Mock Examination : CAT Paper FAB
Accountant In Business

Session : December 2012
Set by : Mr Veeramani

Your Lecturer
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________________________________________________________________

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I wish to have my script marked by my lecturer and
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(Please submit your script latest by 12th November 2012 for marking)
(Mock Test)

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The students are to carefully read each question and then circle the letter of the correct answer.

1. An organization 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

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 customers to convert latent demand into expenditure
   d. To identify suitable outlets for goods and services supplied

3. **Which one of the following has become an establishment 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 all companies to establish an internal audit function
4. In a higher education teaching organization an academic faculty is organized 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 culture stereotypes, which of the following describes the above type of organizational structure?

a. Role  
b. Task  
c. Power  
d. Person

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 mission statement  
c. When validating effectiveness of plans against outcomes  
d. When formulating strategic objectives

6. Which one of the following is 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

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
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 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 high level of power and high level of interest in the company

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

10. The ageing population trend in many European countries is caused by an increasing birth rate and in increasing mortality rate.
    Is this statement true or false?
    a. True
    b. False

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

12. Martin is an experienced and fully trained shipbuilder, based in a western European city. Due to significant economic change in supply and demand and conditions for ship building 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 similarly 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  

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 choices  
d. Inbound and outbound logistics  

14. Which of the following is data protection legislation primarily designed to protect?

a. All private individuals and corporate entities on whom only regulate 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  

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 contract  

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. Saving  
b. Taxation  
c. Investment
17. Which set of environmental factors does a lobby intend to directly influence?
   a. Political
   b. Technological
   c. Demographic
   d. Economic

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 reorganization proposals are unpopular with many workers, who feel that their jobs will become tedious and repetitive.

   The proposal to reorganize the work of 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

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

20. Tax avoidance is legal whilst tax evasion is an illegal activity.

   Is this statement true or false?
   a. True
   b. False
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

22. The implementation of a budgetary control in a large organization would be the responsibility of the internal auditor.
   Is this statement true or false?
   a. True
   b. False

23. Which type of organisation would have the retail prices it 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

24. The central bank has announced a 2% increase in interest rates.
   This decision has the most impact on which department in a large company?
   a. Auditing
   b. Treasury
   c. Financial accounting
   d. Production
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

26. Victor, Germanine, Heren and Tom work in the finance department of ABC Co, which has separate financial accounting and management accounting functions. Victor deals with payrolls, the purchase ledger and sales invoicing. Germaine’s duties involved inventory valuation, budgetary control and variance analysis. Heren deals with fraud prevention and detection, internal control. Tom carries out risk assessments, investment appraisals and assists in project planning.

Which member of the department works in the financial accountants function?

a. Victor
b. Germaine
c. Heren
d. Tom

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

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
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 computerise system is more costly to implement
   d. A computerized system is more error prone

30. Caleen works in the internal audit department of Z Co. His duties involved the identification, evaluation and testing of internal controls. He produces reports to senior management on these activities.

For which type of audit is Caleen responsible?

   a. Operational audit
   b. Transactions audit
   c. Social responsibility audit
   d. Systems audit

31. What is the primary responsibility of the external auditor?

   a. To verify all the financial transactions and supporting documentations of the client
   b. To ensure that the client’s financial statements are reasonable 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

32. Which of the following are substantive tests used for in the context of external audit of financial accountants?

   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
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. Dispatch

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 behavior.
   d. Segregation of duties in critical areas

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

36. Reny has attended a leadership development course in which she experienced a self-analysis exercise using the Blake and Mouton managerial grid. The course leadership informed her that the results suggested that Reny demonstrated a 9.1 leadership style, which suggested that she is highly focused on achieving the objectives of the team.
   What other conclusion maybe drawn in relation to Reny’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
37. Jack leads an establishment 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

38. Rita is highly enthusiastic member of his team. An extrovert by nature, he is curious and communicative. He responds to new challenges positively ad 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, Rita displays the characteristics of which of the following?

a. Monitor-evaluator
b. Plant
c. Resource-investigator
d. Company worker

39. Which one of the following statements is correct in relation to monetary rewards in accordance with Herzberg’s Two-Factor theory?

a. Pay increase are powerful long-term motivator
b. Inadequate monetary rewards are a powerful dissatisfier
b. Monetary rewards are more important than non-monetary rewards
d. Pay can never be used as a motivator

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 all have equal status
c. Members arrived at decision by consensus
d. Members’ work in cooperation
41. According to Victor Vroom:

\[ \text{Force (or motivation)} = \text{_________} \times \text{expectancy} \]

Which of the following words completes Vroom's equation?

a. Needs  
b. Valence  
c. Opportunity

42. According to Handy's ‘shamrock’ organisation model, which one of the following is becoming progressively less important in contemporary organisation?

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

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

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

45. Role playing exercises using video recording and playback would be the 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
46. In the context of marketing, the ‘four Ps’ are price, place, promotion and ___________.
   
a. Processes
b. Production
c. Product

d. Psychometric testing

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

48. A company has advertised for staff who must be at least 1.88 meters 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

49. Gosan 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 fulfill their potential is an integral part of her role. Gosan has no involvement in the technical content of the trainee managers’ work.

Which of the following roles does Gloria fulfill?
   
a. Buddy
b. Counselor
c. Mentor
d. Instructor
Grill 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