setting and on-going management.
- 7 D **Rationale:** These are all valid criteria.
- 8 A **Rationale:** Multi-source feedback is another term for 360-degree feedback or appraisal. (360-degree management was a distractor.) Management by objectives and performance management are both approaches to collaborative objective-setting, on-going development and periodic review.

Answers to objective test questions

19 Business organisation and structure

1 B, E **Rationale:** You can't infer anything about the span of control from the chart, as it does not depict numbers of subordinates reporting to each manager. The structure does not prevent horizontal or diagonal communication: they can be seen on the chart (and may take place whether shown on the chart or not).

Pitfalls: You needed to be able to identify the various bases of organisation: functional (eg information systems and production), geographical (eg UK and Europe) and product based (eg fresh foods, frozen foods, drinks).

Ways in: You should be able to work your way through the options to identify those which are undoubtedly true.

2 C **Rationale:** The scalar chain is the downward flow of delegated authority in an organisation and the need for reports to flow back 'up': it is often a source of slow communication and rigidity (eg in bureaucracies). Horizontal structure allows the flow of information and decisions across functional (vertical) boundaries: it is a key approach to flexibility – including project teams (which are also cross-functional). The 'Shamrock' is a form of numerical flexibility, where a firm has a core staff and a various peripheral 'leaves' which it can draw on as the demand for labour fluctuates.

Ways in: You could narrow your options by ruling out project teams: otherwise, you simply needed to know your terminology well.

3 True **Rationale:** This is the definition of limited liability.

4

Marketing mix	Purchasing mix
Price	Quality
Promotion	Price
Place	Delivery
Product	Quantity

Rationale: These are the factors included in each 'mix'.

Pitfalls: You may have hesitated over whether Price or Product was included in the Purchasing mix (which is why you really needed to know, not guess!)

Ways in: You should remember the marketing mix clearly as the '4 Ps': after that, it was easy to sort out the purchasing mix. Price would be a better choice than Product – since Quality and Quantity define the key product parameters for purchasing in any case.

5 C **Rationale:** Minute-taking is one of the roles of the secretary, who essentially provides administrative support to the committee. A is the role of the chair, while B and D may be imposed on the committee by the authorities to which it reports.

6 Josh **Rationale:** HR and line departments generally provide details of salary/wage rates, time sheets etc – but the finance department generally administers payroll, so Josh is likely to be responsible.

7 B

Examiner's comments. The examiner commented that many students struggled with this question. Measures such as value for money or efficiency are often used in not-for-profit organisations such as local authorities. Students should not restrict their studies to the public sector perspective.

- 8 A,B,E **Rationale:** Ideas can be created by forming a brainstorming committee or think tank. Committees can be used to exchange ideas and get feedback before a decision is taken and they are therefore an excellent means of communication. Problem solving can be facilitated by consultations between interested parties. Committees are not usually used to delegate work or provide training.
- 9 True **Rationale:** Time, expense and compromise decisions are some of the disadvantages of a committee so Paul is correct. There are, however, many advantages to committees as well.
- 10 C **Rationale:** A centralised organisation is one in which authority is concentrated in one place. If all decisions are made in the same place then it will be easier for the decision-makers to see the 'bigger picture' and therefore understand the consequences of their decisions. Options A, B and D are advantages of decentralisation, where decisions are delegated.
- Pitfalls:** You may have hesitated over option D. The idea is that control and accountability are lessened as decisions are made further away.
- 11 Lesley **Rationale:** Diane and Joanne work at operational level as they are concerned with routine activities. Lesley is at an intermediate level and is managing resources. She is therefore part of tactical management. Tracey is concerned with direction setting for the business and is therefore part of strategic management.
- 12 D **Rationale:** A co-operative is a business which is owned by its workers or customers, who share the profits. Others features include open membership, democratic control, distribution of surplus in proportion to purchases and promotion of education.

20 Information technology and systems

- 1 Cost-beneficial
 Complete
 Multi-source
 Accurate
 Authoritative
 Complex
 Detailed
 Timely

Rationale: Information need not be multi-source (as long as a single source is reliable or authoritative); the proliferation of sources can contribute to information overload. Information need not be complex or detailed: more important are clarity, ease of use and a sufficient level of detail for the user's needs (think of executive summaries, for example).

Ways in: If you knew the ACCURATE mnemonic (given in the BPP Study Text), you could easily identify the relevant qualities: Accurate, Complete, Cost-beneficial, User-targeted, Relevant, Authoritative, Timely and Easy-to-use.

- 2 Strategic B, E
Operational D, F
Tactical A, C

Rationale: Ratio and market analysis are strategic planning activities; exception reports and variance analysis are part of the managerial process of control; file listings and invoices are operational or administrative matters.

Ways in: Identify the obvious answers first, like the operational outputs. This clears the way a bit, so that you can focus your thinking on the remaining factors.

- 3 A, B **Rationale:** External environment focus is not characteristic of an MIS: they tend to be internally focused on current and historical performance, using data from transaction processing systems.
- 4 A, C **Rationale:** Information bureaux and published reports are external sources of information.
Pitfalls: You may have hesitated to include members of staff as sources of information – but it is important to remember that they are!
Ways in: You could narrow your options by eliminating the obvious external sources, and then decide about Option C...
- 5 D **Rationale:** Data independence is the independence of data items from the programmes which access them. Data integrity is the accuracy and consistency of data. Data integration refers to the ease with which applications access the central pool of data.
Ways in: Think of the normal English usage of each word. Even if you only know of redundancy in terms of having more workers than the business needs, you could connect this to the concept of duplication.
- 6 A True. **Rationale:** An extranet is an intranet that is accessible to authorised outsiders, using a valid username and password. They are becoming very popular as a means for business partners to exchange information.
- 7 B **Rationale:** A pricing system would be part of a sales/marketing TPS; accounts receivable, part of a finance/accounting TPS; and employee records part of an HR TPS.
Pitfalls: Don't rush to identify the option with 'product' in it, just because the question includes 'production': this is a common source of errors if you are rushing or unfocused. Note also that the question was about a manufacturing *function*: if it had been about a manufacturing *organisation*, the broader TPS may have included *all* the options.
Ways in: You could probably rule out the options most obviously related to HR ('employees') and finance ('accounts').
- 8 A **Rationale:** On-line processing involves transactions being input and processed, and master files being updated, immediately. Batch processing is where transactions are grouped and stored before being processed at regular intervals (eg daily or weekly): this is more suitable for internal, regular tasks such as payroll – not for systems involving customer response. The Ace system is strictly internal, so it does not qualify as an extranet (a network giving access to selected external users). Option D is a red herring, because you were told that Ace's system is a Transaction Processing System – not an OAS.
Pitfalls: If you associated the phrase 'on-line' with 'connected to the Internet', you might have thought that because this is an internal system, it could not be on-line processing. Be aware of this technical use of the term 'on-line'.
Ways in: You should be able to rule out options C and D. Then you might even recall the distinction between batch and on-line processing.
- 9 B **Rationale:** The operational level would deal with matters such as cash receipts and payments, bank reconciliations and so on. The strategic level would deal with sources of finance, key financial ratios and so on.

21 Influences on organisational culture

- 1 A **Rationale:** Statement (i) is true. Statement (ii) is not, because the informal organisation has its own agenda. Statement (iii) is not, because a strong informal organisation with its own agenda can undermine the formal organisation: create damaging rumours, safety/quality shortcuts, distractions from task goals etc.
- 2 A **Rationale:** Apollo is associated with role culture; Athena with task culture; Dionysus with person culture.
Pitfalls: Since the syllabus specifically mentions Handy (not Harrison), it would be worth learning the 'god' labels.
Ways in: You might be aware that Zeus was 'king' of the gods in Greek mythology: this might help with the association to the power culture of the leader.
- 3 B **Rationale:** Low masculinity (or femininity) is about high regard for values such as focus on relationships and quality of working life, and the acceptability of such values for both men and women: Mr Q's nurturing style would score on this dimension. His approach does not really say anything about power-distance (command-and-control v delegation-and-involvement). There are elements of uncertainty-avoidance in his attempt to minimise staff insecurity – but this would be high UA, not low UA.
Pitfalls: Don't confuse the masculine/feminine dimension with straightforward gender stereotypes!
- 4 C **Rationale:** Dependency increases stakeholder power and creates risks and constraints. A buyer would not necessarily want a supplier to be dependent on its business (for ethical reasons), any more than it would want to be dependent on a supplier (for bargaining and supply risk reasons). The other three are clearly desirable.
Pitfalls: You may have hesitated over information-sharing, because of intellectual property and confidentiality issues – but it is necessary for high-interest, high-power 'key players'.
- 5 A, D, F **Rationale:** Employees have a direct interest because financial performance affects wages, benefits and morale; managers, because their performance is measured on that of the business; and the government, because of tax revenue. Of the others, customers might have an interest if the retailer was at risk of closing – or if financial performance translated into price discounts/rises, but this is more speculative.
- 6 B False. **Rationale:** Robert Anthony classified managerial activity into strategic management, tactical management and operational management. Operational management is matched with a role culture. It is tactical management which is matched with task culture because it is concerned with establishing means to the corporate ends.
- 7 Janet only **Rationale:** Internal stakeholders include employees and management and so Janet is the only internal stakeholder. Customers and suppliers (like Mary at P Co) are connected stakeholders. Pressure groups such as D Group are external stakeholders.
- 8 B **Rationale:** The grapevine *can* have a negative effect on productivity (eg if disruptive rumours are spread), but by by-passing formal channels, it can also be a way of speeding up decision-making and enhancing processes through encouraging cross-functional communication. It should be harnessed, rather than discouraged.
- 9 D **Rationale:** The founder influences culture through founding values; history/experience through creating expectations and stories; recruitment and selection by choosing people who will 'fit' (or change) the culture; industry by having its own culture; and labour turnover by allowing people who don't 'fit in' to 'get out'.
Pitfalls: You may immediately have ruled labour turnover out as an irrelevance. Key point in answering MCQ questions: don't rule out *any* option at first glance!

22 Ethical considerations

- 1 D **Rationale:** Boundaries are the rules that restrict management's freedom of action: they include legislation, regulation and contractual agreements. Responsibilities are obligations which a company voluntarily undertakes. The primary economic objective relates to optimal resource-conversion (eg profitability). Non-economic, social objectives modify management behaviour in line with stakeholder expectations.
- Pitfalls:** Environmental protection may be a non-economic, social objective. The point about the *regulations*, however, is that they are not negotiable!
- 2 A **Rationale:** Minimum wages would not represent an ethical objective – because it is already a legal obligation! The other objectives reflect policy over and above statutory minimum standards. (Employability training is giving employees the opportunity to develop skills that will enhance their value and mobility in the labour market, in the event that the employer cannot offer long-term job security within the firm.)
- 3 True **Rationale:** Failure of fiduciary duty (duty of faithful service) does not have to be by reason of corruption. The IT manager is putting personal motivations ahead of the organisation's interests – even though (s)he gains no material benefit as a result.
- 4 A, C **Rationale:** Both approaches are prescriptive, and designed to prevent, detect and punish infringements of specific rules. Integrity and framework based approaches aim to encourage people to develop ethical values and decision-making skills. Utilitarianism is a foundation for ethical decision-making, based on pragmatic consideration of 'the greatest good for the greatest number'.
- 5 A, C **Rationale:** CPD is an ethical issue for competence and due care: you are bound by the code of ethics to continue to keep your skills up to date with relevant practices and standards. Vulnerability to pressure is an issue for objectivity and independence. Accepting gifts may be a threat to objectivity – but not in this case. Disclosure of money laundering is a statutory duty: accounting professionals are not in breach of duty of confidentiality in these circumstances.
- 6 A True. **Rationale:** A healthy sense of scepticism is a quality that an accountant should have. An accountant needs to question information given to him/her and form an opinion on its quality and reliability.
- 7 B **Rationale:** A framework approach sets out principles and guidelines, rather than detailed rules to cover every specific situation. This leads to listed advantages – but not to consistent application, since there is a high degree of discretion in applying guidelines to different cases.
- 8 C **Rationale:** The saying is: 'the law is a floor'. By meeting non-legal regulations (including the rules of your workplace) you should meet a higher standard of behaviour than the legal requirements. Ethical behaviour is a higher moral standard, based on society's expectations and principles.
- 9 A **Rationale:** The principle of due care is that, having accepted an assignment, you have an obligation to carry it out to the best of your ability, in the client's best interests, and within reasonable timescales, with proper regard for the standards expected of you as a professional. In this scenario, any answer you give on the spot would risk being incomplete, inaccurate or out-of-date, with potentially serious consequences, if the client relies and acts on your reply. Integrity is honesty, fair dealing and truthfulness; professional behaviour is upholding the reputation of your profession; and confidentiality is not using or disclosing information given to you by employers or clients in the course of your work. (None of these issues applies directly here.)

23 Corporate governance and social responsibility

- | | | | <i>True</i> | <i>False</i> |
|---|--|--|-------------------------------------|-------------------------------------|
| 1 | | Lack of board involvement is a feature of poor corporate governance | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | | A board containing a majority of non-executive directors is a feature of poor corporate governance | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | Rationale: Boards that meet irregularly or fail to consider systematically the organisation's activities and risks are clearly weak. | | |
| | | Having a majority of non-executive directors on the board is good corporate governance (and in fact, the New York stock exchange rules now require listed companies to have a majority of non executive directors.) | | |
| 2 | B | Rationale: This is a major problem for non-executive directors, because they are likely to have other commitments. You should have had to think through the other options, however. Some of the <i>advantages</i> of non-executive directors are that they offer a comfort factor for third parties such as investors and suppliers; they have a wider perspective and (hopefully) no vested interest; and they have a combination of knowledge/expertise and detachment. | | |
| 3 | <input checked="" type="checkbox"/> True | Rationale: This has recently been stressed in corporate governance guidance. Other forms of diversity which help the board to carry out effective scrutiny include a mix of expertise, and a balance of executive and non-executive directors. | | |
| 4 | C | Rationale: Only Option C fulfils the requirement for full independence of the body that sets directors' remuneration (to avoid directors' awarding themselves unjustifiable rewards!). A nomination committee has the separate task of overseeing board appointments. | | |
| 5 | A, C | Rationale: Using local suppliers is part of the government's sustainability strategy, as it develops and preserves local business, employment and communities. Minimising energy consumption conserves resources. The other two options are not directly related to sustainability goals. | | |
| 6 | <input checked="" type="checkbox"/> A | Rationale: This is one of the main responsibilities of the audit committee. Others include liaising with external auditors, reviewing internal audit, internal control and risk management. | | |
| 7 | C | Rationale: This is the definition used by the Accounting Standards Board. Options B and D are other corporate governance reports that may be required (Option B being a requirements of the London Stock Exchange). Option A is just a distractor. | | |
| 8 | B | Rationale: 4 is incorrect and can actually be problematic for non-executive directors. Non-executive directors often have limited time to devote to the role as they are likely to have other time consuming commitments. | | |
| 9 | D | Rationale: 'Accommodation' here means adjusting to the demands of others (rather than being proactive). Option A describes a proactive strategy; Option B a defence strategy. Option C is a distractor, in case you were taking a wild guess and focused on 'accommodation' in the sense of housing for business facilities. | | |

24 The macro-economic environment

- 1 A, 4
 B, 1
 C, 3
 D, 2
- Rationale:** These are the correct definitions. The distinctions are important, because seasonal and frictional employment are short-term. Structural unemployment (like technological and cyclical unemployment) is longer-term and more serious. Real wage unemployment can be reduced eg by negotiating with trade unions to accept wage reductions in order to stimulate demand for labour and allow the market to clear.

- 2 A 2
B 4
C 3
D 1

Rationale: The diagram depicts a typical cycle: recession (beginning at point A), depression, recovery and boom. As long as you did your matching carefully, this should be straight forward.

- 3 False **Rationale:** Taxation is an element of fiscal policy.

Pitfalls: Make sure you can distinguish fiscal and monetary policy.

- 4 B **Rationale:** Cost push inflation arises from increases in the costs of production. Demand pull inflation arises from an excess of aggregate demand over the productive capacity of the economy (aggregate supply) creating an inflationary gap.

- 5 A

- B

- D

Rationale: Option A refers to duties on cigarettes, alcohol and gambling products, for example, which forces providers to price them in a way that reflects their social costs (eg medical care, debt). Option B refers to duties on imports, making imported goods more expensive than domestically-produced goods. Option D should be obvious!

Pitfalls: The distractors look plausible and positive, but in fact the opposite is true. Taxation is used to redistribute income and wealth. It is also used to dampen upswings in the trade cycle (when there are signs of a boom), to take some inflationary pressures out of the economy.

Ways in: Option D should have been obvious, and you may have been aware of examples of Option A. You would then only have to select one from three remaining options.

- 6 Zero **Rationale:** the sum of the balance of payments accounts must always be zero, for the same reason that a statement of financial position must always balance: for every debit there must be a credit.

True *False*

- 7 High interest rates will keep the cost of exports high

Low interest rates will reduce the demand for products

Rationale: High interest rates will keep the value of the currency higher than it would otherwise be. This will mean that the cost of exports is high. Low interest rates will mean that consumers have more disposable income after interest payments and will also find saving less attractive. This will increase the demand for products.

- 8 B

Examiner's comments. The examiner noted that almost 50% of students selected the wrong answer. The key words in the question were 'arises from a permanent reduction in demand'. This would rule out cyclical and seasonal as these both imply peaks and troughs, not 'permanent reduction'. The examiner advised that students read the questions carefully and look for key words in the statement or question. The key words will help students choose the right option and steer them away from incorrect ones.

9 A

Examiner's comments. The examiner commented that some students struggled with this question. Stagflation occurs when economic growth (defined by the change in national income in a period) is low or negative, and inflation is high. So the relevant figures are percentage change in GDP and change in consumer prices. Northland and Eastland both experienced negative growth, however, Northland had a high level of price inflation as well and so A is the correct option.

10 B **Rationale:** Potential growth is the rate at which the economy would grow if all resources were utilised: it is therefore determined by factors in the capacity of the economy (supply side), such as increases in the amount of resources available, or in the productivity of resources. Actual growth is determined both by growth in output (supply side) *and* aggregate demand (demand side). Options C and D were merely distractors.

25 The business environment

1 C **Rationale:** Low switching costs means that it will be easy for customers to change from existing suppliers to a new supplier: this would facilitate entry to the market. The other options should clearly pose difficulties to a new entrant: not yet big enough to benefit from economies of scale (against competitors who are); high start-up costs; high degree of recognition of and loyalty to existing brands.

2 A, C **Rationale:** Improved IT has resulted in managers or staff 'lower down' the hierarchy being empowered to make decisions previously made by middle managers. IT has therefore had the effect of flattening organisational hierarchies and widening spans of control.

There has been a growing realisation that information is a resource and that it has many of the characteristics of any other resource.

Note that more detailed planning is possible, for example, through the use of spreadsheets.

3 A, C **Rationale:** Remember that primary activities are directly related to production, sales, marketing, delivery and service. Support activities provide purchased inputs, human resources, technology and infrastructural functions to support the primary activities.

4 Delegating

Rationale: Outsourcing (contracting some of the firm's activities to external providers) and delayering (removing levels of the organisation hierarchy) are strategies for downsizing (reducing the number of staff permanently or directly employed by the firm). Delegating is the process whereby a superior gives a subordinate part of his or her own authority to make decisions.

5 B, C **Rationale:** Option A may *reflect* a cultural trend (increasing expectation of quality of working life, say), but it is a compliance issue. Option D is a demographic trend.

6 A **Rationale:** Option B is a real problem – but not relevant here.

Pitfalls: The answer should be obvious in the context of questions on this topic, but would you have known in an exam where there is no indication of which area of the syllabus was being tested?

7 D **Rationale:** These are three of the ways that government can directly affect the economic structure, according to Porter. Demand is affected as the government is a major customer. Governments can affect capacity expansion, for example, by using taxation policies to encourage investment in equipment. Government can introduce regulations and controls within an industry which may affect growth and profits and may therefore affect competition.

8 B **Rationale:** The shift away from mechanistic and bureaucratic organisations has led to delayering and hence a flatter structure, not a taller structure. Operating arrangements now need to be more flexible. The 'flexible firm' comprises a core of full-time permanent staff with key skills and peripheral part-timers or contract workers.

- 9 B **Rationale:** Lifestyle is generally considered a reflection of economic status and conditions, not a determinant of them. (For market segmentation purposes, for example, lifestyle factors are often measured in terms of attitudes, interests and opinions, rather than purely economic factors.)

26 The role of accounting

- 1 A 1 Financial accountant

- B 2 Cost accountant

Rationale: The cost accountant would be responsible for inventory reporting and valuation and for variance analysis. The financial accountant would be responsible for the non-current asset register and payroll.

Ways in: You may have wondered about some of these tasks but note that variance analysis is clearly the role of the cost accountant and could therefore have brought you to the correct answer.

- 2 A **Rationale:** Managers need most information, at a significant level of detail, to enable them to make planning and control decisions. They have special access to information, because they can arrange to obtain the information they need through the accounting system. Shareholders and tax authorities are entitled to certain information, focused on particular areas of interest (mainly profits). Financial analysts may only have access to public information and reports.

- 3 The audit committee of the board of directors

Rationale: In order to control the risks of fraud and error, the internal audit department should be separate from the finance department.

- 4 A, 2

- B, 5

- C, 6

Rationale: This should be straightforward once you work your way through the options.

Pitfalls: Keep the sales and purchases systems clear in your mind.

Ways in: You should be able to use the complete elements of the diagram and 'mirror' them to get the incomplete elements: 'suppliers' in a purchasing system are mirrored by 'customers' in a sales system, for example.

- 5 D **Rationale:** A quick phone call may be a more efficient way of obtaining or giving information than e-mail, for example. You may have hesitated over Option C because of often-stated warnings about 'garbage in, garbage out'. The risks of input error are the same – but computerised systems reduce the further risk of computation errors.

- 6 B **Rationale:** This is one of the disadvantages of a integrated system. It actually requires more computer memory which means there is less space. An integrated package may also have fewer facilities than separate systems.

- 7 C **Rationale:** The purchasing or procurement function is responsible for authorising purchases (and suppliers) and approving. The other functions contribute, however: production, by requisitioning only needed items; goods inwards, by checking that what was purchased is what is in fact received; and accounts, by seeking proper documentary evidence and authorisation for payment.

- 8 B **Rationale:** This is an important distinction. The clerk has received documentary evidence of the reason for payment (the supplier's invoice), and has received authorisation of the payment (from the purchasing director, who should have checked that the invoice corresponds to goods/services received). However, the authority to actually make the payment should be restricted to certain specified individuals – especially for large amounts. Authority to sign cheques in this case may be restricted to the finance director, say.

Pitfalls: The nature of control systems is they have multiple steps for checking and authorisation, and tend to segregate duties so that no-one has unchecked responsibility for whole processes.

- 9 B **Rationale:** This should be obvious from the context (debts represent goods bought on credit: hence, credit control) – but make sure that you could define the roles of all the other options, if you needed to!

27 Control, security and audit

- 1 D **Rationale:** It would be a limitation if controls *depended* on the method of data processing. The others are limitations, because: the costs of control must not outweigh the benefits; there is always potential for both human error and deliberate override of controls by management; and controls are designed to cope with routine transactions, not non-routine transactions.

- 2 B **Rationale:** The primary responsibility of the external auditor is to report to shareholders on whether the client's financial statements are accurate and free from bias ('true and fair'). The other options are true.

- 3 B **Rationale:** Substantive tests 'substantiate' the figures in the accounts. They are used to discover *whether* figures are correct or complete, not *why* they are incorrect or incomplete, or how the figures 'got there'. Option A is the aim of *compliance* tests.

- 4 Correct **Rationale:** Correct controls are designed to enable the organisation to minimise the effect of errors: in this case, restoring data from the back-ups if the main data store is corrupted. Prevent controls are designed to prevent errors from happening in the first place, and detect controls are designed to detect errors once they have happened.

- 5 Audit trails

Rationale: Audit trails enable system administrators to maintain security, check transactions (in order to identify errors and fraud), recover lost transactions and monitor the use of network resources. Passwords are access controls and archives are long-term back-up storage: both are good system controls. Cookies are programmes that enable the personalisation and tracking of web browsing: not relevant here!

Pitfalls: There is lots of terminology in this area: get to grips with all the basic terms and procedures.

- 6 A **Rationale:** Discretionary controls are controls which are subject to human discretion. Non-discretionary controls are provided automatically by a system and cannot be bypassed.

- 7 B **Rationale:** A systems audit is based on the testing and evaluation of internal controls. A probity (or transaction) audit checks account entries to identify errors or omissions which may indicate fraud. A social audit measures the social responsibility or social impacts of the business.

Pitfalls: This is another area of distinctive clusters of terminology: make sure you can identify operational, systems and transactions audits – and the types of tests they use (compliance v substantive).

- 8 A **Rationale:** This may seem like a simple point, but it is an important point of difference between internal and external auditors. Internal audit is designed to add value to the organisation's operations, reporting to those charged with its governance. External audit is designed to enable auditors to express an opinion on the accuracy and objectivity of the financial statements, reporting to the shareholders or members of the company.

- 9 C **Rationale:** This may suggest that internal audit work is not properly planned, reviewed or documented: a failure of due professional care. The other options show good status, scope and technical competence.

28 Identifying and preventing fraud

- 1 Motivation
 Opportunity

Rationale: In this context, motivation means an incentive to act dishonestly: high enough rewards or low enough risks, say. 'Lack of motivation' suggests that employees must be inadequately motivated at work (not enough pay, not enough job satisfaction) in order to commit fraud: this is not the case. Confidentiality is irrelevant. (Dishonesty is the third prerequisite for fraud.)

- 2 C **Rationale:** There are plenty of ways of securing access to data, using available software tools: password protection, encryption and so on. (Of course, the firm has to *use* them, but that is a separate issue!) Hackers are unauthorised people breaking into the system. Lack of managerial understanding creates loopholes in controls, and the ability to conceal fraud by technical staff. Integrated systems also help to conceal fraud, by ensuring that alterations to records are consistent: fewer discrepancies to trigger investigation.

- 3 False **Rationale:** This may be more subtle than outright theft, but it is still an example of the removal of funds from a business, and of 'deprivation by deceit' (the definition of fraud).

- 4 Investors
 Suppliers

Rationale: Investors will be making decisions (and taking risks) on inaccurate information. Suppliers will extend credit without knowing the true financial position of the company. (Staff and customers will eventually be effected if shortfalls in working capital threaten the business...)

- 5 D **Rationale:** These are measures for fraud prevention and control. A fraud response plan specifically deals with investigating and dealing with the consequences of identified frauds. This includes taking immediate steps to secure the security of records that will be investigated (options A and C) and launching an investigation into the method and extent of fraud (option B).

- 6 B **Rationale:** It is the responsibility of the directors to take reasonable steps to detect and prevent fraud and error.

- 7 A

Examiner's comments. The examiner commented that only 36% of students got this question correct. The examiner stated that it is important for students to be realistic about what the external auditing function can achieve. (In other words, common sense should help to answer this type of question.)

- 8 C **Rationale:** Limit controls limit opportunity for fraud: another example is limiting access to the computer network by means of passwords. Segregation of duties means ensuring that functions which *together* facilitate fraud are performed by *different* individuals: eg separating the cheque signing function from the authorisation of payments. Appropriate documentation involves recording, authorising and tracking transactions through purchase requisitions, orders, invoices and so on.

- 9 B **Rationale:** Performance-based rewards increase pressures and motivation for managers to manipulate results.

Ways in: A good approach for these sorts of question is to work systematically through the options to eliminate those which are clearly true. That way, even if you are left with an option you are not sure about (because performance-related pay for managers is such a popular strategy, say), it is the best option you've got.

29 Leading and managing people

1 A **Rationale:** A consultative style is the most popular among subordinates, although a 'sells' style is perceived to be most used by leaders – and a 'tells' style encourages the highest productivity in many circumstances.

2 Authority

Rationale: Responsibility is the duty to perform an action. Power is the ability to perform an action (and in particular, to influence others). Influence is a process by which a person can direct or modify the behaviour of another person.

Pitfalls: These are fine distinctions in meaning – but they underpin the idea of management and leadership and are an excellent source of potential exam questions.

3 Controlling
 Commanding

Rationale: Communicating is a conspicuous absence from Fayol's model, in the light of subsequent leadership theories which emphasise interpersonal skills. However, the five functions are planning, controlling, organising, co-ordinating and commanding.

4 Figurehead

Rationale: Interpersonal roles are based on the manager's formal authority: they include the roles of figurehead, leader and liaison. Informational roles are based on the manager's position in internal and external information networks: they include monitor, spokesperson and disseminator. Decisional roles related to the work of the manager's department: entrepreneur, disturbance handler, resource allocator and negotiator.

5 A, 2
B, 1
C, 3

Rationale: This should be straightforward.

Ways in: You should be able to identify contingency theory from the phrase 'it all depends' or 'no one best way'. You may then associate 'personal qualities' with 'traits' or 'clusters of behaviour' with 'styles'.

6 C

Rationale: Contingency theories are based on the belief that there is no 'one best way' of leading but that effective leaders adapt their behaviour to changing variables. Adair's model sees the leadership process in a context made up of the task needs, individuals' needs and group needs.

7 B

Examiner's comments. This question was not handled quite as well as some others. Students must ensure that they understand the main principles associated with the management theories in the study guide.

8 B **Rationale:** Managers generally find verbal information 'hotter' and easier to grasp. The other two options are key insights by Mintzberg, who developed a well-known model of nine managerial roles from this research.

Pitfalls: Mintzberg is responsible for a number of well-known models which feature in the syllabus: make sure you distinguish between his structural components, structural types, managerial roles, perspectives on strategy and so on.

Ways in: If you were aware of the managerial roles model, you could eliminate option C.

- 9 A **Rationale:** This is a description of John Adair's action-centred leadership model. Contingency theory is more general: indeed, Adair's model is within the contingency school of thought. The managerial grid is based on two dimensions: concern for task and concern for people. Dispersed leadership (Heifetz) is the idea that individuals at all organisational levels can exert a 'leadership influence'.
- 10 B **Rationale:** Planning is about determining objectives and how to reach them. Controlling is measuring and adjusting activities in line with plans. Commanding is instructing people to carry out plans.
- Ways in:** even if you didn't recognise the description of organising, you could probably have eliminated the other options.

30 Individuals, groups and teams

- 1 Identity **Rationale:** The definition of a group is, basically, 'any collection of people who *perceive* themselves to be a group' (Handy). Identity means that there are acknowledged boundaries to a group, which define who is 'in' and who is 'out', 'us' and 'them'. Groups *may* have a defined leader and purpose, but not always. Conformity can be an attribute of groups or crowds.
- Pitfalls:** Note that this wasn't a question about the difference between a group and a team – although this too would make a good exam question...
- 2 C, D **Rationale:** Group decisions are more easily enforced, because there is more 'ownership' of the decision by members, and group pressures will be applied. They are also better evaluated, because they involve multiple perspectives. The other two options are incorrect. Group decisions have been found to be more risky, because of the shared responsibility and other factors. They also take longer to reach, because of the time for information sharing (and even more, if the group wants to reach consensus).
- 3 A **Rationale:** This should be straightforward if you have understood the Belbin model. A healthy team has a mix and balance of roles. However, members can adopt more than one role, or switch roles as required: there need not be nine members with fixed roles. Belbin argues that it is the *process* roles (how people behaviour, contribute and interact with others), rather than the functional roles (technical skills and operational knowledge) that impact on team functioning – although functional roles are still important for getting the task done!
- 4 Adjourning
- Rationale:** Adjourning is where the group sees itself as having fulfilled its purpose, and there is a process of disconnecting from the task and group – because there will have to be a renegotiation of aims and roles for the new task. Mourning is a related process, but refers to groups which are going to disband altogether. Dorming is where a group grows complacent about performance. Norming is a much earlier stage in the cycle, where the group reaches agreement about work methods, roles and behaviours.
- Pitfalls:** Dorming, mourning and adjourning are all late stages of group development, and can be confused if you are not clear about them. Although 'forming, storming, norming and performing' is better known, these additional stages are part of Tuckman's model.
- 5 C **Rationale:** Competition with other groups enhances solidarity, and competition within a group destroys it, so options A and B are the opposite of solidarity-enhancing. Option D would lead to 'group think': inability to confront problems, lack of criticism of poor decisions, false consensus. It may create high solidarity, but not healthy solidarity.
- 6 C Role theory. **Rationale:** A role may be seen as a part you play: people sometimes refer to wearing 'different hats' in different situations or with different groups of people.

- 7 B **Rationale:** A multi-skilled team is one which brings together versatile individuals who can perform any of the group's tasks. Multi-disciplinary (or multi-functional) teams bring together individuals with *different* skills and specialisms, so that their skills can be pooled or exchanged. Self-managed teams are given discretion to plan their own task sharing and work methods, within defined task objectives: there is no suggestion that this is the case here. A virtual team is a geographically dispersed team, connected by information and communication technology (ICT) links.
- 8 A **Rationale:** Synergy is the difference between 'the sum of the parts' (in this case, a number of individuals working together) and the parts by themselves (in this, individuals working alone). Teamworking by definition always offers synergy – although it may be positive ($2 + 2 = 5$) or negative ($2 + 2 = 3$), because team maintenance absorbs energy from the task, or group norms stifle individual flair etc.
- Ways in:** You just had to know what 'synergy' was, if you were not going to take a 50:50 guess.
- 9 D **Rationale:** The Shaper is the 'dynamo' of the team: one of the forms of leadership in Belbin's model. The Plant is the ideas person and creative problem-solver. The Co-ordinator is the chairperson, clarifying goals, delegating, promoting decision-making. The Implementer is the person who turns ideas into practical actions.
- Pitfalls:** There are several 'leader' roles in Belbin's model: you need to distinguish between them. The Plant is an ideas leader; Resource investigator an entrepreneur; Co-ordinator a task organiser; and the Shaper an interpersonal leader...

31 Motivating individuals and groups

- 1 C **Rationale:** Job enrichment cannot offer management a cheap way of motivating employees: even those who want enriched jobs will expect to be rewarded with more than job satisfaction. The other options have been found in practice to be benefits of job enrichment.
- 2 B **Rationale:** According to Maslow, self-actualisation is the final 'need' to be satisfied. It is the fulfilment of personal potential. Maslow claims that this can rarely be satisfied.
- Ways in:** It might be worth memorising the triangular diagram and perhaps adding pictures to help you remember.
- Pitfalls:** You may have hesitated over option A but this was just a fictitious distracter. Esteem needs and physiological needs are lower down the hierarchy.
- 3 Absenteeism
 Labour turnover
- Rationale:** Absenteeism (unscheduled days off) and labour turnover (the rate at which people leave the organisation) tend to increase with low satisfaction and morale, as employees seek to withdraw from the job. There is no direct link between satisfaction and productivity levels, however: unhappy employees can be co-erced (or automated) into high productivity, for example, just as happy employees can have low productivity due to machine problems, poor information flows and so on.
- 4 B **Rationale:** Job evaluation focuses on job content, to measure the relative value of jobs, compared to each other, *not* their worth in money terms. Actual pay levels are set with reference to the other options, among others.
- 5 A **Rationale:** Option A is valence (V). Option C refers to 'expectancy' (E). Option B is 'force of motivation' (F): the product of valence and expectancy. Hence the equation: $F = V \times E$. The final option is a pure distracter.

6 Hygiene

Rationale: These are hygiene factors because they are not intrinsic to the job itself. They must be managed in order not to cause *dis*-satisfaction, but once experienced, they tend to be taken for granted: they cannot give lasting satisfaction in such a way as to motivate superior performance. Motivator factors are factors in the job like challenge, interest and responsibility.

7 C **Rationale:** Eva's new tasks are of the same skill level and responsibility as her original task, so her job has been horizontally enlarged rather than vertically enlarged (which would be job enrichment). If she had gone from just packing one shift, to just stamping on the next shift (and so on), this would have been job rotation. Option B is an irrelevant distractor: job evaluation is a method of measuring the value of jobs for salary/wage setting and nothing to do with job design.

Pitfalls: Any area like this where students frequently confuse similar terminology is ripe for examining. Read, think and check your answers carefully, to avoid careless errors!

8 A **Rationale:** Content theories assume that human beings have a set of needs or desired outcomes: motivation is about offering them the satisfaction of those needs. *Process* theories focus on option B: the process by which outcomes become desirable and are selected and pursued by individuals.

Pitfalls: The distinction between content and process theories is a regular focus of exam questions on motivation. Know what each involves and be able to cite examples of each!

9 B **Rationale:** Micro-division of labour (or job simplification) is breaking down jobs into their smallest possible components, and having one person carry out one component. Division of labour (option C) is specialisation, but not to this extent. Job enlargement implies greater task variety, and empowerment, greater task significance and responsibility.

32 Personal effectiveness and communication

1 Team meetings

Rationale: Notice boards are unsuitable for upward communication, and organisation manuals and team briefings are for downward communication.

Pitfalls: You needed to be aware of the nature of a team briefing, which is for information and instructions to be given (downward) to a team.

2 Distortion

Rationale: Noise is the *other* main type of communication problem: interferences in the environment in which communication takes place, affecting the clarity, accuracy or arrival of the message. Redundancy is a *positive* principle in this context: you can use more than one form of communication, so that if one message does not get through (perhaps because of noise or distortion), another may. Feedback is an essential part of the communication cycle: it is the response which indicates to the sender whether the message has been correctly received.

3 A **Rationale:** Sequencing means determining the order in which activities are performed (ie prioritising); scheduling means determining when each activity will be performed (eg timetabling); and loading is allocating the activities to people or machines.

4 Counselling

Rationale: Coaching is more job/skill-related. Mentoring is for longer-term development planning. Counselling (eg to address the underlying reasons for the employee's inability to relate to people in the team) is likely to be the most helpful intervention.

- 5 A **Rationale:** It is worth noting that information should be ‘accurate’ (in the sense of ‘factually correct’) but not necessarily highly detailed. The user’s needs and abilities must be taken into account: in business contexts, summaries and approximations are often good enough – or positively helpful in avoiding information overload!
- 6 D **Rationale:** The wheel was the fastest and the Y was the second fastest in Leavitt’s experiment. The chain was the slowest. The reason was the fact that messages came through and were distributed from a central source.
- 7 B **Rationale:** This is the definition of diagonal communication. Lateral communication (also known as horizontal communication) flows between people of the same rank, in the same section or department or in different sections or departments.
- 8 A

Examiner’s comments. The examiner commented that around 50% of students got this question wrong and highlighted the point that students must clearly understand the key definitions within the syllabus. For example, coaching is not one-way so option B could immediately be eliminated. It is important to look for key words (clues) to the right answer.

- 9 B **Rationale:** Research shows that people pay *more* attention to non-verbal cues in interpreting what someone means than they do to the words themselves. The other statements are true.
Pitfalls: You may have wrongly selected option C if you associated non-verbal communication too narrowly as ‘body language’: be aware of the full range of non-verbal signals that can be given or received.
- 10 C **Rationale:** ‘Jargon’ is the use of technical language which another person, from a different discipline, does not share. Marketing and accounts may have different priorities, which would be a potential barrier if they were talking about ‘the importance of advertising’, say, but this is less likely to be relevant to a technical explanation. ‘Technical noise’ specifically means interference caused by technical malfunction in the transmission or reception of a message: a fax machine breakdown or poor handwriting, for example.
- 11 C **Rationale:** A formal business report is designed for clarity and ease of use, so it traditionally has a structure of sections, headings/sub-headings, appendices and so on. The other options had certain conventions for identifying the sender and target recipient of the message, but the body of the message is very flexible.
- 12 B **Rationale:** SMART is ‘Specific, Measurable, Attainable, Relevant and Time-bounded’, although versions differ. Options A and C are both very plausible – and also qualities of effective goals – but you wouldn’t want to replace ‘measurable’, which is essential (otherwise, how will you know when you’ve reached your goal?).

33 Recruitment and selection

- 1 Employee flexibility

Rationale: Job descriptions can be narrow and restrictive, giving people a limited sense of what is their ‘job’ and what isn’t. This can create demarcation lines which prevent people from flexibly switching tasks, or working effectively in multi-skilled teams. The other options are all potential uses of job descriptions, because they clearly state all the elements of a job: for calculating their value to the organisation (job evaluation), identifying gaps in job holders’ ability (training needs analysis) and preparing selection criteria (recruitment).

- 2 Local newspapers

Rationale: A professional journal would not be read by the target audience, and the same could be said of the corporate website (although this would be a cost-effective way for the firm to promote itself generally as an employer). National newspapers will be too expensive, given that most of the audience will not be the firm's target group: low level positions are more likely to attract local applicants.

Pitfalls: If asked about choice of advertisement media, you need to think about cost and audience targeting together.

- 3 Innovation

Rationale: Succession planning develops managers in order to ensure managerial continuity over time – and internal promotion is a key way of grooming managers for higher positions. Induction time would be shorter, because an internal promotee is already familiar with the organisation's culture, structures, systems and personnel. Management will be familiar with an internal promotee and his or her performance so predicting job performance will be less risky. Innovation is *not* necessarily supported by internal promotion, because it does not bring 'new blood' into the organisation.

- 4 B **Rationale:** 'Maximum' information is not the point of interviews: squeezing as many questions as possible into the time allowed can restrict the flow of communication and put unnecessary pressure on the candidate, while a lengthy open-ended interview will be costly. The *relevance* of the information for selection is more important.

- 5 Proficiency test

- Work sampling

Rationale: Proficiency tests measure ability to do the work involved (eg a typing test or in-tray exercise). Work sampling may involve a portfolio of work or work-place evidence. Intelligence tests measure general intellectual ability, while aptitude tests predict potential to perform a job or learn a new skill on the basis of aptitudes (eg clerical, numerical, musical).

Pitfalls: The different types of testing have featured in previous exams: clear up any confusion about what is tested by each type of test.

- 6 D **Rationale:** The key factors here are the urgency, and the fact that the consultants do not know the organisation: there is not enough time to give the consultants an adequate understanding of the complex recruitment needs. In option A, consultants would bring a 'fresh eye' and avoid bringing the same old types of people into the organisation. In option B, consultants would provide expertise and resources to handle large-scale recruitment, which the organisation lacks in-house. In option C, the organisation can be confident that use of consultants would not be resented and resisted.

Ways in: It helps if you have a checklist in your head of reasons to outsource recruitment: 'new blood', resources/expertise and internal support would certainly be on that list. 'Lead time to brief consultants on the needs of the organisation' would be on the list of reasons *not* to use consultants...

- 7 C **Rationale:** Attributes are simply 'characteristics' of any kind. Skills are learned behaviours, rather than capacities. Attainments are achievements or qualifications.

- 8 C **Rationale:** This should have been fairly straightforward. It would be quite difficult to write a job description or a person specification if a vacancy had not first been identified.

34 Diversity and equal opportunities

- 1 A, C **Rationale:** Option A promotes equal opportunities by putting the matter higher on the HR department agenda, and creating accountabilities for results. Option C helps by giving women skills necessary to exploit opportunities for advancement. Option B is not an option – because although flexible working helps women with family responsibilities, it is discriminatory to offer unfavourable terms. Option D would tend to perpetuate the gender distribution already existing in the management team: still predominantly male.
- 2 C **Rationale:** The organisation has laid itself open to a claim of indirect discrimination, because if the selection decision had been made on the basis of a question asked of a woman but *not* of men, it may have been construed as such. (This rules out options D and A.) The claim would not succeed (ruling out option B) because the organisation would be able to justify the apparently discriminatory conditions on non-discriminatory (job-relevant) grounds.
Pitfalls: You need to get to grips with the basics of how this works, and recognise examples when you see them.
- 3 Yes **Rationale:** Under the new Employment Equality (Age) Regulations, this would unfairly discriminate against young employees on the basis of age. Redundancy selection must be justified on job-related criteria.
Pitfalls: Don't forget that age discrimination affects young people as well as 'old' – and that discrimination effects matters such as redundancy selection, access to training and access to benefits, as well as recruitment and selection.
- 4 Managing diversity **Rationale:** Equal opportunity is a narrower concept based on eradicating discrimination based on the crude dimensions of individual difference. The other options are just distractors
- 5 A **Rationale:** Positive discrimination (treating a minority group 'unfairly' well) is not permitted, except in relation to training provision. 'Quotas' are positive discrimination, because selection decisions cannot be justified on non-discriminatory grounds: 'targets' (as in option D) are 'positive action' – because they lead organisations to encourage under-represented groups to apply for jobs, and make non-discrimination a performance measure for selectors.
- 6 A True. **Rationale:** This is fairly straightforward. If a business does not discriminate then it has more job applicants to choose from and has more chance of finding the person with the right skills.

35 Training and development

- 1 A **Rationale:** A Pragmatist likes to learn in 'hands-on' ways that have a direct link to real, practical problems – so on-the-job practice is ideal. Option B would suit an Activist – a similar style, enjoying practical, active, participative learning, but without the need to see a work-related 'payoff'. Option C would suit a Reflector, since a journal offers opportunity for learning through reflection. And option D would suit a Theorist, with a preference for structured intellectual study.
Pitfalls: The pairs of 'hands off' and 'hands on' styles are quite similar: don't confuse them. It may help to relate each style to a different stage of Kolb's learning cycle, to make them more distinct. The Pragmatist focuses on the job; the Reflector reflects on what happened; the Theorist seeks to understand it; and the Activist plans to try something new.
- 2 C **Rationale:** Employee satisfaction would not be regarded as a quantifiable benefit – unless it could be correlated directly with figures such as reduced absenteeism and labour turnover (although it would be difficult to relate this specifically to training, as opposed to other effects).

Pitfalls: Watch out for qualifier keywords in the question like 'quantitative' or 'qualitative' (benefits, characteristics). Examiners don't try to trick you – but they do like you to read questions carefully!

3 A **Rationale:** This may seem like a minor point, but an important aim of induction is to avoid this crisis by ensuring that the employee is not frustrated, disoriented or disappointed in the first year of employment.

4 Job requirements

Pre-training behaviour

Learning gap

Rationale: Job requirements (competence required for the job) *minus* pre-training behaviour (current level of competence) *equals* learning gap. The costs of training are irrelevant to the question of whether training is *required* – although it will be important when it comes to deciding what training will be given!

5 Did it achieve its stated objectives?

Rationale: The other options are part of the *evaluation* of training: What impact did it have? Were the methods used appropriate? Did the benefits balance the costs?

6 A **Rationale:** It is important to separate development, training and education in your mind for this syllabus. Development is the growth of a person's potential. Training is a planned learning event. Education is knowledge that is acquired gradually by learning or instruction.

7 C **Rationale:** A formal training needs analysis involves systematic study (at the level of the individual, job or department) of the required level of competence, the present/actual level of competence and any gap between them. The other options are all ways in which learning needs may 'emerge' in the course of work: option A through monitoring developments in your field; option B as a 'critical incident' and option D as on-going performance feedback.

8 A **Rationale:** It is the networked aspect that makes e-learning different from CBT (using stand-alone computers). Blended learning involves learning using a combination of different methods and technologies: this would be the correct option if the learning support was available from face-to-face tuition, say.

Pitfalls: Learning technologies is fertile territory for exam questions, because there are so many closely-related methods and terms (coaching, mentoring etc).

Ways in: Just about anything with an 'e-' in front of it, these days, is about the Internet – not stand-alone computers, so you should be able to rule out option B.

9 A **Rationale:** This is Kolb's learning cycle which is a 'learning by doing' approach. It puts the learner in an active problem-solving role and encourages them to formulate and commit themselves to their own learning objectives.

Ways in: Simplified, this learning by doing approach involves:

Act → Analyse action → Suggest principles → Apply principles → Act ... and so on →

36 Performance appraisal

1 D **Rationale:** This is a double edged sword: a link between assessment and reward may motivate employees to take appraisal seriously, but can also make it threatening if they fear that they haven't done well. Moreover, there are other factors in setting rewards – and if there isn't a real connection between a positive appraisal and a meaningful reward, the 'implication' that there is will only undermine the appraisal system. The other options are clearly positive.

- 2 A, 4
B, 3
C, 2
D, 1 **Rationale:** These are simply facts about each technique.
- 3 False **Rationale:** The method in which the appraiser is least perceived as critic, and closest to being a 'coach', is the 'problem-solving' approach.
Pitfalls: This is an accepted framework, so it is worth getting to grips with the terminology.
- 4 C **Rationale:** Options A, B and D were identified as barriers to effective appraisal by Lockett: 'appraisal as unfinished business' (distracting from future-focused improvement planning); 'appraisal as bureaucracy' (a mere form-filling exercise); and 'appraisal as an annual event' (where on-going performance management is required). Lockett also identified 'appraisal as confrontation' as a barrier, but this is not what is implied by Option C, which reflects a genuine, job-relevant, problem-solving approach.
- 5 A, D **Rationale:** A is clearly true, and D is true because upward appraisal uses statistical rating and feedback is gathered from a number of appraisers (rather than just one). B is not true, largely because of fears of reprisals. C is not true, simply because managers in strong positions may have little incentive to respond to upward feedback.
- 6 C **Rationale:** Although appraisals can be used to measure the extent to which an employee is deserving of a bonus, it cannot be used to measure the effectiveness of the appraisal scheme itself. Funds may not be available for bonuses but this does not mean that the appraisal system is ineffective. Appraisals must be carried out with serious intent and managers must be committed to the system. The system should be fair and reasonably objective.
- 7 C **Rationale:** This is an advantage because it gives the individual a greater sense of meaning and contribution to the organisation. It is also an advantage to the organisation – as are all the other options. You may have hesitated over Option A: this would certainly be an advantage to appraisees identified for promotion – but not everyone.
- 8 B **Rationale:** Formal appraisal is required to force managers to think systematically, objectively and positively about performance; to ensure that adequate feedback is given to enable improvement; and to ensure that criteria are applied consistently across the organisation.
- 9 D **Rationale:** This involves setting specific targets and standards of performance, and measuring performance against them. Behavioural incident focuses on job behaviours; rating scales are the same as grading; and guided assessment is narrative comment on defined characteristics.

Mock Exams

ACCA

Paper F1

Accountant in Business

Mock Examination 1

Question Paper	
Time allowed	2 hours
All FIFTY questions are compulsory and MUST be attempted	

Please note that it is not possible to predict question topics in an examination of this nature. We have based the content of this Mock Exam on our long experience of the ACCA exams. We do not claim to have any endorsement of the question types or topics from either the examiner or the ACCA and we do not guarantee that either the specific questions or the general areas that are featured here will necessarily be included in the exams, in part or in whole.

We do not accept any liability or responsibility to any person who takes, or does not take, any action based (either in whole or in part and either directly or indirectly) upon any statement or omission made in this book. We encourage students to study all topics in the ACCA syllabus and this Mock Exam is intended as an aid to revision only.

DO NOT OPEN THIS PAPER UNTIL YOU ARE READY TO START UNDER EXAMINATION CONDITIONS

ALL FIFTY questions are compulsory and MUST be attempted

- 1 1 Private companies can raise share capital by advertising to the general public.
2 Private companies can raise share capital from venture capitalists

Are these statements true or false?

- A Statement 1 is true and statement 2 is false
B Statement 1 is false and statement 2 is true
C Both statements are true
D Both statements are false

(2 marks)

- 2 Nysslit Lerner plc, an organisation of some 400 employees, has an average span of control of three, throughout its structure. From this, which of the following inferences might one make?

- A The work is systematic and routine
B Job satisfaction is high
C The level of complexity in the work is high
D The organisation is flat

(2 marks)

- 3 Which of the following is part of the research and development function of a business?

- A The analysis of survey data on consumer behaviour, produced under contract by an independent market research company
B Organising exhibitions and sales promotions
C Creating new products and improving existing ones
D Contracting independent advertising agencies to promote the products being sold by the company

(2 marks)

- 4 What does the acronym MIS stand for?

- A Management Improvement Strategy
B Manufacturing Innovation Strategy
C Marketing Information System
D Management Information System

(2 marks)

- 5 Database systems the possibility of departments holding conflicting data on the same subject.

Which word correctly completes this sentence?

- A Reduce
B Increase

(1 mark)

- 6 You have received a letter from an estate agent, requesting financial information about one of your clients, who is applying to rent a property. The information is needed as soon as possible, by fax or e-mail, or the client will lose approval.

Which of the following ethical principles, identified in the ACCA code of ethics, is raised by the decision of whether, when and how to respond to this request?

- A Objectivity
B Technical competence
C Confidentiality
D Professional behaviour

(2 marks)

- 7 A large, well-established construction company organises itself on a project basis, using temporary matrix and project team structures.
- What cultural type is most likely to fit this organisation?
- A Role culture
 - B Power culture
 - C Task culture
 - D Person culture
- (2 marks)**
-
- 8 Which one of the following options sets out the required procedures for all of the various functions of a business?
- A An accounting manual
 - B A function policy
 - C A management information manual
 - D A policy manual
- (2 marks)**
-
- 9 Which of the following is a purpose of a job evaluation?
- A Identifying individuals' training and development needs
 - B Evaluating the organisation's recruitment and selection procedures
 - C Improving upward communication
 - D Demonstrating compliance with equal pay legislation
- (2 marks)**
-
- 10 Suppliers are classed as external stakeholders of an organisation.
- Is this statement true or false?
- A True
 - B False
- (1 mark)**
-
- 11 Helen, Jack, Sue and Joe work in the finance department of Y Co which has separate financial accounting and management accounting functions. Helen works on inventory valuation, budgetary control and variance analysis. Jack deals with sales invoicing and debt collection. Sue deals with quarterly sales tax returns and corporation tax and Joe carries out risk assessments and assists in project planning. Which member of the department would report to the management accountant?
- A Helen
 - B Jack
 - C Sue
 - D Joe
- (2 marks)**
-
- 12 A company has placed a job advertisement for a full time employee and a part time employee. The part time employee's terms are less favourable than the full-time employee's terms. What type of discrimination is this?
- A Direct discrimination
 - B Indirect discrimination
 - C Victimisation
 - D Implied discrimination
- (2 marks)**
-
- 13 Individuals may conform with the norms and customs of a group without real commitment. Which of the following terms describes such behaviour?
- A Compliance
 - B Counter-conformity
 - C Internalisation
 - D Identification
- (2 marks)**
-

- 14 Which of the following is a negative contribution of the audit committee, in a corporate governance framework?
- A Increasing public confidence in the credibility and objectivity of financial statements
 - B Acting as a barrier between the main (executive) board and the external auditors
 - C Giving the finance director a forum to raise issues of concern
 - D Strengthening the position of the internal audit function
- (2 marks)**
-

- 15 Which of the following is a feature of ineffective delegation by a manager?
- A Specifying performance levels and the results expected of the subordinate
 - B Obtaining the subordinate's agreement with the task and expected results
 - C Ensuring that all the subordinate's decisions are confirmed or authorised by the superior
 - D Ensuring that the subordinate reports the results of her decisions to the superior
- (2 marks)**
-

- 16 In the context of fraud, which of the following statements is *false*?
- A Deliberate manipulation of depreciation figures is difficult because of its cash flow effects.
 - B Failure to record expenses accurately will inflate the reported profit figure.
 - C Selling goods to friends (with a promise of buying them back at a later date) is potentially fraudulent.
 - D Employees within or outside the payroll department can perpetrate payroll fraud.
- (2 marks)**
-

- 17 If you are a team leader, seeking to evaluate the effectiveness of your team, which of the following criteria should you use?
- Criteria:*
- (i) Contribution to organisational objectives
 - (ii) Fulfilment of group task objectives
 - (iii) Satisfaction of the development needs of members
- A Criterion (ii) only
 - B Criteria (i) and (ii) only
 - C Criteria (ii) and (iii) only
 - D Criteria (i), (ii) and (iii)
- (2 marks)**
-

- 18 In the context of motivation theory, what are Douglas McGregor's Theory X and Theory Y?
- A Extreme types of managers
 - B Extreme sets of assumptions that managers may have about workers
 - C Extreme types of employees
 - D Extreme sets of attitudes workers may have about their work
- (2 marks)**
-

- 19 In the context of interpersonal skills for counselling, is the skill of seeing an issue from the other person's point of view and reflecting your understanding back to the other person.
- Which of the following terms correctly completes this sentence?
- A Rapport-building
 - B Empathy
 - C Active listening
 - D Non-verbal communication
- (2 marks)**
-

- 20 Whistle blowing may not be protected under professional codes of ethics, because it may be in breach of the professional employee's obligation of
- Which word or phrase correctly completes this sentence?
- A Professional competence
 - B Professional confidentiality
- (1 mark)**
-

- 21 Of the following patterns of group communication, which was found to be the fastest for problem-solving?
- A Wheel
 - B Chain
 - C Circle
 - D Y
- (2 marks)**
-
- 22 Lockett suggested a number of barriers to effective performance appraisal, including 'appraisal as unfinished business'. What is meant by this phrase?
- A Appraisal interviews are subject to interruption or left incomplete
 - B The manager is embarrassed by the need to give feedback and set challenging targets, and leaves the interview with unresolved issues.
 - C Appraisal is used as a wrapping up of the unresolved performance issues of the past year, rather than focusing on future improvement and problem-solving
 - D Appraisal is seen as a sort of show-down, in which unresolved conflicts can be brought into the open
- (2 marks)**
-
- 23 In the context of work planning, a is an undertaking that has a defined beginning and end and is carried out to meet established goals within cost, schedule and quality objectives.
- Which word or phrase correctly completes this definition?
- A Contingency plan
 - B Schedule
 - C Project
 - D Strategy
- (2 marks)**
-
- 24 Which of the following is a potential consequence of an organisation, fraudulently understating its results?
- A Excessive distribution of profits to shareholders
 - B Restricted access to loan finance
 - C Unrealistic expectations in the financial markets
 - D Potential shortfalls in working capital
- (2 marks)**
-
- 25 In relation to Porter's competitive forces, the impact of information technology is to reduce the bargaining power of customers.
- Is this statement true or false?
- A True
 - B False
- (1 mark)**
-
- 26 In the context of Tuckman's model of team development, which of the following sequences of stages is correct?
- A Norming, storming, forming, performing
 - B Forming, storming, norming, performing
 - C Storming, forming, norming, performing
 - D Forming, performing, storming, norming
- (2 marks)**
-
- 27 In the regulatory system surrounding financial accounting, which body has as a key objective the development of a single set of enforceable global accounting standards?
- A The Accounting Standards Board
 - B The International Accounting Standards Board
 - C The European Union
 - D GAAP
- (2 marks)**
-

- 28 In the context of human resource planning, which *two* of the following documents are the outputs of a process of job analysis?
- A Human resource plan
 - B Job description
 - C Person specification
 - D Performance appraisal
- (2 marks)**
-
- 29 Which of the following would Herzberg class among 'hygiene factors'?
- (i) Salary
 - (ii) Job security
 - (iii) Gaining recognition
 - (iv) Challenging work
- A (ii) and (iv) only
 - B (i) only
 - C (i), (ii), (iii) and (iv)
 - D (i) and (ii)
- (2 marks)**
-
- 30 According to the Ashridge studies on leadership style, what is most important to subordinates about the style of their leader?
- A Consultation
 - B Direction
 - C Consistency
- (1 mark)**
-
- 31 If a government increased its expenditure and reduced levels of taxation, the effect would be to (i) demand in the economy and to (ii)..... the size of the Public Sector Net Cash Requirement.
- Which words correctly complete this statement?
- A (i) stimulate, (ii) reduce
 - B (i) reduce, (ii) reduce
 - C (i) stimulate, (ii) raise
 - D (i) reduce, (ii) raise
- (2 marks)**
-
- 32 Which of the following employee selection methods has the highest 'predictive validity': that is, which is best at predicting a candidate's performance in the job?
- A Interviews
 - B Personality testing
 - C Assessment centres
 - D Work sampling
- (2 marks)**
-
- 33 The following, with one exception, are 'building blocks' for team building. Which *one* is the 'blockage'?
- A Diverse mix of personalities
 - B Members do not challenge or criticise
 - C Regular reviews of performance
 - D Clear objectives
- (2 marks)**
-

- 34 learning is a method in which managers are brought together as a problem-solving group to discuss a real work issue, and a facilitator helps them to identify how their interpersonal and problem-solving skills are affecting the process.
- What word correctly completes this definition?
- A Experiential
 - B Action
 - C Off-the-job
 - D Behavioural
- (2 marks)**
-
- 35 The human resources function has little or no role in fraud prevention and control in an organisation, outside the area of its own operations (including payroll administration).
- Is this statement true or false?
- A True
 - B False
- (1 mark)**
-
- 36 Which of the following is a feature of an ineffective job advertisement?
- A It narrows the pool of people who might go on to apply for the job
 - B It provides all information necessary to make an application
 - C It maximises the attractiveness of the job and organisation to potential applicants
 - D It is relevant and appropriate to the nature of the job and the desired applicants
- (2 marks)**
-
- 37 The concept of is based on the belief that the types of individual difference which are protected by anti-discrimination legislation are crude and irrelevant to successful performance, and that an organisation can benefit from embracing all kinds of difference.
- Which words correctly complete this sentence?
- A Equal opportunity
 - B Person culture
 - C Managing diversity
 - D Diversification
- (2 marks)**
-
- 38 Emma, John, Pratish and Rekha all work for W Co. Emma ensures that goods are only purchased when they are required. John ensures that goods that are purchased are purchased from authorised suppliers. Pratish pays the suppliers' invoices and Rekha evaluates the financial stability of potential suppliers. Three of the members of Q Co work in the purchasing department and one works in the accounting department. Which member works in the accounting department?
- A Emma
 - B John
 - C Pratish
 - D Rekha
- (2 marks)**
-
- 39 In the context of employee development, who developed the well-known classification of learning styles: 'Activist', 'Pragmatist', 'Theorist', 'Reflector'?
- A Kolb
 - B Honey and Mumford
 - C Tuckman
 - D Ashridge Management College
- (2 marks)**
-
- 40 A manager praises and affirms an improving team member for putting in a good effort. What type of performance feedback would this be?
- A Motivational feedback
 - B Developmental feedback
- (1 mark)**
-

- 41 A female employee is frequently subjected to rude remarks about her dress and weight by male colleagues, as well as jokes of a sexual nature. The woman finds this offensive and hurtful – even though her colleagues say it is ‘just a bit of fun’.
What type of discrimination (if any) would this represent?
- A Indirect discrimination
 - B Victimisation
 - C Harassment
 - D No discrimination is involved
- (2 marks)**
-
- 42 In the context of internal control systems which of the following would be included in the ‘control procedures’?
- A Strategies for dealing with significant identified risks
 - B Clear definition of authority, responsibility and accountability
 - C Detailed policies and procedures for administrative and accounting control
 - D Senior management commitment to competence and integrity
- (2 marks)**
-
- 43 Which of the following statements about training and development is false?
- A A gap between current performance and required performance is a learning gap which requires training
 - B Training and development activities can have measurable benefits for organisations
 - C Education may form part of training, which in turn may form part of employee development.
 - D A ‘learning organisation’ is one which facilitates the learning of all its members.
- (2 marks)**
-
- 44 Stephanie works in the internal audit department of M Co. Her duties involve using substantive tests in order to detect fraud. She produces reports to senior management detailing her findings. For which type of audit is Stephanie responsible?
- A Operational audit
 - B Transactions audit
 - C Efficiency audit
 - D Management audit
- (2 marks)**
-
- 45 Julie and Nick are both on the same salary and grade at P Co. Julie is the finance director and Nick is the operations director. A new project team has been created to consider an alternative office location for P Co. Julie and Nick are part of this team. When Julie and Nick communicate with each other, what type of communication is this?
- A Downward
 - B Diagonal
 - C Lateral
- (1 mark)**
-
- 46 External audit differs fundamentally from internal audit in all the following areas, except one. Which is the only area in which they are partially similar?
- A Relationship with the client company
 - B Body to which it reports
 - C Purpose of the appraisal activity
 - D Procedures used
- (2 marks)**
-
- 47 is the study of the aggregated effects of the decisions of individual economic units (such as households or businesses).
Which word correctly completes this sentence?
- A Ergonomics
 - B Demographics
 - C Globalisation
 - D Macro-economics
- (2 marks)**
-

- 48 An IT support firm assesses the performance of its staff in four key categories: knowledge currency, technical ability, interpersonal skills and relationships with clients. On each of these criteria staff are marked by ticking a position on a line as follows.

Excellent ____Average____Poor

What method of appraisal is described by this system?

- A Overall assessment
- B Guided assessment
- C Graphic scale

(1 mark)

- 49 What is the primary purpose of a performance appraisal system?

- A To ensure that employees get adequate feedback on their performance
- B To ensure that there is a fair basis for pay review
- C To ensure that there is a fair basis for promotion and succession planning
- D To improve organisational performance by ensuring that every member develops towards their best contribution.

(2 marks)

- 50 Elizabeth works in the HR department of M Co. The company has been trying, (unsuccessfully) to recruit new staff in the warehouse for some time. Elizabeth decides to draw up an equal opportunities policy. She believes that this will help the business to recruit effectively. Is Elizabeth correct (true) or incorrect (false)?

- A True
- B False

(1 mark)

Answers

**DO NOT TURN THIS PAGE UNTIL YOU HAVE
COMPLETED THE MOCK EXAM**

- 1 B **Rationale:** The key difference between private and public companies is that only public companies can advertise their shares to the general public. Both private and public companies can raise share capital from venture capitalists.
Pitfalls: You had to get your 'private and 'public' companies the right way round.
Text reference: Chapter 1a
- 2 C **Rationale:** The organisation has a narrow span of control: this would typically be the case if the work is complex, as it requires closer supervision.
Pitfalls: Remember: narrow span typically means tall organisation; wide span typically means flat organisation.
Ways in: Work through each option. Systematic/routine work would not need such a narrow span of control. Nothing can be inferred about job satisfaction from the information given. With a control span of three in a fairly large organisation, the organisation must be tall...
Text reference: Chapter 1a
- 3 C **Rationale:** Options A, B and D would all be part of the marketing function.
Text reference: Chapter 1b
- 4 D **Rationale:** Options A and B were simple distractors. The usual acronym for a Marketing Information System is MkIS.
Pitfalls: Read all the options carefully: fine differences are often used to test your focus.
Text reference: Chapter 2
- 5 A **Rationale:** This is one of the key advantages of a database system: data is only held once, with shared access by different departments.
Text reference: Chapter 2
- 6 C **Rationale:** Confidentiality is the immediate ethical issue. You need the client's authority to disclose the information: you may also need to confirm the identity of the person making the request, and take steps to protect the confidentiality of the information if you send it (ie not using fax or e-mail). The other ethical principles do not apply here.
Text reference: Chapter 4.
- 7 C **Rationale:** A task culture (in Harrison's classification) suits project management structures, with their focus on deliverables (project completion) rather than processes. Role culture suits bureaucratic cultures; power culture, simple/entrepreneurial structures; and person culture, professional partnerships.
Pitfalls: Just because the organisation is large and well-established, don't immediately jump to the conclusion that it is a bureaucracy (role culture)!
Text reference: Chapter 3
- 8 D **Rationale:** Every employee will be expected to have read the areas relevant to their functions and the policy manual should always be readily available for easy reference.
Text reference: Chapter 8
- 9 D **Rationale:** Equal pay legislation requires that women be paid equal pay to men for work 'of equal value' (to the organisation): this is established by job evaluation. The others are potential purposes of a performance appraisal. Equal pay is about the value of the job, not the value of the job holder. If you hesitated over option B, think of performance appraisal as a way of monitoring whether people really do as well in the job as the selection system predicted they would when they were hired!
Text reference: Chapter 14

- 10 B **Rationale:** Suppliers are connected stakeholders.
Text reference: Chapter 3
- 11 A **Rationale:** The Financial Accountant is responsible for activities such as payroll, receivables and payables ledger, credit control, financial accounts and taxation. Jack and Sue would report to the financial accountant. The Treasurer (if there is one) would be responsible for project (investment) appraisal, and his or her priority would be funds management. Joe would report to the treasurer.
Pitfalls: These are essential distinctions: any combination of the tasks and titles could be tested.
Text reference: Chapter 8
- 12 B **Rationale:** This is indirect discrimination because most part time employees are women. If it were direct discrimination then the advert would actually state that women had less favourable terms.
Text reference: Chapter 16
- 13 A **Rationale:** Compliance is behaving in such a way as to conform, regardless of underlying commitment or attitude: it applies to organisations as well as individuals! Counter-conformity is rejection of group norms. Internalisation is 'inner' acceptance and ownership of the norms. Identification is a separate idea: it is one of the processes through which norms are reinforced in a group.
Text reference: Chapter 3
- 14 B **Rationale:** This may sound like an 'independence' benefit, but the key word is 'barrier': the main board needs to take responsibility for the financial statements and be open to question by auditors.
Text reference: Chapter 5
- 15 C **Rationale:** There is a fine distinction between option D (making the subordinate accountable) and option C (interfering!) If the superior doesn't trust the subordinate to make decisions, she shouldn't have delegated at all. Options A and B should clearly be effective practice.
Text reference: Chapter 11
- 16 A **Rationale:** Depreciation is an expense that doesn't have any cash flow effect, so the figures are easily tampered with: eg understating depreciation to give a healthier net book value. Option B is clearly true. Option C is true because this can be used to create fictitious sales values or manipulate year end results. Option D is true because, for example, any employee can falsify time-sheets, and payroll staff can channel payments to bogus staff accounts.
Text reference: Chapter 10
- 17 D **Rationale:** The criteria for team effectiveness are *both* fulfilment of task objectives (which should contribute to organisational objectives) *and* member satisfaction, where that contributes to the ability of the group to fulfil its task (eg in the development of members' skills and abilities).
Text reference: Chapter 12
- 18 B **Rationale:** Theory X and Y are only managerial assumptions – which then *influence* the kinds of motivational approaches and leadership styles the manager will adopt. They do not describe actual types of people (managers or employees), nor actual attitudes held by workers.
Pitfalls: You are often asked to show critical awareness and understanding of theories, so it is worth getting this distinction clear.
Text reference: Chapter 13
- 19 B **Rationale:** The closest distractor is active listening, as reflecting understanding is one of the ways a listener can be 'active'. (Other ways include questioning, summarising, showing attentive body language, giving feedback and so on.) Rapport-building is the skill of making another person feel at ease with you, and willing to communicate with you. Non-verbal communication is, broadly, 'body language'.
Text reference: Chapter 14

- 20 B **Rationale:** Whistle blowing is often construed as a breach of professional confidentiality: the duty to respect the confidentiality of information obtained in the course of your work. Professional competence is the obligation to attain and maintain the technical skills and standards required by our profession, and not to take on assignments which you don't have the competence to carry out to a satisfactory standard.
Text reference: Chapter 4
- 21 A **Rationale:** The wheel is fastest, because the leader acts as a communication hub and focuses the group.
Pitfalls: This may seem like very detailed learning, but communication patterns were the subject of a question in the Pilot Paper...
Text reference: Chapter 14
- 22 C **Rationale:** This is what Lockett meant by the phrase. Option A is a simple distractor. Options B and D describe other barriers: 'Appraisal as chat' and 'Appraisal as confrontation'.
Text reference: Chapter 14
- 23 C **Rationale:** A project is distinguished from routine work because of these characteristics. A contingency plan is a plan for what should be done if changes or problems occur. A schedule is a method of timetabling tasks and allocating them to people with appropriate time scales. A strategy is a long-term plan relating to the direction of the firm or business unit.
Text reference: Chapter 11
- 24 B **Rationale:** Finance may be hard to come by because the financial health of the firm (ability to maintain and pay off loans) is understated. The other options are impacts of fraudulently *over*-stating results.
Pitfalls: Ensure that you read the question carefully and address understated, not overstated, results.
Ways in: This should have been clear if you worked through each of the options. Once you identified that some of the distractors were overstatement impacts, you would have a good idea what to look for.
Text reference: Chapter 10
- 25 B **Rationale:** IT can reduce the buying power of customers, eg if it raises switching costs (because of investment in EDI systems, say). However, it can also raise the buying power of customers, by providing access to better product and price information.
Text reference: Chapter 7
- 26 B **Rationale:** Forming is the tentative 'getting to know each other' stage; storming, the conflict that results as people begin to assert themselves; norming, the 'settling down' stage, as roles, behaviours and working methods are agreed; and performing, 'getting down to work'.
Pitfalls: This can be confusing: make sure you get the terminology right, because it is solid territory for exam questions.
Text reference: Chapter 12
- 27 B **Rationale:** The IASB has this as a key objective. The ASB issues Financial Reporting Standards in the UK. The EU is interested in harmonisation of standards, but does not have global jurisdiction. GAAP is a distractor: it refers to 'Generally Accepted Accounting Practice', a set of all the rules which govern accounting, gathered from the full range of applicable sources.
Ways in: You should have been tipped off to the international element by the word 'global'. Combine that with 'accounting standards' and you could take an educated guess at the correct answer, if you had to.
Text reference: Chapter 8

- 28 B, C **Rationale:** Job analysis involves finding out what are the task, skill and knowledge requirements of a job. This information is then output in the form of a job description (tasks, duties, objectives and standards of a job) and a person specification (reworking of the job description in terms of the kind of person needed to perform the job). A human resource plan (option A) is a much broader statement of the future skill requirements of the organisation as a whole, and how they will be met (by recruitment, training, retention and so on). A performance appraisal (option D) analyses how a job holder *does* the job – not the nature of the job itself.
- Pitfalls:** there is a whole cluster of related and unrelated terminology relating to the analysis and description of jobs, ‘ideal’ (prospective) job holders, and the performance of actual current job holders. You need to sort out in your mind which is which...
- Text reference:** Chapter 15
- 29 D **Rationale:** Hygiene factors are extrinsic or environmental factors (salary and job security), while motivator factors are to do with the satisfactions of the work: challenging work is clear in this category – and recognition could be in either.
- Pitfalls:** Examiners keep testing Herzberg because students keep confusing hygiene and motivator factors! Don’t make this mistake!
- Ways in:** You could have been confident about ‘salary’ as a hygiene factor, and confident about challenging work as *not* a hygiene factor – which narrows your options to two, while you decide about job security...
- Text reference:** Chapter 13
- 30 C **Rationale:** Consistency was found to be more important to subordinates than any particular style.
- Text reference:** Chapter 11
- 31 C **Rationale:** Demand would be raised because firms and households would have more money (after tax) for consumption or saving/investment. The increased expenditure would not be covered by revenue from taxation, so the change would be financed by a higher PSNCR (borrowing mount).
- Pitfalls:** You have to be able to think through all the permutations of fiscal and monetary policies and their impacts on the economy and (where relevant) business decision-making.
- Text reference:** Chapter 6
- 32 D **Rationale:** Work sampling (via portfolios of work or trial periods, say) have the highest reliability (followed closely by cognitive selection tests). Personality testing and assessment centres (group selection exercises) are slightly less reliable. Interviews, ironically, have a very low predictive power – at about the same level as reference checking.
- Pitfalls:** It is worth getting the limitations of interviewing, in particular, firmly in your mind.
- Text reference:** Chapter 15
- 33 B **Rationale:** Failure to challenge or criticise is *not* a positive thing, in this context, but a symptom of poor communications: the ‘building block’ would be developing a climate in which people can speak their minds, constructively. The other options describe positive building blocks in the areas of membership, review and control and objectives. (The terminology of ‘building blocks’ and ‘blockages’ is drawn from a model by Woodcock, but it is not essential to know this.)
- Text reference:** Chapter 12
- 34 B **Rationale:** Experiential learning is ‘learning by doing’, usually involving self-managed learning by reflection, planning and adjustment. Action learning is classed as on-the-job learning, because it involves real work problems and groups. Option D is just a distractor.
- Text reference:** Chapter 17

- 35 B **Rationale:** The HR function has a wide-ranging role in fraud prevention and control, through the monitoring of employee morale and welfare; reward management; recruitment and selection (including vetting of staff); education and training (eg in fraud awareness and internal control procedures); and cultural reinforcement.
Text reference: Chapter 10
- 36 C **Rationale:** Job advertisements must be positive, but they should also be honest, in order to manage applicants' (and future employees') expectations. Options B and D should be obvious. You may have hesitated over option A, but advertisements should encourage unsuitable applicants to rule themselves out before applying (and wasting the organisation's time).
Text reference: Chapter 15.
- 37 C **Rationale:** Equal opportunity is a narrower concept, based on securing non-discrimination on the basis of those 'crude' dimensions of individual difference (sex, age, disability and so on). Person culture is a distractor drawn from a common model of organisation culture types, and diversification from an organisational strategy involving widening its range of products/markets.
Pitfalls: If you are in a hurry, you may see the words 'non-discrimination legislation' and jump to 'equal opportunities'. Remember to read question stems carefully.
Text reference: Chapter 16
- 38 C **Rationale:** Paying suppliers' invoices would be a function of the accounts department, once the purchasing department has authorised the invoices for payment. You may have hesitated over option D, but evaluating potential suppliers is a key element in supplier appraisal and selection, not a finance matter. (However, in some companies the finance department would do the supplier appraisal because of their technical skills or knowledge but this is not the norm.)
Text reference: Chapter 8
- 39 B **Rationale:** Learning styles is Honey & Mumford. Kolb devised the experiential learning cycle (Act, Analyse, Abstract, Plan). Tuckman, in a completely unrelated area, developed a group development model (Forming, Storming, Norming, Performing). Ashridge developed the 'Tells, Sells, Consults, Joins' leadership style model.
Pitfalls: The syllabus mentions specific writers, so you should be able to attribute well-known theories and models to their authors correctly.
Ways in: The more of the options you could recognise and attach to their respective models, the closer you are to the right answer!
Text reference: Chapter 17
- 40 A **Rationale:** Motivational feedback is used to reward and reinforce positive performance in order to increase confidence. Developmental feedback is used to help an individual to identify what needs to be changed or improved, in order to stimulate learning and increase competence.
Text reference: Chapter 13
- 41 C **Rationale:** Sexual harassment is unwanted conduct of a sexual nature, and it includes the examples given (as well as more overt sexual conduct such as inappropriate body contact). This may also sound like victimisation, but victimisation is a separate form of discrimination, involving penalising someone because they are involved in a claim of discrimination against an employer.
Text reference: Chapter 16
- 42 C **Rationale:** Options A, B and D relate to the 'control environment' which embraces the overall organisational and cultural context of control. Options A, B and D were highlighted as aspects of a strong control environment in the Turnbull report.
Text reference: Chapter 9

- 43 A **Rationale:** A gap between current 'competence' and required 'competence' may be amenable to learning or training. A gap between current 'performance' and required 'performance', however, may be caused by other problems to do with supervision, systems, resources, motivation and other factors. The other options are true.
- Pitfalls:** There is no reason why you should not face a 'broad brush' question like this, rather than a detailed topic. You need to be mentally flexible in such a case: highlight the topic keywords of each option, to focus on the right area for each.
- Ways in:** You should have found options B and D easy to tick off – which narrows your choices – and if you think through option C, it should make good sense.
- Text reference:** Chapter 17
- 44 B **Rationale:** A transactions audit aims to detect fraud and uses only substantive tests. Operational, efficiency, management or value-for-money audits basically monitor management's performance throughout all the activities of the organisation.
- Text reference:** Chapter 9
- 45 C **Rationale:** Lateral (or horizontal) communication flows between people of the same rank, in the same section or department or in different sections or departments.
- Ways in:** Hopefully you would have been able to disregard option A as 'downward' suggests communication from superior to subordinate.
- Text reference:** Chapter 14.
- 46 D **Rationale:** Some of the procedures and techniques used are very similar – but the differences in relationship and scope are significant. Internal auditors are employees or contractors of the company: external auditors are members of independent accounting firms. Internal auditors report to the board of directors or others charged with governance (eg an audit committee): external auditors report to the shareholders. Internal auditors appraise operations: external auditors appraise financial records and statements in order to consider whether the accounts give a true and fair view of the organisation's position.
- Text reference:** Chapter 9
- 47 D **Rationale:** Macro-economics looks at a complete national economy or economic system: factors such as economic activity and growth, inflation, unemployment and the balance of payments. The other options are pure distractors, drawn from other disciplines.
- Text reference:** Chapter 6
- 48 C **Rationale:** This is a graphic scale because it is shown in diagrammatic form. It is related to a rating scale (or grading) system, which might assign the value A to excellent, C to average and E to poor, for example. Overall and guided assessment use narrative comments on the appraisee.
- Text reference:** Chapter 18
- 49 D **Rationale:** This may seem like a basic point, but it has been inadequately recognised over the years – hence the poor reputation of performance appraisal in most organisations. The primary purpose is problem-solving and improvement and development planning. Option A suggests a one-way view of appraisal: modern approaches stress collaborative dialogue. Option B and C are problematic, because employees should not be led to expect an inevitable link between performance and bonuses or promotions.
- Text reference:** Chapter 18
- 50 A **Rationale:** This is one of the sound business arguments for having an equal opportunities policy. It widens the recruitment pool and allows HR to attract the best people for the job regardless of race, religion, age or gender.
- Text reference:** Chapter 16

ACCA

Paper F1

Accountant in Business

Mock Examination 2

Question Paper	
Time allowed	2 hours
All FIFTY questions are compulsory and MUST be attempted	

Disclaimer of liability

Please note that it is not possible to predict question topics in an examination of this nature. We have based the content of this Mock Exam on our long experience of the ACCA exams. We do not claim to have any endorsement of the question types or topics from either the examiner or the ACCA and we do not guarantee that either the specific questions or the general areas that are featured here will necessarily be included in the exams, in part or in whole.

We do not accept any liability or responsibility to any person who takes, or does not take, any action based (either in whole or in part and either directly or indirectly) upon any statement or omission made in this book. We encourage students to study all topics in the ACCA syllabus and this Mock Exam is intended as an aid to revision only.

DO NOT OPEN THIS PAPER UNTIL YOU ARE READY TO START UNDER EXAMINATION CONDITIONS

ALL FIFTY questions are compulsory and MUST be attempted.

1 Which of the following groups are the owners of a limited company?

- A Executive directors
- B Non-executive directors
- C Stakeholders
- D Shareholders

(2 marks)

2 Which of the following correctly describes the meaning of Mintzberg's term: 'technostructure'?

- A Analysts such as accountants and workplanners, whose objective is to effect standardisation in the organisation
- B The range of technology needed for effective organisational performance
- C The organisation of shopfloor workers and their supervisors in a manufacturing environment
- D The central strategy-setting component of organisation structure

(2 marks)

3 Z plc sources a range of complex components from suppliers which are critical to the quality of Z plc's final product. Any disruption to the supply of these components will mean that Z plc cannot maintain its service levels to its own customers.

In the purchasing of these components, which *two* of the following are *least* likely to be a component of Z plc's supply strategy?

- A Long-term partnership relations with key suppliers of the components
- B A small number of suppliers of the components
- C Outsourcing production of the product to low-cost countries
- D Consolidating purchases of the components and sourcing from a single supplier to reduce sourcing costs

(2 marks)

4 X Ltd is a small company, founded by Mr X. Mr X still manages the firm personally, and all major decisions are referred to him by employees, via direct communication. His personal enthusiasm, and eye for business opportunities, is an inspiration for many of the staff. Mr X has recently committed the company to a new business venture, which entails setting up a warehouse facility: X Ltd has employed a team of talented individuals to design and launch the facility. Once this has been accomplished, a large semi-skilled staff will be taken on to undertake storage operations on an on-going basis.

From the information given, what cultural type will best suit X Ltd's objectives at each new stage of its development?

Current culture	Warehouse design/set-up	Warehouse operations
<input type="checkbox"/> Power	<input type="checkbox"/> Power	<input type="checkbox"/> Power
<input type="checkbox"/> Person	<input type="checkbox"/> Person	<input type="checkbox"/> Person
<input type="checkbox"/> Task	<input type="checkbox"/> Task	<input type="checkbox"/> Task
<input type="checkbox"/> Role	<input type="checkbox"/> Role	<input type="checkbox"/> Role

(2 marks)

5 In Robert Anthony's hierarchy, which of the following is the term given to the process of establishing means to corporate ends, mobilising resources and innovating?

- Strategic management
- Tactical management
- Operational management

(1 mark)

6 is the system by which organisations are directed and controlled by their senior officers.

Which two words correctly complete this definition?

- A Corporate governance
- B Strategic management
- C Executive directorship
- D Internal controls

(2 marks)

7 Which of the following statements is true of a 'progressive tax'.

- A It takes a higher proportion of a poor person's salary than of a rich person's.
- B It takes the same proportion of income in tax from all levels of income.
- C It takes a higher proportion of income in tax as income rises.
- D It is charged as a fixed percentage of the price of the good.

(2 marks)

8 In employment protection law, which of the following would constitute unfair dismissal?

- A Dismissal because the employer has ceased to carry on the business
- B Dismissal because the employer has relocated the place of work
- C Dismissal because demand for the type of work done by the employee(s) is expected to decline
- D Dismissal because the employee is pregnant

(2 marks)

9 Various groups of people might be interested in financial information about an organisation, for various reasons.

Match up each of the following groups with the primary nature of their interest in financial information.

	<i>Groups</i>		<i>Interest</i>
A	Shareholders	1	Ability to maintain and repay loans
B	Financiers	2	Potential social contributions and impacts
C	Employees	3	Management stewardship
D	Public	4	Attainment of performance objectives

- A
- B
- C
- D

(2 marks)

10 The web site of a university contains a dedicated site for academic researchers, giving them access to the university's archived material, if they register and obtain a password to enter the site.

Of which type of network is this an example?

- A Internet
- B Intranet
- C Extranet

(1 mark)

11	UK balance of payment accounts	\$ billions
	Current account	
	Trade in goods	-25,769
	Trade in services	13,540
	Income	7,330
	Transfers	<u>-4,082</u>
	Current balance	<u>-8,981</u>
	Capital account	678
	Financial account	<u>5,751</u>
	Net errors and omissions	
	What figure should appear against 'net errors and omissions'?	
	\$	(2 marks)

- 12 Business are a set of moral principles to guide behaviour in business contexts.
Which of the following words correctly completes the sentence?
- Objectives
 Controls
 Ethics
 Disciplines
- (2 marks)**

- 13 There are three pre-requisites for fraud: motivation, opportunity and dishonesty. Match each of these with the most immediate control strategy from the following list.
- Control strategies*
- 1 Recruitment reference checking
2 Disciplinary codes
3 Internal checks and controls
- Motivation
Opportunity
Dishonesty
- (2 marks)**

- 14 In which *one* of the following areas does a database system have significant advantages?
- A Data security
 B Data privacy
 C Development cost
 D Data management
- (2 marks)**

- 15 The Studies is the name given to experimental social research initiated by Elton Mayo, which identified the influence exercised by social needs and informal groups in the workplace, and gave rise to the human relations school of management.
- Which word correctly completes the sentence?
- Hofstede
 Hawthorne
 Ashridge
- (1 mark)**

16 In strategic planning, what is the purpose of environmental scanning?

- A To monitor PEST factors
- B To appraise SWOT factors
- C To monitor competitive forces
- D To audit the environmental impacts of the organisation

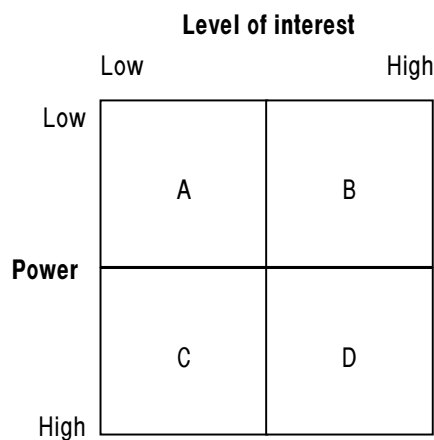
(2 marks)

17 What is the main focus of International Accounting Standards (IASs)?

- Financial control
- Accountancy training
- Financial reporting
- Corporate governance

(2 marks)

18 A large supermarket chain has purchased land for a new out-of-town shopping development in an area of recognised natural beauty. The organisation is now preparing plans for infrastructure development (road access, parking, power) and construction.



Into which quadrant of the above power/interest matrix would the organisation place local nature appreciation groups, and what strategy does this indicate?

- A Consult and involve
- B Keep informed
- C Keep satisfied
- D Minimal effort

(2 marks)

19 What is a fraud response plan?

- A A strategy for preventing and controlling fraud
- B A framework of disciplinary rules and sanctions to be applied when fraud is discovered
- C The appointment of a fraud officer
- D A strategy for investigating and dealing with the consequences of suspected or identified fraud

(2 marks)

20 In which *one* of the following areas is economic growth most clearly beneficial, as an objective of macro-economic policy?

- A Employment
- B Public services
- C Environment

(1 mark)

21 According to Warren Bennis, which *two* of the following attributes distinguishes a leader, as opposed to a manager?

- A Administers and maintains
- B Focuses on people
- C Innovates
- D Focuses on systems

(2 marks)

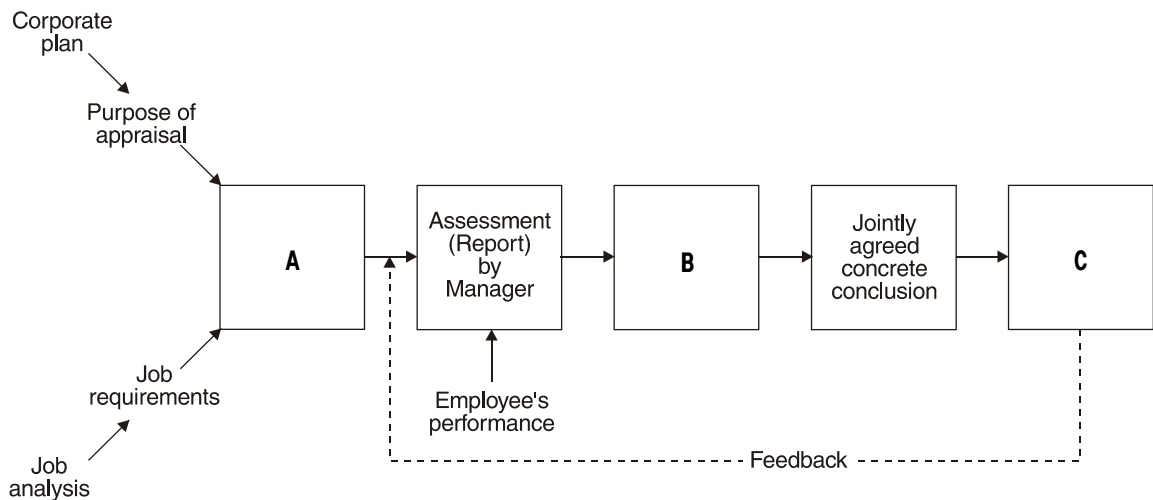
22 Comfy Dentiality, a large dental practice, is concerned with the security of its patient records. The manager amends the disciplinary rules of the practice, so that unauthorised disclosure of data by personnel can be made grounds for dismissal.

What type of approach to data security does this reflect?

- A Correction
- B Detection
- C Threat avoidance
- D Deterrence

(2 marks)

23



Referring to the above diagram of an appraisal system, identify which of the following labels correctly fills each of the missing labels A, B and C.

Labels:

- 1 Assessment interview
- 2 Follow up action
- 3 Criteria for assessment

- A matches label
- B matches label
- C matches label

(2 marks)

24 What set of environmental factors is most directly influenced by birth and mortality rates?

- A Political
- B Economic
- C Social
- D Technological

(2 marks)

- 25 In the context of rewarding team performance, team-based rewards and bonuses are more effective if individual team members' contributions and work patterns are largely

Which word correctly completes this sentence?

- Independent
 Interdependent

(1 mark)

- 26 In a payroll system, which of the following actions would *not* require authorisation, as a standard control measure?

- A Engagement or discharge of employees
 B Changes in pay rates
 C Statutory deductions from pay
 D Overtime payments

(2 marks)

- 27 At a chocolate manufacturing company, one of the production mixers has recently been made redundant. Fellow shop-floor staff are outraged: he was 'the only one who knew anything about chocolate' and they had relied on his judgement for years. Protests are ignored. A week later, cement is found in a batch of crunchy bars. Two weeks later, staff refuse to work overtime. The mixer is finally reinstated.

Which *two* types of power are illustrated in this scenario by the mixer and the shop floor staff?

- Position power
 Expert power
 Personal power
 Negative power

(2 marks)

- 28 In a particular work team, Jemima is acknowledged to be the 'ideas' person who 'thinks outside the box' with creative solutions to difficult problems. However, she tends to look at the big picture, not at the details. Frank spots the gaps in Jemima's suggestions, and encourages the team to consider other options.

Match each character in this scenario with the role that they occupy in Belbin's team role model.

<i>Characters</i>		<i>Roles</i>	
A	Jemima	1	Monitor-Evaluator
B	Frank	2	Team worker
		3	Plant

- A
B

(2 marks)

- 29 Which of the following statements about outsourcing is true?

- A In order to maintain control, the organisation should outsource activities in areas of its own core competence.
 B Outsourcing to external contractors harnesses specialist expertise, but at the cost of lost economies of scale.
 C Outsourcing carries commercial and reputational risks.
 D Outsourcing saves all the costs associated with performing a task in-house.

(2 marks)

- 30 Victor Vroom's 'expectancy theory' is an example of which type of motivational theory?

- Content theory
 Process theory

(1 mark)

- 31 In the context of improving organisational communication, which *one* of the following would be helpful measures in addressing the problem of information overload on managers?
- A Using e-mail
 - B Introducing reporting by exception
 - C Holding regular staff meetings
 - D Speed reading training for managers
- (2 marks)**
-

- 32 Which one of the following is represented by Blake and Mouton's managerial grid?
- A The balance in a manager's leadership style between concern for the task and concern for people and relationships
 - B The success of a manager's performance, for the purposes of appraisal
 - C A manager's position on the continuum between concern for task and concern for people and relationships
 - D A matrix organisation structure, combining functional and line authority
- (2 marks)**
-

- 33 In the context of selection interviewing, which *two* of the following types of question might you use to pin down a candidate who seems reluctant or unable to give a definite answer?
- Open
 - Closed
 - Leading
 - Probing
- (2 marks)**
-

- 34 In the context of motivation, workers may have the attitude that work is not an end in itself, but a means to other ends, through earning financial rewards.
What term is given to this attitude?
- A Theory Y
 - B Job enrichment
 - C Instrumental orientation
 - D Performance-related pay
- (2 marks)**
-

- 35 In the context of performance appraisal, what does the term 'tell and listen' refer to?
- A An approach to appraisal interviewing
 - B An approach to upward appraisal
 - C A barrier to effective appraisal
- (1 mark)**
-

- 36 Which of the following is likely to pose the *least* number of problems for effective time management?
- A Personal work patterns
 - B Meetings
 - C The telephone
 - D Personal availability
- (2 marks)**
-

- 37 According to the hierarchy of needs (a motivational theory put forward by Maslow) which *two* of the following rewards might you pursue in order to have your esteem needs satisfied?
- A Opportunity to undertake further professional development
 - B Award of a departmental prize for your performance
 - C Receiving praise on an achievement from your work team
 - D Being invited to join colleagues for lunch
- (2 marks)**
-

- 38 If a team has been functioning for some time, it may grow complacent with its performance, and start to devote more attention to relationship and power issues within the group.

In the group development model, which of the following terms would be used for this stage of the team's development?

- Forming
 Norming
 Dorming
 Storming

(2 marks)

- 39 In a typical recruitment and selection process, in what order would the following steps be carried out. Assign each a number in the sequence, from 1 (first) to 5 (last).

- | | |
|---------------------------------|--------------------------|
| Preparing job descriptions | <input type="checkbox"/> |
| Selection interviewing | <input type="checkbox"/> |
| Reference checking | <input type="checkbox"/> |
| Selection testing | <input type="checkbox"/> |
| Preparing person specifications | <input type="checkbox"/> |

(2 marks)

- 40 One of the distinctions between coaching and mentoring is that a is not usually the immediate superior of the person being helped.

Which word correctly completes this sentence?

- Coach
 Mentor

(1 mark)

- 41 A popular approach to self development is for employees to reflect on work incidents, and assess whether and how they might adjust their behaviour to gain more successful outcomes in future.

On which school of learning theory is this approach based?

- A Behaviourist psychology
 B Cognitive psychology
 C Contingency theory
 D Learning styles

(2 marks)

- 42 Which *two* of the following factors establish the independence of an internal auditor?

- A The auditor's mandatory authority
 B The auditor's involvement in the activities being appraised
 C The auditor's own professionalism
 D The auditor's freedom from accountability

(2 marks)

- 43 A manager is coming up to retirement in a year's time. In which of the following circumstances would the organisation be most likely to consider external recruitment, rather than internal promotion, to fill the position?

- A The organisation has a policy of staff development and succession planning
 B The vacancy is a new skill requirement that would take time to develop in-house
 C The organisation is looking to introduce a culture of innovation for the first time
 D The organisation has a very strong managerial culture, which it wishes to preserve (2 marks)

44 In which one of the following areas is there an advantage to using formal off-the-job training courses as opposed to on-the-job or experiential learning methods?

- A Level of risk for acquiring new skills
- B Relevance of learning to the job
- C Application of learning to the job
- D Continuity of work effort

(2 marks)

45 occurs when a person is penalised for giving information or taking action in pursuit of a claim of discrimination

Which word or words correctly complete this statement?

- Direct discrimination
- Indirect discrimination
- Victimisation

(1 mark)

46 Which of the following would be considered a potentially sensitive or negative element of an effective equal opportunities policy?

- A Flexible working and career break programmes
- B Monitoring numbers and performance of ethnic minority staff
- C Diverse job interview panels
- D Counselling and disciplinary policies on discrimination

(2 marks)

47 Which of the following checks would the external audit function be responsible for?

- A Separation of duties for independent proving of work
- B Arithmetic checks on the accuracy of data recording and calculation
- C Creating and preserving records that confirm accounting entries
- D Considering whether directors act on internal audit information

(2 marks)

48 The effectiveness of training programmes can be evaluated using a five-level model by Hamblin. Assign the correct number from 1 to 5 to each of the following levels.

- Level Ultimate value
- Level Changes in job behaviour
- Level Trainee reactions
- Level Trainee learning
- Level Impact on organisational results

(2 marks)

49 In the context of data security, which *two* of the following are examples of physical access controls to protect computer equipment or data storage media?

- Card entry systems
- Back-up controls
- Personal identification numbers
- Logical access systems

(2 marks)

50 An organisation's employees are one of its connected stakeholders.

Is this statement true or false?

- True
- False

(1 mark)

Answers

**DO NOT TURN THIS PAGE UNTIL YOU HAVE
COMPLETED THE MOCK EXAM**

- 1 D **Rationale:** The shareholders are the owners, as they provide the capital for the business.
Pitfalls: Read the options carefully. Shareholders are not the same as stakeholders (individuals or groups who have an interest or stake in the business). Don't be distracted by the distinction between 'executive' and 'non-executive' directors: they are still directors (people appointed by shareholders to run the company).
Text reference: Chapter 1a
- 2 A **Rationale:** This is the definition of the 'technostructure' in Mintzberg's components of structure. D defines the 'strategic apex' component of the model.
Pitfalls: Options B and C are distractors, in case you related 'techno-...' to technology or the people who are assumed to work with it. Get to grips with definitions of key models!
Text reference: Chapter 1a
- 3 C, D **Rationale:** Secure continuity of supply *and* quality are Z's priorities. Long-term partnership helps secure both (A), while having a small number of suppliers avoids the risk of supplier failure (B).
Ways in: If you highlighted the issues in the micro-scenario, you should be able to consider the consequences of each of the strategies listed: options C and D should stand out as posing risks to quality and supply.
Text reference: Chapter 1b

4

Current culture	Warehouse design/set-up	Warehouse operations
<input checked="" type="checkbox"/> Power	<input checked="" type="checkbox"/> Task	<input checked="" type="checkbox"/> Role

Rationale: The current culture is a power culture: centred round the entrepreneurship and personality of the founder, Mr X. The team coming in to design and set up the warehouse facility is likely to plan and manage this as a project: task culture. For routine on-going operations with a large, semi-skilled staff, however, a more formal structure and leadership will be required: role structure.

Text reference: Chapter 3

- 5 Tactical management

Rationale: This is the definition of tactical management, carried out by middle management. Strategic management is at a higher level of establishing corporate direction and policy: carried out by senior management. Operational management is at a lower level of implementing the tactical plans: carried out by supervisors and operatives.

Pitfalls: You may have been sidetracked by the word 'innovating', if you associated it with strategic innovation. However, in this context, innovating simply means finding new ways to achieve business goals.

Ways in: If you distinguished carefully between 'means' and 'ends' you could rule out strategy (which is concerned with ends).

Text reference: Chapter 1a

- 6 A **Rationale:** Strategic management is a process which may or may not be carried out in a given organisation. Executive directorship and internal controls are elements of corporate governance.
Text reference: Chapter 2.

- 7 C **Rationale:** This is the definition of a progressive tax (such as income tax in general). Option A is a 'regressive' tax (such as road tax) which is the same for all people. Option B is a 'proportional tax' (such as Schedule E income tax within a limited range of income). Option D is the definition of an 'ad valorem' tax.
- Pitfalls:** Related clusters of terminology are always attractive to examiners, because of potential confusions. (Direct and indirect tax is another example.)
- Ways in:** If in doubt, think through the key words: they may throw up some ideas. 'Progressive': 'as it progresses', 'going forward': this might help you lean in the direction of option C.
- Text reference:** Chapter 6
- 8 D **Rationale:** The first three are circumstances defined as redundancy. Dismissal on the grounds of pregnancy is automatically considered to be unfair dismissal.
- Text reference:** Chapter 7
- 9 A, 3
B, 1
C, 4
D, 2 **Rationale:** This should be straightforward if you work through the options.
- Ways in:** Start with the obvious combinations: 'loans' matches financiers, 'social' matches public. After that, the distinctions are finer – but the options are fewer!
- Text reference:** Chapter 8
- 10 C **Rationale:** Researchers may connect to this network via the Internet (world wide web), and the university may have an intranet for its own lecturers and students. An extranet, however, is an intranet that is accessible to authorised 'outsiders', using a valid username and password.
- Pitfalls:** Easy terminology confusion: don't make this mistake!
- Text reference:** Chapter 2
- 11 \$2,552 **Rationale:** The sum of capital account, financial account and net errors and omissions should equal \$8,981, because the sum of the balance of payments accounts must always be zero.
- Text reference:** Chapter 6.
- 12 Ethics **Rationale:** Ethics are 'moral principles': all the other options set behavioural guidelines of a different sort.
- Text reference:** Chapter 4
- 13 Motivation, 2
Opportunity, 3
Dishonesty, 1 **Rationale:** Motivation is the incentive to behave dishonestly: one part of this equation is the risks, and whether they are worth the rewards – so strong disciplinary penalties for fraud are a disincentive. Opportunity is having an opening for fraud: internal checks and controls (such as segregation of duties and authorisations) limit those openings. Dishonesty is a predisposition or tendency to behave unethically: it needs to be spotted early – ideally before a person joins the organisation!
- Text reference:** Chapter 10

- 14 D **Rationale:** The database concept encourages management to regard data as an organisational resource, which needs to be properly managed. However, there are problems of data security and privacy, due to the potential for unauthorised access and sharing. If the organisation develops its own system from scratch, initial development costs will be high.
Text Reference: Chapter 2
- 15 Hawthorne.
Rationale: The studies were carried out at the Hawthorne Plant of Western Electric. The Ashridge studies are a study in leadership styles (tells, sells, consults, joins). Hofstede's model describes dimensions of difference in national cultures.
Text Reference: Chapter 3
- 16 A **Rationale:** Political, Economic, Socio-cultural and Technological (PEST) factors are the external factors which may impact on the organisation. SWOT (strengths, weaknesses, opportunities and threats) incorporate data from the environmental scan, by analysing PEST factors that present opportunities and threats: however, the name given to this process is corporate appraisal. Option C would be called competitive intelligence. Option D is a distractor based on the potential confusion with the 'natural environment'.
Text reference: Chapter 7
- 17 Financial reporting
Rationale: IASs are standards for financial reporting: the preparation of financial statements and accounts. They are used as bases and benchmarks for companies and national standard-setting systems.
Text reference: Chapter 8
- 18 B
 Keep informed
Rationale: Local nature appreciation groups would have high interest (due to potential environmental impacts) but relatively low power: because of their high interest, though, they might be able to band together or lobby to increase their power. So a 'keep informed' strategy is appropriate to segment B.
Text reference: Chapter 3
- 19 D **Rationale:** Fraud response relates specifically to investigation and damage minimisation (not prevention), including: actions that will be taken to protect the security of records that will be required for identification; protection of vulnerable assets; investigation procedures; and crisis management. Implementing this plan would be the responsibility of a fraud officer.
Text reference: Chapter 10.
- 20 B **Rationale:** A growing economy is more easily able to provide welfare services without creating a heavy tax burden on the community. Growth has potential adverse effects for employment, where some sections of the population are unable to adapt to demands for new skills. It also has potential adverse effects for the environment, in terms of resource usage, pollution, emissions etc.
Text reference: Chapter 6
- 21 B, C **Rationale:** Options A and D are managerial attributes.
Ways in: These observations are not exclusive to Bennis: other writers have focused on the same elements, so you didn't need to know Bennis' work (although it is mentioned in the syllabus) to get to an answer here.
Text reference: Chapter 11

- 22 D **Rationale:** Deterrence is an approach which seeks to minimise threats due to deliberate action, by creating penalties to 'put people off' attempting the action. Correction is an approach to ensure that vulnerabilities are dealt with when found. Detection is an approach to identifying vulnerabilities and attacks (eg keeping a log of patient records accessed or removed). Threat avoidance means eliminating a threat (eg by changing the system so no unauthorised access is possible).

Text reference: Chapter 2

- 23 A, 3
B, 1
C, 2

Rationale: This should be straightforward if you think systematically through the process.

Text reference: Chapter 18

- 24 C **Rationale:** In the PEST model, social factors include demographics: the study of population structures and characteristics. Birth and mortality rates affect population numbers, distribution (if they are unequal in different areas) and age structure (lower birth and mortality rates creates an ageing population).

Text reference: Chapter 7

- 25 Interdependent

Rationale: Interdependence of team members is important, because no-one feels they could earn higher rewards on their own: everyone's contribution is necessary, and everyone 'pulls their weight'.

Text reference: Chapters 12 and 13

- 26 C **Rationale:** Non-statutory deductions (such as pension contributions) should be authorised, to prevent money being 'siphoned' off via non-existent deductions. However, statutory deductions are non-discretionary: they cannot *not* be authorised!

Text reference: Chapter 8

- 27 Expert

- Negative

Rationale: The production mixer has expert power, because he has knowledge that is recognised and valued by the rest of the staff. The shop-floor staff exercise negative power: the power to disrupt operations. Neither have position power (organisational authority), nor (as far as we know) personal power, or charisma.

Pitfalls: Don't confuse 'personal power' with 'the power of an individual': personal power means charismatic leadership qualities or the ability to inspire followership.

Ways in: You should be able to narrow the options by recognising negative power.

Text reference: Chapter 11

- 28 A, 3
B, 1

Rationale: In Belbin's model, the Plant is the ideas person; the Monitor-Evaluator the discerning critic; and the Team worker the diplomatic relationship-builder.

Pitfalls: Belbin's model lends itself to exam questions about the different roles, so you really do need to be able to identify and describe each. Not all the role labels are descriptive enough for you to be able to guess...

Text reference: Chapter 12

- 29 C **Rationale:** There are several risks associated with outsourcing: being locked in to an unsatisfactory relationship; losing in-house assets and knowledge; sharing confidential information; and 'reputational' risk (if the supplier gives poor service, or is found to be unethical in its practices, say). The other statements are untrue: an organisation should *not* outsource its 'core competences' (areas of unique and non-replicable competitive advantage); outsourcing often creates economies of scale (taking advantage of the larger dedicated resources of the contractor); and outsourcing still incurs significant costs, including internal costs of managing the relationship.
- Text reference:** Chapter 7
- 30 Process theory
- Rationale:** Process theories explore the process by which individuals come to value, select and explore goals: in other words, *how* people become motivated. Content theories (including Maslow's hierarchy of needs and Herzberg's two-factor theory) explore the needs that motivate people to act in certain ways: in other words, *what* motivates people.
- Pitfalls:** This is a frequent source of exam questions on motivation: please make sure you get content and process the right way round!
- Text reference:** Chapter 13
- 31 B **Rationale:** Reporting by exception means only reporting to managers when there is a deviation from plan. Options A and C would increase information flow. Option D would not address the problem: information overload is about excessive complexity as well as volume!
- Text reference:** Chapter 14
- 32 A **Rationale:** This is straightforward, if you recall the managerial grid. It does not represent a continuum (option C) because it assumes that the two things are compatible: they can both be high or low at the same time. The grid can be used in appraisal, to focus attention on the manager's approach, but does not indicate 'success' or effectiveness (option B).
- Pitfalls:** Option D is a pure distractor based on potential confusion between 'grid' and 'matrix'. Remember, questions aren't designed to trick you, but they are designed to test your knowledge – not your ability to guess plausibly!
- Text reference:** Chapter 11
- 33 Closed
- Probing
- Rationale:** Closed questions pin the candidate down to either/or options. Probing questions push for an answer where a candidate is being vague. Open questions wouldn't work here, because they give the candidate space to answer in any way (s)he wishes. You may have hesitated over leading questions, but these would encourage the candidate to give a *particular* reply, suggested by the interviewer – not to pin down what the *candidate* meant.
- Pitfalls:** This is classic objective-testing question territory: make sure you can identify all types of question by name and from examples.
- Text reference:** Chapter 15
- 34 C **Rationale:** An instrumental orientation accounts for why some people take jobs offering high monetary rewards rather than intrinsic interest or job satisfaction (up to a certain point). Option B is a form of job design which more or less assumes the *opposite*: that people seek intrinsic satisfactions in work itself. Option D is an approach to motivation based on the assumption (not always accurate) that workers have an instrumental orientation to work. Option A is irrelevant, relating to McGregor's Theory X and Theory Y.
- Pitfalls:** Be ready to think through questions that address more than one area of the syllabus.
- Text reference:** Chapter 13

- 35 A **Rationale:** 'Tell and listen' is one of Maier's three approaches to appraisal interviewing: 'tell and sell' and 'problem-solving' are the other two approaches.
Text reference: Chapter 18
- 36 A **Rationale:** You can take advantage of personal work patterns, which include times of high energy and focus as well as low. The other options all expose you to the demands of other people, which may be harder to manage.
Text reference: Chapter 1.
- 37 B, C **Rationale:** Esteem needs are for recognition and respect from others. Option A would be self-actualisation and option D would be a social need.
Pitfalls: Worth learning the hierarchy of needs in order of priority: a question may test your understanding that once a level of need is satisfied, you move up to the next level.
Text reference: Chapter 13.
- 38 Dorming
Rationale: This is the definition of dorming. Forming is a 'getting to know each other' stage; norming the development of agreed ways of behaving; and storming a stage of conflict and testing.
Text reference: Chapter 12.
- 39
- | | |
|---------------------------------|---|
| Preparing job descriptions | 1 |
| Selection interviewing | 3 |
| Reference checking | 5 |
| Selection testing | 4 |
| Preparing person specifications | 2 |
- Rationale:** This should be straightforward, if you work through the options carefully. A person specification is prepared *from* a job description. Testing follows interviewing, as a more rigorous form of selection. Reference checking comes last, as it only applies to candidates who are potentially going to be offered a job.
Text reference: Chapter 15
- 40 Mentor
Rationale: A coach is often the trainee's immediate superior: indeed, coaching is accepted as a style of management/leadership. A mentor is *not* usually the immediate superior of the protégé, so that there can be open, confidential discussion of work and non-work issues.
Text reference: Chapter 14
- 41 B **Rationale:** Cognitive psychology argues that the human mind uses feedback information on the results of past behaviour to make rational decisions about whether to maintain successful behaviours or modify unsuccessful behaviours, according to the outcomes we want. Behaviourist psychology focuses on the relationship between stimuli and responses: we are 'conditioned' to respond in ways that are repeatedly positively reinforced (rewarded) and to avoid behaviours that are repeatedly negatively reinforced (punished). Option C is not a learning theory, and option D is a particular learning model (by Honey & Mumford) not relevant here.
Ways in: Contingency theory should be familiar from organisation and management topics: you could rule that out. If you also knew that 'cognitive' means 'thinking', you could probably go a step further...
Text reference: Chapter 17.

- 42 A, C **Rationale:** The third element in the auditor's independence is the responsibility structure – which does *not* mean freedom from accountability (option D). The internal auditor is accountable to the highest executive level in the organisation (preferably the audit committee of the board of directors). Option B is the opposite of independence: internal auditors should not install new procedures or systems, or engage in activities, which they will later have to appraise – as this might (or might be seen to) compromise their independence.

Text reference: Chapter 9

- 43 C **Rationale:** Cultural change is a good reason to seek 'new blood' in management, rather than promote people who are used to thinking in familiar ways. Options A and D argue for internal promotion as a matter of policy and staff retention (option A) and as a way of preserving culture (option D). You may have hesitated over option B, but note that the vacancy is not immediate: organisations often plan ahead to develop people for promotion (succession planning).

Text reference: Chapter 15

- 44 A **Rationale:** Off-the-job training allows people to make mistakes in learning, without the costs and consequences of making the same mistakes on the job. However, formal courses may *not* always be directly relevant to the circumstances of the job and workplace (option B), and it may not be easy to 'transfer learning' from the classroom to the job, for various reasons (option C). Meanwhile, formal courses take people away from work (option D). You could think of options B, C and D as advantages of on-the-job training.

Pitfalls: Make sure you get 'off-the-job' and 'on the job' the right way round as you read the question – and as you think through the options.

Text reference: Chapter 17

- 45 Victimisation.

Rationale: Remember that direct discrimination is less favourable treatment of a protected group. Indirect discrimination is when requirements cannot be justified on non-discriminatory grounds.

Text reference: Chapter 16

- 46 B **Rationale:** This is likely to be a sensitive issue. How do you identify job applicants' ethnic origins without potentially causing offence or suspicion? How do you apply particular performance monitoring to ethnic minority staff without seeming to discriminate? All the other options are much more straightforward!

Text reference: Chapter 16.

- 47 D Considering whether directors act on internal audit information.

Rationale: The first three options are internal checks to an internal control system. External auditors will need to check that directors and management act on any internal audit recommendations.

Text reference: Chapter 9

- 48 Level 5 Ultimate value
Level 3 Changes in job behaviour
Level 1 Trainee reactions
Level 2 Trainee learning
Level 4 Impact on organisational results

Rationale: The lowest level is how trainees feel about the training: this is an inexact measure of results. Level 2 is trainee learning, measuring what the trainees have learned (what they know or can do at the end of the course, compared to pre-training tests): the likely focus of trainers. Level 3 is changes in job behaviour, which measures whether learning has been *applied* successfully to the job: the likely focus of departmental managers. Level 4 is whether these changes result in measurable performance gains for the organisation: the likely focus of senior management's cost-benefit analysis of training. Level 5 (which many organisations never reach) is evaluating impacts on 'wider' goals such as greater social responsibility.

Pitfalls: Try to understand the logic of the levels, and what they measure – otherwise, it is easy to mix them up!

Ways in: You should be able to allocate trainee reactions to the lowest, and ‘ultimate value’ to the highest spots, which narrows the remaining options.

Text reference: Chapter 17

- 49 Card entry systems
 Personal identification numbers

Rationale: Physical access controls are basically ‘lock and key’ systems – basic though that may sound! Card entry and PIN systems are ways of identifying yourself (by swipe card and keypad entry respectively) in order to gain authorised entry to an area or storage device. Logical access systems are non-physical access controls, involving password-protected access to data in the system. Back-ups are not access controls at all: they are integrity and/or contingency controls.

Text reference: Chapter 9

- 50 False

Rationale: Connected stakeholders include shareholders, customers, suppliers and financiers. Don’t confuse this with internal stakeholders which include employees and management.

Text reference: Chapter 3

ACCA

Paper F1

Accountant in Business

Mock Examination 3

Pilot paper

<i>Question Paper</i>	
Time allowed	<i>2 hours</i>
<i>ALL 50 questions are compulsory and MUST be attempted</i>	

DO NOT OPEN THIS PAPER UNTIL YOU ARE READY TO START UNDER EXAMINATION CONDITIONS

If you are sitting your exam on the computer, you can attempt the Pilot Paper as a computer-based exam on ACCA's website:

<http://62.254.188.145/main.html>

ALL FIFTY questions are compulsory and MUST be attempted.

- 1 An organisation which restructures through a major de-layering exercise has as a result moved to a shorter scalar chain and a narrower span of control.

Is the above statement true or false?

- A True
- B False

(1 mark)

- 2 Which of the following is the main function of marketing?

- A To maximise sales volume
- B To identify and anticipate customer needs
- C To persuade potential consumers to convert latent demand into expenditure
- D To identify suitable outlets for goods and services supplied

(2 marks)

- 3 Which one of the following has become an established best practice in corporate governance in recent years?

- A An increasingly prominent role for non-executive directors
- B An increase in the powers of external auditors
- C Greater accountability for directors who are in breach of their fiduciary duties
- D A requirement for all companies to establish an internal audit function

(2 marks)

- 4 In a higher education teaching organisation an academic faculty is organised into courses and departments, where teaching staff report both to course programme managers and to subject specialists, depending on which course they teach and upon their particular subject specialism.

According to Charles Handy's four cultural stereotypes, which of the following describes the above type of organisational structure?

- A Role
- B Task
- C Power
- D Person

(2 marks)

- 5 At what stage of the planning process should a company carry out a situation analysis?

- A When converting strategic objectives into tactical plans
- B When formulating a mission statement
- C When validating the effectiveness of plans against outcomes
- D When formulating strategic objectives

(2 marks)

- 6 Which one of the following is a potential advantage of decentralisation?

- A Greater control by senior management
- B Risk reduction in relation to operational decision-making
- C More accountability at lower levels
- D Consistency of decision-making across the organisation

(2 marks)

- 7 Which one of the following is an example of an internal stakeholder?

- A A shareholder
- B An non-executive director
- C A manager
- D A supplier

(2 marks)

- 8 According to Mendelow, companies must pay most attention to the needs of which group of stakeholders?
- A Those with little power and little interest in the company
 - B Those with a high level of power but little interest in the company
 - C Those with little power but a high level of interest in the company
 - D Those with a high level of power and a high level of interest in the company
- (2 marks)**
-
- 9 What is the responsibility of a Public Oversight Board?
- A The establishment of detailed rules on internal audit procedures
 - B The commissioning of financial reporting standards
 - C The creation of legislation relating to accounting standards
 - D The monitoring and enforcement of legal and compliance standards
- (2 marks)**
-
- 10 The ageing population trend in many European countries is caused by a increasing birth rate and an increasing mortality rate.
- A True
 - B False
- (1 mark)**
-
- 11 Which one of the following is consistent with a government's policy objective to expand the level of economic activity?
- A An increase in taxation
 - B An increase in interest rates
 - C An increase in personal savings
 - D An increase in public expenditure
- (2 marks)**
-
- 12 Martin is an experienced and fully trained shipbuilder, based in a western European city. Due to significant economic change in supply and demand conditions for shipbuilding in Martin's own country, the shipyard he worked for has closed and he was made redundant. There was no other local demand for his skills within his own region and he would have to move to another country to obtain a similar employment, and could only find similar work locally through undertaking at least a year's retraining in a related engineering field.
- Which of the following describes the type of unemployment that Martin has been affected by?
- A Structural unemployment
 - B Cyclical unemployment
 - C Frictional unemployment
 - D Marginal unemployment
- (2 marks)**
-
- 13 When an organisation carries out an environmental scan, it analyses which of the following?
- A Strengths, weaknesses, opportunities and threats
 - B Political, economic, social and technological factors
 - C Strategic options and choice
 - D Inbound and outbound logistics
- (2 marks)**
-
- 14 Which of the following is data protection legislation primarily designed to protect?
- A All private individuals and corporate entities on whom only regulated data is held
 - B All private individuals on whom only regulated data is held
 - C All private individuals on whom any data is held
 - D All private individuals and corporate entities on whom any data is held
- (2 marks)**
-

- 15 Which of the following types of new legislation would provide greater employment opportunities in large companies?
- A New laws on health and safety
 - B New laws to prevent discrimination in the workplace
 - C New laws making it more difficult to dismiss employees unfairly
 - D New laws on higher compensation for employer breaches of employment contracts
- (2 marks)**
-
- 16 The total level of demand in the economy is made up of consumption, , government expenditure and net gains from international trade.
- Which of the following correctly completes the sentence above.
- A Savings
 - B Taxation
 - C Investment
- (1 mark)**
-
- 17 Which set of environmental factors does a lobby group intend to directly influence?
- A Political
 - B Technological
 - C Demographic
 - D Economic
- (2 marks)**
-
- 18 Adrian is the manager of a call centre. Consultants have advised him that by reorganising his teams to complete highly specific tasks the call centre will be able to increase the throughput of work significantly, as well as increasing the number of sales calls made to the public. The reorganisation proposals are unpopular with many workers, who feel that their jobs will become tedious and repetitive.
- The proposal to reorganise the work of the call centre utilises principles put forward by which school of management thought?
- A The human relations school
 - B The empirical school
 - C The scientific school
 - D The administrative school
- (2 marks)**
-
- 19 The original role of the accounting function was which one of the following?
- A Providing management information
 - B Recording financial information
 - C Maintaining financial control
 - D Managing funds efficiently
- (2 marks)**
-
- 20 Tax avoidance is a legal activity whilst tax evasion is an illegal activity.
- Is this statement true or false?
- A True
 - B False
- (1 mark)**
-
- 21 The system used by a company to record sales and purchases is an example of which of the following?
- A A transaction processing system
 - B A management information system
 - C An office automation system
 - D A decision support system
- (2 marks)**
-

- 22 The implementation of a budgetary control system in a large organisation would be the responsibility of the internal auditor.
Is this statement true or false?
A True
B False (1 mark)
-
- 23 Which type of organisation would have the retail prices it charges to personal consumers subject to close scrutiny by a regulator?
A A multinational corporation
B A multi-divisional conglomerate
C A national utilities company
D A financial services provider (2 marks)
-
- 24 The central bank has announced a 2% increase in interest rates.
This decision has the most impact on which department of a large company?
A Marketing
B Treasury
C Financial accounting
D Production (2 marks)
-
- 25 The major purpose of the International Accounting Standards Board (IASB) is to ensure consistency in
Which two words complete this sentence?
A Financial control
B Corporate reporting
C External auditing (1 mark)
-
- 26 Farrah, Gordon, Helene and Ian work in the finance department of X Co, which has separate financial accounting and management accounting functions. Farrah deals with payroll, the purchase ledger and sales invoicing. Gordon's duties involve inventory valuation, budgetary control and variance analysis. Helene deals with fraud prevention and detection, and internal control. Ian carries out risk assessments, investment appraisals and assists in project planning.
Which member of the department works in the financial accounts function?
A Farrah
B Gordon
C Helene
D Ian (2 marks)
-
- 27 In an economic environment of high price inflation, those who owe money will gain and those who are owed money will lose.
Is this statement true or false?
A True
B False (1 mark)
-
- 28 To whom is the internal 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)
-

- 29 Which one of the following is a DISADVANTAGE of a computerised accounting system over a manual accounting system?
- A A computerised system is more time consuming to operate
 - B The operating costs of a computerised system are higher
 - C The computerised system is more costly to implement
 - D A computerised system is more error prone
- (2 marks)**
-

- 30 Calum works in the internal audit department of Z Co. His duties involve the identification, evaluation and testing of internal controls. He produces reports to senior management on these activities.
- For which type of audit is Calum responsible?
- A Operational audit
 - B Transactions audit
 - C Social responsibility audit
 - D Systems audit
- (2 marks)**
-

- 31 What is the primary responsibility of the external auditor?
- A To verify all the financial transactions and supporting documentation of the client
 - B To ensure that the client's financial statements are reasonably accurate and free from bias
 - C To report all financial irregularities to the shareholders of the client
 - D To ensure that all the client's financial statements are prepared and submitted to the relevant authorities on time
- (2 marks)**
-

- 32 Which of the following are substantive tests used for in the context of external audit of financial accounts?
- A To establish whether a figure is correct
 - B To investigate why a figure is incorrect
 - C To investigate whether a figure should be included
 - D To establish why a figure is excluded
- (2 marks)**
-

- 33 In the context of fraud, 'teeming and lading' is most likely to occur in which area of operation?
- A Sales
 - B Quality control
 - C Advertising and promotion
 - D Despatch
- (2 marks)**
-

- 34 In order to establish an effective internal control system that will minimise the prospect of fraud, which one of the following should be considered first?
- A Recruitment policy and checks on new personnel
 - B Identification of areas of potential risk
 - C Devising of appropriate sanctions for inappropriate behaviour
 - D Segregation of duties in critical areas
- (2 marks)**
-

- 35 The leadership style that least acknowledges the contribution that subordinates have to make is
- Which word correctly completes this sentence?
- A Authoritarian
 - B Autocratic
 - C Assertive
- (1 mark)**
-

- 36 Renata has attended a leadership development course in which she experienced a self-analysis exercise using the Blake and Mouton managerial grid. The course leader informed her that the results suggested that Renata demonstrated a 9.1 leadership style, which suggested that she is highly focused on achieving the objectives of the team.

What other conclusion may be drawn in relation to Renata's leadership style?

- A She maximises the involvement of her team
- B She demonstrates little concern for people in the team
- C She balances the needs of the team with the need to complete the task.
- D She favours psychologically close manager subordinate relationships

(2 marks)

- 37 Jackie leads an established team of six workers. In the last month, two have left to pursue alternative jobs and one has commenced maternity leave. Three new staff members have joined Jackie's team.

Which one of Tuckman's group stages will now occur?

- A Norming
- B Forming
- C Performing
- D Storming

(2 marks)

- 38 Richard is a highly enthusiastic member of his team. An extrovert by nature, he is curious and communicative. He responds to new challenges positively and has a capacity for contacting people exploring anything new. However, his attention span is short and he tends to become less involved in a task once his initial interest has passed.

According to Belbin's team roles theory, Richard displays the characteristics of which of the following?

- A Monitor-evaluator
- B Plant
- C Resource-investigator
- D Company worker

(2 marks)

- 39 Which one of the following statements is correct in relation to monetary rewards in accordance with Herzberg's Two-Factor theory?

- A Pay increases are a powerful long-term motivator
- B Inadequate monetary rewards are a powerful dissatisfier
- C Monetary rewards are more important than non-monetary rewards
- D Pay can never be used as a motivator

(2 marks)

- 40 Which one of the following is a characteristic of a team as opposed to a group?

- A Members agree with other members
- B Members negotiate personal roles and positions
- C Members arrive at decisions by consensus
- D Members work in cooperation

(2 marks)

- 41 According to Victor Vroom:

Force (or motivation) = × expectancy

Which of the following words completes Vroom's equation.

- A Needs
- B Valence
- C Opportunity

(1 mark)

- 42 According to Handy's 'shamrock' organisation model, which one of the following is becoming progressively less important in contemporary organisations?
- A The permanent, full-time work force
 - B The part-time temporary work force
 - C The role of independent sub-contractors
 - D The role of technical support functions
- (2 marks)**
-
- 43 Which pattern of communication is the quickest way to send a message?
- A The circle
 - B The chain
 - C The Y
 - D The wheel
- (2 marks)**
-
- 44 Poor quality lateral communication will result in which of the following?
- A Lack of direction
 - B Lack of coordination
 - C Lack of delegation
 - D Lack of control
- (2 marks)**
-
- 45 Role playing exercises using video recording and playback would be most effective for which type of training?
- A Development of selling skills
 - B Regulation and compliance
 - C Dissemination of technical knowledge
 - D Introduction of new processes or procedures
- (2 marks)**
-
- 46 In the context of marketing, the 'four P's' are price, place, promotion and
Which word correctly completes this sentence?
- A Processes
 - B Production
 - C Product
- (1 mark)**
-
- 47 In relation to employee selection, which type of testing is most appropriate for assessing the depth of knowledge of a candidate and the candidate's ability to apply that knowledge?
- A Intelligence testing
 - B Personality testing
 - C Competence testing
 - D Psychometric testing
- (2 marks)**
-
- 48 A company has advertised for staff who must be at least 1.88 metres tall and have been in continuous full-time employment for at least five years.
Which of the following is the legal term for this unlawful practice?
- A Direct discrimination
 - B Indirect discrimination
 - C Victimisation
 - D Implied discrimination
- (2 marks)**
-

- 49 Gloria has the responsibility to work with selected management trainees in her organisation. Her objective is to help the trainees over the medium to long-term with their personal career development. Supporting and encouraging them to fulfil their potential is an integral part of her role. Gloria has no involvement in the technical content of the trainee managers' work.

Which of the following roles does Gloria fulfil?

- A Buddy
- B Counsellor
- C Mentor
- D Instructor

(2 marks)

- 50 Gils is conducting an appraisal interview with his assistant Jill. He initially invites Jill to talk about the job, her aspirations, expectations and problems. He adopts a non-judgmental approach and offers suggestions and guidance.

This is an example of which approach to performance appraisal?

- A Tell and sell approach
- B Tell and listen approach
- C Problem solving approach
- D 360 degree approach

(2 marks)

Answers

**DO NOT TURN THIS PAGE UNTIL YOU HAVE
COMPLETED THE MOCK EXAM**

ACCA Examiner's answers. The Examiner's answers to all the questions in Mock Exam 3 are included at the back of this kit.

- 1 B The span of control refers to the number of subordinates immediately reporting to a superior official. Delaying would mean that more subordinates would report to one of the superior officials so the span of control is widened. The scalar chain is concerned with the chain of command and the number of levels of management.
- 2 B According to the Chartered Institute of Marketing, marketing is 'the management process which identifies, anticipates and satisfies customer needs profitably'. The other answer options relate to specific activities carried out by a marketing department.
- 3 A Non-executive directors should provide a balancing influence and play a key role in reducing conflicts of interest between management and shareholders.
- 4 B The principal concern in a task culture is to get the job done. The higher education organisation has the flexibility required to implement this.
- 5 D A situation analysis is carried out when formulating strategic objectives.
- 6 C In decentralisation, the motivation and accountability of local managers is increased.
- 7 C The others are known as connected stakeholders.
- 8 D The answer A group need minimal effort. The answer B group need to be treated with care and the C answer group need to be kept informed.
- 9 D Their aim is to minimise breaches of legislative requirements and ensure compliance of the relevant standards.
- 10 B The aging population trend is caused by a decreasing birth rate and a decreasing mortality rate.
- 11 D Answers A and B would have the reverse effect. Increasing public expenditure should increase the level of consumer demand and therefore the level of economic activity.
- 12 C Friction in the labour market means that there are difficulties in matching workers with the jobs available.
- 13 B These are the external factors which impact the business.
- 14 B Data Protection legislation protects individuals about whom data is held, but not all data is regulated.
- 15 B Discrimination can arise on the basis of gender, race, lifestyle and age.
- 16 C Consumption is consumer spending. Investment means investment by enterprises.
- 17 A Lobbyists put their case to individual ministers or civil servants.
- 18 C The scientific management aim is for increased efficiency in production, that is, increased productivity.
- 19 B The original role was that of recording financial information. The role today is much wider.
- 20 A Tax avoidance involves making decisions which will minimise the tax liability. Tax evasion is deliberately not paying tax which is lawfully due.
- 21 A A system used to record sales and purchases is a transaction processing system.
- 22 B The internal auditor's role is to monitor the effectiveness of the controls in place. It is not their responsibility to implement systems.
- 23 C Some privatised firms are monopolies, in that they have no competitors. To ensure that they do not abuse their position, there are regulatory bodies (eg OFWAT for water) which control their policies.
- 24 B The interest rate is the price of money. A rise in interest rates will raise the price of borrowing, and increase the interest that can be made on surplus funds.
- 25 B The IASB forms financial reporting standards which businesses must implement. This ensures consistency in corporate reporting.

- 26 A The payroll, purchase ledger and sales invoicing would normally be the responsibility of the financial accountant. Gordon works in the management accounts function. Helene works in the internal audit department. Ian might work in the treasury department or the management accounts department.
- 27 A Where price inflation is high the value of money reduces steadily over time.
- 28 A The internal auditor is accountable to the highest executive level in the organisation.
- 29 C The computerised system is more costly to implement in the beginning. This is only a short-term disadvantage and the advantages outweigh the disadvantage.
- 30 D A systems audit is based on a testing and evaluation of the internal controls.
- 31 B The external auditor expresses an opinion on the financial statements.
- 32 A Substantive tests are used to discover errors and omissions.
- 33 A Teeming and lading is the theft of cash or cheque receipts. It is done by setting subsequent receipts against the outstanding debt to conceal the theft.
- 34 B One of the prerequisites for fraud is opportunity. Identifying areas of potential risk should reduce the opportunities to commit fraud.
- 35 B The Ashridge model states that an autocratic style acknowledges the least contribution from subordinates.
- 36 B Blake and Mouton designed the management grid. It is based on two fundamental ingredients of behaviour, namely concern for production (or the task) and concern for people.
- 37 B Forming the stage where the team is just coming together and may still be seen as a collection of individuals.
- 38 C A resource-investigator is popular, sociable, extrovert, relaxed; source of new contacts, but not an originator.
- 39 B Pay is a hygiene factor. According to Herzberg, hygiene factors, no matter how advanced and favourable could never motivate; however dissatisfaction with them could demotivate.
- 40 C A consensus is the majority of opinion so the input of all team members is considered.
- 41 B Valence is the strength of the individual preference for a given outcome or reward.
- 42 A Pressure to reduce personnel costs and to adapt to new market imperatives has increased the use of part-time and temporary contracts of employments.
- 43 D The wheel is the fastest followed by the Y, then the chain, and finally the circle.
- 44 B Lateral communication may be used to co-ordinate the work of several people and perhaps departments who have to co-operate to carry out a certain operation.
- 45 A Role playing exercises are most useful for developing and practising skills.
- 46 C 'Product' can also be replaced with the word 'service'.
- 47 C A tests memory and problem solving skills. B tests a variety of characteristics such as ambition and motivation. D tests psychological factors such as aptitude, intelligence and personality.
- 48 B On average men are taller than women so this is an indirect discrimination on the grounds of gender.
- 49 C Answers A, B and D are shorter term roles than a mentor so 'medium to long-term' was the clue.
- 50 B The tell and listen approach is where the manager tells the subordinate how (s)he has been assessed and then invites the appraisee to respond.

ACCA examiner's answers

Pilot Paper F1 Answers

1	B	26	A
2	B	27	A
3	A	28	A
4	B	29	C
5	D	30	D
6	C	31	B
7	C	32	A
8	D	33	A
9	D	34	B
10	B	35	B
11	D	36	B
12	C	37	B
13	B	38	C
14	B	39	B
15	B	40	C
16	C	41	B
17	A	42	A
18	C	43	D
19	B	44	B
20	A	45	A
21	A	46	C
22	B	47	C
23	C	48	B
24	B	49	C
25	B	50	B

Rationale for answers

- 1 B The span of control is concerned with the number of subordinates reporting directly to one person. The scalar chain concept relates to the number of levels in the management structure. Therefore delayering causes a reduction in levels of management, with each manager having more subordinates.
- 2 B The basic principle that underlies marketing is that it is a management process that identifies and anticipates customer needs. The other distractors in the question refer to specific activities undertaken by a marketing function.
- 3 A Successive reports on corporate governance (Cadbury, Higgs, etc.) have highlighted the increasingly prominent role that nonexecutive directors should take in large organisations. This has become an established best practice.
- 4 B The task culture is appropriate where organisations can accommodate the flexibility required to adjust management and team structures to address the tasks that must be fulfilled. This is very common in large consultancy firms.
- 5 D A situation analysis is carried out when deciding on strategic objectives. The organisation will have already decided on its mission statement and goals.
- 6 C Greater accountability at lower levels will lead to greater empowerment of those taking decisions and hence greater motivation and commitment, but will lead to less control and potentially more inconsistency.
- 7 C A manager is employed by the organisation and is therefore a constituent part of it. All the others are known as 'connected' stakeholders.
- 8 D The organisation must constantly be aware of the needs of stakeholders with a high level of power and the ability to influence the organisation profoundly. Management decisions must therefore take most account of the needs of this group of stakeholders.
- 9 D The primary aim of a public oversight board is to eliminate or minimise any actual or potential breaches of legislative requirements and to ensure compliance with regulations applicable to organisations within their terms of reference.
- 10 B The ageing population trend is caused by decreasing birth rate and a decreasing mortality rate.
- 11 D An increase in public expenditure should increase the level of consumer demand and hence the level of economic activity. This would also be achieved by other measures, such as a reduction in taxation or a reduction in interest rates.
- 12 C Frictional unemployment arises even when there are unfilled vacancies in the economy. It is because there is never a perfect match between the types of job available and their location with the skills of those seeking work and where they live.
- 13 B Any environmental scan analyses the external factors that affect an organisation, often categorised as political, economic, social and technological factors.
- 14 B Data protection legislation is formulated to protect the interests of data subjects who are private individuals. Not all data is regulated.
- 15 B Diversity policies are intended to reduce recruitment and selection policies and processes that enable discrimination to arise on the basis of gender, race, lifestyle and age, therefore such policies widen access of employment.
- 16 C The components of effective demand in the economy are consumer spending, investment by enterprises, central and local government expenditure and the net gains from international trade.
- 17 A Lobby groups are primarily established to influence political decision takers, such as the government and individual lawmakers.

- 18 C Scientific management principles consider the ways in which the factors of production (land, labour, capital and the entrepreneurial function) can be combined to maximise efficiency in production. The founding principles are based on the work of Frederick Winslow Taylor. The reorganisation of the call centre follows these principles.
- 19 B The accounting function originated from the need to record transactions completely and accurately. Other requirements naturally evolved from this at a later stage.
- 20 A Tax avoidance enables the individual or entity to apply legitimate rules to reduce the amount of tax payable. Tax evasion is always based on a deliberate intent not to pay tax that is lawfully due.
- 21 A A transaction processing system enables all sales and purchase transactions to be recorded by volume and category.
- 22 B The implementation of a budgetary control system would be the responsibility of the financial controller in many organisations. The internal auditor is not responsible for implementing systems, but is involved in monitoring the effectiveness of these systems.
- 23 C Public utilities companies often have national or local monopolies and it is therefore necessary for their pricing structures to be subject to the scrutiny of a regulatory body.
- 24 B An interest rate is the price of money. The output of the treasury function is directly affected by the price of funds to the organisation and the returns that can be made from surplus funds.
- 25 B The IASB aims to promote consistency in corporate reporting by creating financial reporting standards to which major businesses are expected to adhere.
- 26 A Payroll, purchase ledger and sales invoicing are core functions within the responsibility of the financial accountant.
- 27 A Where price inflation is high the value of money reduces consistently over time. Those who owe money (debtors) therefore pay back less capital in real terms, and interest rates seldom adjust adequately to compensate for this.
- 28 A The internal auditor must have the right to report and is most accountable to the highest level of management (Directors) in the organisation. They must be free of influence from any individual manager, irrespective of seniority.
- 29 C A computerised system can be costly to set up, though this disadvantage is essentially a short-term issue, as the running costs should offset this over time. A computer system should also reduce transaction processing time and the incidence of errors.
- 30 D Systems audit is concerned with the effectiveness of the system itself and not the processes, activities or values of the organisation.
- 31 B The external auditor has to ensure that the financial statements of the organisation truly reflect the activities of the business in the relevant accounting period. This assessment should be independent and therefore free from subjectivity on the part of the management of the client organisation.
- 32 A Substantive tests verify the accuracy of the financial information.
- 33 A Teeming and lading involves the theft of cash and is a type of fraud that is carried out by manipulating transactions. There would be most potential for this fraud within the sales department where cash may be received and remitted.
- 34 B All control systems should be based on an assessment of areas of risk prior to the consideration of other factors.
- 35 B The Ashridge model identifies four styles: autocratic; authoritarian; consultative; laissez-faire (or participative). The first of these is the least participative.
- 36 B The Blake and Mouton managerial grid enables leadership styles to be categorised on a nine point scale with reference to concern for people and concern for production.
- 37 B With the recent departures and the new staff joining the group, it will revert to the forming stage.
- 38 C The words 'curious' and 'explore' confirm that the individual is a resource-investigator.

- 39 B According to Herzberg, money is a hygiene factor (or dissatisfier). Although it is a powerful short-term motivator, it is questionable whether each individual increase in monetary reward will have a major long-term effect. According to Herzberg, 'A reward once given becomes a right'.
- 40 C Consensus implies coming to decisions that are acceptable, paying due regard to the input of all members of the team.
- 41 B Victor Vroom defines 'valence' as the individual's preference for a given outcome.
- 42 A Handy's theory suggests that full-time, permanent workers are both expensive and inflexible in comparison with other elements of the shamrock. These other elements are part-time workers and independent contractors. A fourth leaf can be getting the customer to do the work.
- 43 D The wheel facilitates transmission of the message directly to all receivers and therefore transmits most quickly.
- 44 B Lateral communication is horizontal. Therefore, poor quality communication will result in poor coordination between team members.
- 45 A Role playing exercises are most effectively used for skills development, including sales training. Other common business applications include effective selection interviewing and performance appraisal interviewing.
- 46 C Product is the fourth component of the marketing mix. This term can also relate to a service as well as tangible products.
- 47 C Competence testing evaluates and validates knowledge and the ability to apply these to given situations. It assesses whether the individual can actually do specified tasks.
- 48 B A height restriction is a form of indirect discrimination on the grounds of gender. On average, men are taller than women.
- 49 C A mentor has a longer-term role than buddies, counsellors or instructors.
- 50 B The 'tell and listen' approach encourages input from the individual, promoting participation the process by the appraisee.

Review Form & Free Prize Draw – Paper F1 Accountant in Business (01/10)

All original review forms from the entire BPP range, completed with genuine comments, will be entered into one of two draws on 31 July 2010 and 31 January 2011. The names on the first four forms picked out on each occasion will be sent a cheque for £50.

Name: _____ **Address:** _____

How have you used this Kit?

(Tick one box only)

- Home study (book only)
- On a course: college _____
- With 'correspondence' package
- Other _____

Why did you decide to purchase this Kit?

(Tick one box only)

- Have used the complementary Study text
- Have used other BPP products in the past
- Recommendation by friend/colleague
- Recommendation by a lecturer at college
- Saw advertising
- Other _____

During the past six months do you recall seeing/receiving any of the following?

(Tick as many boxes as are relevant)

- Our advertisement in *Student Accountant*
- Our advertisement in *Pass*
- Our advertisement in *PQ*
- Our brochure with a letter through the post
- Our website www.bpp.com

Which (if any) aspects of our advertising do you find useful?

(Tick as many boxes as are relevant)

- Prices and publication dates of new editions
- Information on product content
- Facility to order books off-the-page
- None of the above

Which BPP products have you used?

- | | | | | | |
|----------|-------------------------------------|------------|--------------------------|--------------------|--------------------------|
| Text | <input type="checkbox"/> | Success CD | <input type="checkbox"/> | Learn Online | <input type="checkbox"/> |
| Kit | <input checked="" type="checkbox"/> | i-Learn | <input type="checkbox"/> | Home Study Package | <input type="checkbox"/> |
| Passcard | <input type="checkbox"/> | i-Pass | <input type="checkbox"/> | Home Study PLUS | <input type="checkbox"/> |

Your ratings, comments and suggestions would be appreciated on the following areas.

	Very useful	Useful	Not useful	
Passing ACCA exams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Passing F1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Questions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Top Tips etc in answers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Content and structure of answers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Mock exam answers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Overall opinion of this Kit	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Adequate <input type="checkbox"/>	Poor <input type="checkbox"/>
Do you intend to continue using BPP products?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		

The BPP author of this edition can be e-mailed at: heatherfreer@bpp.com

Please return this form to: Lesley Buick, ACCA Publishing Manager, BPP Learning Media, FREEPOST, London, W12 8BR



Review Form & Free Prize Draw (continued)

TELL US WHAT YOU THINK

Please note any further comments and suggestions/errors below.

Free Prize Draw Rules

- 1 Closing date for 31 July 2010 draw is 30 June 2010. Closing date for 31 January 2011 draw is 31 December 2010.
- 2 Restricted to entries with UK and Eire addresses only. BPP employees, their families and business associates are excluded.
- 3 No purchase necessary. Entry forms are available upon request from BPP Learning Media Ltd. No more than one entry per title, per person. Draw restricted to persons aged 16 and over.
- 4 Winners will be notified by post and receive their cheques not later than 6 weeks after the relevant draw date.
- 5 The decision of the promoter in all matters is final and binding. No correspondence will be entered into.