Mock Examination : ACCA F1

Accountant in Business

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F1 ACCOUNTANT IN BUSINESS

MOCK TEST

1. LLL Company is listed on its country's stock exchange. The following individuals serve on the board of directors:

Asif is a non-executive director and is the chairman of the company.
Bertrand is the CEO and is responsible for the day-to-day running of the company.
Chan is a professional accountant and serves as a non-executive director.
Donna is the finance director and is an employee of the company.
Esther is a legal advocate and serves as a non-executive director.
Frederik is the marketing director of a manufacturing company and serves as a non-executive director.

Which of the following is the most appropriate composition of directors for LLL Company's audit committee?

A Chan, Donna and Esther
B Asif, Bertrand and Frederik
C Asif, Esther and Frederik
D Chan, Esther and Frederik

2. Which of the following is a duty of the secretary of a listed public company?

A Maintaining order at board meetings
B Clarifying the terms of reference of the board meeting
C Ensuring that all directors contribute fully to discussions at board meetings
D Reporting to the board on operational performance for the last quarter

3. The board of directors of JJJ Company has decided to increase the basic salary of its chief executive officer by 20% in order to bring her pay into line with those occupying similar positions in the industry. This action will achieve which of the following purposes?

A Improve the prospect of retaining the chief executive officer
B Increase the productivity of the chief executive officer by at least 20%
C Motivate the chief executive officer to achieve long-term targets
D Create greater job satisfaction for the chief executive officer
4. Which of the following reports prepared by the finance department would enable the organisation to assess the effectiveness of an increase in expenditure on after sales service?

A Costs of defects reworked or written off due to failures in quality control  
B Revenues from cross-selling activities focused on existing customers  
C Costs of servicing, repairing and running vehicles driven by customer-facing engineers

5. Jens has prepared a report detailing the sales, revenues and costs attributable to his company’s products, broken down by cities, towns and regions, for the last 12 quarters. He already has figures for the estimated total market size for the same period. The company sells fast moving consumer goods and adopts an undifferentiated marketing strategy.

Jens’ report will enable the marketing department to complete which of the following?

A Carrying out a comprehensive analysis of the marketing environment  
B Analysing buyer behaviour according to product features and benefits  
C Identifying the position of the products on the product lifecycle  
D Understanding which promotional methods have been most effective

6. VTP Company has introduced a new budgetary control system. Managers have been asked to prepare budgets for their areas of responsibility and have agreed these formally with senior executives.

What is the next stage of the process?

A Reviewing outcomes in order to plan for the next period  
B Measurement of actual business outcomes  
C Analysis of variances between actual and budgeted performance  
D Agreement on action to be taken on significant variances

7. A recent report commissioned by the government of Arkana has concluded that the national birth rate has fallen from an average of 2·1 children per household to 1·7 children per household. This decline is expected to continue, as families face a period of prolonged financial pressure. The report also found that the life expectancy of the citizens of Arkana has increased from an average of 74 years to 79 years. Again, this trend is expected to continue as citizens choose healthier lifestyles. Numerous policy measures have been proposed by ministers to reduce the long-term pressure on national finances.
Which of the following measures is most appropriate in order to achieve this objective?

A A reduction in income tax rates and an increase in personal tax-free allowances
B The provision of targeted support for elderly low income families
C The introduction of tax incentives to invest in personal pension arrangements
D Maintenance of low interest rates in order to increase the money supply

8 Which of the following is a characteristic of a team but not of a group?

A The sense of identity brought about by common objectives
B The bonding and loyalty of the members to one another
C The emergence of one particular individual as a leader
D The organisation of work through strictly formal processes

9. Kolb’s learning cycle comprises active experimentation, experience, observation and reflection, and which other element?

A Assimilation
B Application
C Abstract conceptualization

10. Eatkleen is a pressure group that seeks to encourage food producers to eliminate harmful preservatives from food and make the public aware of the potential dangers of these additives. Frustrated with the government’s explicit policy not to act on this in the near future, Eatkleen is campaigning for consumers to boycott certain products.

What combination of environmental factors is Eatkleen bringing to bear on food producers?

A Political and social
B Social and economic
C Political and technological
D Economic and technological
11 Analysis of costs and revenues of different products would assist the marketing department in respect of which activity?

A Differentiating the technical features of products from those of competitors  
B Calculating the maximum discounts that sales personnel are permitted to offer  
C Targeting sales efforts towards the most appropriate socio-economic groups  
D Determining production bonuses to be paid

12 Which of the following principles is usually recommended for inclusion in legislation on data protection?

A The data user should provide the data subject with regular and detailed information on the data held  
B All personal data held by data users should be updated by checking this data with the subject at regular intervals  
C All personal data held by data users should be adequate for the purposes of the data user but not excessive  
D All personal data held by data users should be reviewed regularly and automatically deleted after a specified period of time

13. DEF Co has decided to include in each customer’s account number a check digit which will have an arithmetical relationship to other digits in the account number. This is an example of which of the following types of control?

A Input control  
B Back-up control  
C Output control  
D Contingency control

14. Janet is a member of a project group. She is highly knowledgeable and considered by her colleagues to be rather intellectual and strategic in her approach. Janet demonstrates great intuition when dealing with problems, sometimes adopting unorthodox but effective methods. However, some of the team regards her as detached and uncommunicative, and she can sometimes disregard practical details without explanation. According to Belbin’s team roles theory, Janet is an example of which of the following?

A Monitor-evaluator  
B Plant  
C Shaper  
D Resource investigator
15. In order to promote proper and complete dialogue between the company registration body and a company, and to ensure that essential administrative requirements laid down by the company registration body come to the attention of the board, which of the following positions should be segregated?

A Company Secretary and Chief Executive Officer
B Chief Executive Officer and Chairman
C Company Secretary and Chairman
D Director and Company Secretary

16. Which of the following is an example of a substantive test?

A Asking the procurement manager to confirm the underlying purpose of a purchase of raw materials
B Asking a senior manager for evidence that an account receivable is collectible to ensure that the stated valuation of the account is correct
C Checking that the technical quality of inventory is consistent with the order specification
D Confirming that an order for goods placed by the production manager is consistent with the manager’s authorisation limit

17. 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 best practice that companies should adopt
D To provide a comprehensive framework for management and administration

18. 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
19. 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

20. 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

21. 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

22. 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
23. 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

24. 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

25. 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

26. 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

27. 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

28. 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

29. 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

30. 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
31. 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

32. A company has advertised for staff who must be at least 1.88 metres tall and have been in continuous fulltime 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

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