

FOUNDATIONS IN ACCOUNTANCY

# Accountant in Business

Pilot Paper

**Time allowed:** 2 hours

ALL 50 questions are compulsory and MUST be attempted.

**Do NOT open this paper until instructed by the supervisor.**

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

The Association of Chartered Certified Accountants

Paper FAB

**ACCA**

**ALL 50 questions are compulsory and MUST be attempted**

Please use the space provided on the inside cover of the Candidate Answer Booklet to indicate your chosen answer to each multiple choice question.

Each question is worth 2 marks.

**1 Which of the following are substantive tests used 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 assess whether a figure should be included
- D To determine why a figure is excluded

**2 The following are four styles of management identified by Blake and Mouton:**

- 1. Team
- 2. Middle of the road
- 3. Country club
- 4. Authoritarian

**Which of the following are the most task efficient managerial styles as suggested by Blake and Mouton?**

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

**3 In relation to the management of conflict, which of the following approaches will maximise the prospect of consensus?**

- A Acceptance
- B Negotiation
- C Avoidance
- D Assertiveness

**4 Darragh has been appointed to the management team of a professional football club. His role includes coaching, mentoring and counselling young players who have just signed contracts with the club for the first time.**

The following are his main activities:

- 1 Helping the young players to settle in during their first week
- 2 Identifying each player's key skills and encouraging them to develop new skills
- 3 Advising the players on addressing personal issues, such as managing their finances
- 4 Helping the players to anticipate opponents' reactions

**Which of the following matches the correct role to carry out in each of the four activities?**

- A 1. Mentor 2. Counsellor 3. Coach 4. Counsellor
- B 1. Mentor 2. Coach 3. Counsellor 4. Coach
- C 1. Mentor 2. Coach 3. Counsellor 4. Mentor
- D 1. Counsellor 2. Mentor 3. Coach 4. Counsellor

**5 According to Mendelow which group of stakeholders must companies keep satisfied?**

- 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

**6** 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

**7 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

**8** The following are sanctions used against companies for potentially unlawful actions:

- 1 Investigation of its financial affairs by a government department or agency
- 2 Imposition of a fine by the government's company registration body
- 3 Refusal of the external auditor to sign the financial accounts
- 4 Suspension of dealings in securities by the stock exchange

**Which of the above are the consequences of a listed company failing to file its accounts?**

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

**9** The overall average age of a population in a country is directly dependent on two demographic factors: Birth rate and death rate.

**Assuming equal rates of change, which of the following must lead to an overall ageing of the population?**

- |          | <b>Birth rate</b> | <b>Death rate</b> |
|----------|-------------------|-------------------|
| <b>A</b> | Rising            | Rising            |
| <b>B</b> | Falling           | Rising            |
| <b>C</b> | Rising            | Falling           |
| <b>D</b> | Falling           | Falling           |

- 10** Gils is conducting an appraisal interview with his assistant Jill. He initially feeds back to Jill areas of strengths and weaknesses of performance but then invites Jill to talk about the job, her aspirations, expectations and problems. He adopts a non-judgemental 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

- 11 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

- 12** Marcus is charged with the leadership of a multi-disciplinary work team to oversee the development of a new accounting system. He determines that he must ensure that he has representatives from each of the sections in the finance directorate. He finds that the team starts to work well but gradually fails to deliver viable options. The meetings deteriorate into arguments as to who is responsible for what. There is no clear sense of direction. No one seems to take responsibility for the investigation of new options. No one seems to be assessing progress at each meeting.

Marcus may or may not be responsible for the following failures:

1. Failure to ensure effective team management
2. Failure to allow the team enough time to develop

**Which failures is Marcus responsible for?**

- A** 1 only
- B** 2 only
- C** Neither failure
- D** Both failures

- 13** Wasim is the Customer Services Manager in a large leisure park. The forthcoming weekend is going to be the busiest of the year, as it is a public holiday. Wasim has to cope with several absentees, leaving him short-staffed in public areas of the park. His manager has told him that he expects him to catch up with some administrative reports that were due last week. Wasim also has to arrange for six new staff to be trained, who will be arriving imminently.

**In order to manage his workload most effectively, what should Wasim do?**

- A** Prioritise the tasks in relation to the most important business outcomes
- B** Deal with the reports that the manager insists be prepared
- C** Train the new recruits
- D** Carry out some of the work that the absentees would normally do

- 14 In order to discharge their duties ethically, finance directors must ensure that the information published by their organisations provides a complete and precise view of the position of the business, without concealing negative aspects that may distort the reader's perception of its position.

**This duty describes which of the following ethical principles?**

- A Probity
- B Honesty
- C Independence
- D Objectivity

- 15 **Which of the following is a purpose of the International Federation of Accountants?**

- A Agreement of legally binding financial reporting standards across all member accountancy organisations
- B Prevention of international financial crimes, such as money laundering and insider dealing
- C Promotion of ethical standards in all member organisations
- D Development of universally applicable detailed rules to deter inappropriate behaviours

- 16 The following government policies can be used to expand or slow down the level of economic activity.

- 1 Taxation
- 2 Public expenditure

**Which of the following combinations of policy would maximise expansion of the economy?**

- A Increase 1 and increase 2
- B Increase 1 and reduce 2
- C Reduce 1 and increase 2
- D Reduce 1 and reduce 2

- 17 Neill works as the procurement manager of JL Company, a large services company.

**Information provided by Neill is most relevant to which of the following elements of the marketing mix?**

- A Physical evidence
- B Distribution (or place)
- C Price
- D Processes

- 18 **Which of the following are features of informal networks?**

- 1 They undermine formal structures
- 2 They directly support management objectives
- 3 They develop spontaneously
- 4 They reflect patterns of power and influence

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

**19** Malachi has been asked by his manager to obtain information about ABC Company, which is bidding for a contract offered by Malachi's company in the near future. The two statements which he will be using as his sources are the statement of financial position (SOFP) and the income statement (IS). The information he is required to obtain is as follows:

- 1: The equity of the company
- 2: Operating costs as a percentage of turnover
- 3: Long-term borrowings
- 4: Liquidity

**Which of the following correctly matches the above items of information with the financial statements in which they would be found?**

	1.	2.	3.	4
<b>A</b>	SOFP	IS	IS	SOFP
<b>B</b>	IS	SOFP	SOFP	IS
<b>C</b>	IS	SOFP	IS	SOFP
<b>D</b>	SOFP	IS	SOFP	IS

**20** Linh owns a busy restaurant. She has had complaints from regular customers about diners failing to control their noisy and unruly children, which is spoiling their dining experiences.

**Which of the following courses of action would be regarded as a pluralist solution to this problem?**

- A** Setting aside a separate section of the restaurant for families with children
- B** Not accepting bookings from families with children
- C** Advising customers that the restaurant is a family restaurant before they book
- D** Taking no action, assuming that those who complain will always be a minority

**21** M Co has decided to outsource its IT support to N Co.

**Which of the following are DISADVANTAGES to M Co as a result of this decision?**

- 1 M Co becomes a more complex organisation
- 2 Urgent IT issues at M Co may not be resolved as quickly
- 3 Ongoing IT costs of M Co will increase
- 4 Longer term contracts with N Co are prone to disruption

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

**22** The system used by a company to summarise 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

**23** The following are stakeholders of a business organisation:

1. Manager
2. Customer
3. Executive Director
4. Supplier

**Which of the above are CONNECTED stakeholders?**

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

**24** ABC Co has a system which records details of orders received and goods despatched, invoices customers and allocates remittances to customers.

**What type of system is this?**

- A** Management information system
- B** Decision support system
- C** Knowledge management system
- D** Transaction processing system

**25** 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

**26** 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.

**What other conclusions may be drawn in relation to Renata's leadership style?**

1. She maximises the involvement of her team
2. She demonstrates little concern for people in the team
3. She balances the needs of the team with the need to complete the task
4. She is highly focused on achieving the objectives of the team

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

**27** ABC sells mobile telephones. Each phone sold is supplied with a charger, earpiece, car charger and other accessories which can only be used with ABC Co phones. Its predictive text style is also very different to that of other manufacturers.

**To which of Porter's five forces is this strategy intended to respond?**

- A** Bargaining power of suppliers
- B** Bargaining power of customers
- C** Threat of new entrants
- D** Intensity of competitive rivalry

**28** DEF Co supplies a patented bottled sauce through supermarkets and independent food shops throughout the world.

**Which of the following represents the main barriers to entry in DEF Co's industry?**

1. Supplier concentration
2. Access to distribution channels
3. Economies of scale
4. Industry growth rate

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

**29** 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

**30** The following are either characteristics of a co-operative or of a public limited company:

- (1) Maximising the excess of income over expenditure not a primary objective
- (2) Members can vote according to the number of shares owned
- (3) Shares can be bought and sold through personal transactions of the members
- (4) All members are invited to attend the annual general meeting and participate in decisions at the meeting

**Which of the above are the characteristics of public limited companies?**

- A** 2, 3 and 4
- B** 2 and 3 only
- C** 2 and 4 only
- D** 3 and 4 only

**31** 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 practice?**

- A** Direct discrimination
- B** Indirect discrimination
- C** Victimisation
- D** Implied discrimination



- 32 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
- 33 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
- 34 Which pattern of communication is the quickest way to send a message?**
- A The circle
  - B The chain
  - C The Y
  - D The wheel
- 35 Which of the following measures will help an organisation to limit its environmental impact?**
1. Recycling waste
  2. Using energy efficient electrical appliances
  3. Selecting suppliers carefully
  4. Buying raw materials locally
- A 1 and 2 only
  - B 2 and 4 only
  - C 1 and 3 only
  - D 1, 2, 3 and 4
- 36 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
- 37 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

**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

**39** The aggregate level of demand in the economy is made up of government expenditure, \_\_\_\_\_, \_\_\_\_\_ and net gains from international trade.

**Which of the following correctly completes the sentence above?**

1. Savings
2. Taxation
3. Investment
4. Consumption

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

**40** James conducts a systematic review of suppliers' delivery notes.

**Which of the following does the above control relate to?**

- A** Distribution
- B** Credit limits
- C** Quality management
- D** Goods inwards

**41 Which of the following statements about price elasticity are correct?**

1. It is defined as the percentage change in price divided by percentage change in demand
2. An item which has an elasticity greater than one is price insensitive
3. An item which has an elasticity of less than one is said to be inelastic
4. If demand for an item is inelastic and its price falls, total revenue will decrease

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

**42** FKT Company is considering the introduction of a code of ethics following media criticism of its selling practices.

**Which of the following is most important when deciding on the content of the proposed code of ethics?**

- A** The minimum acceptable standards of behaviour and conduct of employees (KEY)
- B** The legal requirements affecting the sales of core products and services
- C** The main issues of concern to customers who have made complaints
- D** The generally accepted standards by other companies operating in the same sector

**43** Ilya is the union representative at Acorn College. He is also head of studies responsible for the recruitment and appraisal of lecturing and administrative staff. The union is in dispute with the government over teaching salaries and staffing levels.

**What phenomenon is Ilya experiencing?**

- A** Role ambiguity
- B** Role conflict
- C** Role overlap
- D** Role duplication

**44** 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

**45** 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

**46** Which of the following should be considered first in order to establish an effective internal control system that will minimise the prospect of fraud?

- A** Recruitment policy and checks on new personnel
- B** Identification of areas of potential risk
- C** Devising appropriate sanctions for inappropriate behaviour
- D** Segregation of duties in critical areas

**47** Which of the following is a **DISADVANTAGE** of using a committee rather than an individual to make a decision?

- A** Slower decisions
- B** Unsupported decisions
- C** Autocratic decisions
- D** Unworkable decisions

**48** Which of the following would be acting in the public interest?

1. An auditor publicly disclosing the identity of a whistleblower at a client organisation
2. An employee at an airline company reporting unsafe practices
3. An auditor of a charity reporting a material fraud
4. An accountant at a listed company reporting illegal accounting to a stock exchange regulator

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

**49** The following activities are either legal or illegal.

1. Tax avoidance
2. Tax evasion

**Which of the above are legal?**

- A** 1 only
- B** 2 only
- C** Both 1 and 2
- D** Neither activity

**50** According to Vroom:

Force (or motivation) = \_\_\_\_\_ x \_\_\_\_\_

**Which of the following words complete Vroom's equation?**

- A** Valence and Opportunity
- B** Expectancy and Needs
- C** Valence and Expectancy
- D** Needs and Opportunity

**End of Question Paper**

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# Answers

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**Section A**

- 1 A** Substantive tests are tests for accuracy and they are used to establish facts. The other tests are less specific and arguably more subjective.
- 2 C** Only the Task and Authoritarian styles have the value of the task rated at 9 on the Blake and Mouton grid, so these are the most task efficient styles.
- 3 B** Negotiation gives the best opportunity for the two sides in a conflict to converge their positions. The other options either involve backing down, forcing a position, potentially increasing conflict, or leaving the issue unresolved.
- 4 B** Mentors usually help staff on broader work related development, including orientation and induction. Coaches work on developing specific skills of the job itself, while counsellors work with people on a personal level, perhaps if they are having non-work related or emotional problems.
- 5 B** Companies need to keep satisfied only those stakeholders who have high power, but little interest. The others can either be largely ignored, merely kept informed or treated as key players.
- 6 A** Because of the particular circumstances of the scenario where someone is made redundant from an industry in decline where skills cannot be easily transferred, where re-training might take a long time or where work is not available in the short term within a reasonable geographic proximity, this is classed as structural unemployment.
- 7 B** The basic principle that underlies marketing is that it is a management process that identifies and anticipates customer needs. The other distracters in the question refer to specific activities undertaken by a sales or promotion function.
- 8 C** The normal sanctions in such a case is that fines are imposed on companies by the registration body of the company and, where listed, the company may be delisted by the stock exchange authorities. Although the option wasn't included, sanctions against responsible directors may also be imposed.
- 9 D** The ageing population trend is caused by a decreasing birth rate and a decreasing mortality rate.
- 10 B** The 'tell and listen' approach encourages input from the individual, promoting participation in the process by the appraisee.
- 11 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.
- 12 A** The team leader has allowed the team to develop as they were performing well initially, but because of the later failures, has clearly failed to manage the team effectively overall.
- 13 A** An employee with a range of tasks or objectives to achieve and pressures to achieve them to set deadlines, should always prioritise tasks in accordance to business importance. Deciding on other criteria such as pressure applied by colleagues, whether someone is absent or not or simply because a task is urgent may damage wider business objectives.
- 14 D** A professional accountant acting in accordance with fundamental ethical principles is demonstrating objectivity when they give a complete and precise view, which by implication means that negative aspects should not be concealed or positive aspects accentuated.

- 15 C** IFAC has no legal powers against businesses, nor does it set financial reporting standards. It is an accounting association member body which promotes educational and ethical standards of behaviour amongst its member bodies, through a code of ethics and behaviour, but does not prescribe detailed rules on this.
- 16 C** Increasing taxation leaves individuals with less disposable income for expenditure within the economy thereby slowing economic activity. The same effect is caused by a reduction in government expenditure. Therefore economic activity can be stimulated by reducing taxation and increasing government expenditure.
- 17 C** Information on purchase costs of finished goods or raw materials is important in establishing the price of a product. In terms of the marketing mix, this information is most relevant to the price element as prices should be set at least to cover cost and give an acceptable level of profit.
- 18 D** Informal networks neither directly support nor undermine formal authority or management objectives, but they do emerge spontaneously and are often influenced by the patterns of unofficial power and influence within organisations.
- 19 D** The key correctly matches the information required to the particular financial statement in which they are to be found.
- 20 A** The pluralist solution is to cater for the needs of more than one stakeholder group without seriously compromising the interests of any individual group. Therefore setting aside a special area for families with children while having an adults only section would achieve this. The other options involve adversely affecting the rights of one or other group of stakeholders in some way.
- 21 D** Outsourcing functions like IT simplifies the structure of an organisation and reduces ongoing operational costs, but because support is external to the organisation, there may be a greater lead time required for resolving IT issues. Because there is less direct control over subcontractor's employees, long term projects, in particular, may be prone to disruption.
- 22 B** Providing a summary of sales and purchases is normally a function of a management information system. A transaction processing or office automation system would mainly concern the *recording* of transactional data, and a decision-support system would *analyse* information.
- 23 B** is correct because customers and suppliers deal closely on a transactional basis with the organisation, but are not internal stakeholders like managers and executive directors.
- 24 D** At the operational level, systems connected to individual and batches of input and output processes are known as transactional. Management information, knowledge management and decision support systems are more relevant to the tactical and strategic levels.
- 25 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.
- 26 B** The Blake and Mouton managerial grid enables leadership styles to be categorised on a nine point scale with reference to concern for production and concern for people. Renata is therefore highly concerned with the task and much less interested in her team as individuals.
- 27 C** The marketing tactic of making key accessories unique to a particular product discourages competitors from offering substitute products because the costs of so doing will be greater and entry into the market made more difficult. It does not alter the balance of power of suppliers or customers nor affect the intensity of competitive rivalry.
- 28 D** The main barriers to entry for a sauce manufacturer are ensuring access to a sufficient range and quantity of distribution outlets and producing enough units to benefit from economies of scale that other mass manufacturers of more generic substitute products would achieve. There is no evidence that supplier concentration or industry growth rate in such a market would be considered as significant barriers.

- 29 B** Poor lateral communication leads to lack of coordination. The other common business problems are connected with upward or downward channels of communication or lines of authority.
- 30 B** Only shareholders have voting power related to the number of shares that they own. Members of a co-operative organisation can vote but will only have one vote. Co-operatives may be owned by members, but ownership stakes cannot be exchanged between members unless the members belong to limited companies.
- 31 B** To discriminate against someone on the grounds of characteristics which are predominately associated with their sex, gender, nationality or religion is illegal. As women are generally shorter than men, to restrict admission on the basis of height, indirectly discriminates against women. The other options are either direct discrimination, or other illegal and undesirable employment practices.
- 32 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'.
- 33 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.
- 34 D** The wheel facilitates transmission of the message directly to all receivers and therefore transmits most quickly.
- 35 D** All the options describe measures that will limit environmental impact or potentially reduce the carbon footprint.
- 36 B** Equal opportunity policies widen opportunity and enlarge the potential pool of employees to recruit from. The other options either indirectly or directly reduce the potential for staff turnover and therefore limit the number of job vacancies available at any point in time.
- 37 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.
- 38 C** The scenario accurately describes the resource-investigator.
- 39 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.
- 40 D** Reviewing suppliers' signatures on delivery notes would be a goods inwards control relating to verifying the authenticity and origin of supplies. The other controls are either more general such as quality or to do with other specific functions such as despatch to customers and credit control.
- 41 D** Only statements 3 and 4 are true.
- 42 A** Compliance with legal requirements may not eliminate unethical behaviour. The issues of concern to those who complain may not be fully representative of issues of concern to customers in general. Other companies in the sector may not be concerned about ethical behaviour.
- 43 B** Ilya as a union representative is experiencing role conflict. This is because he has a responsibility to ensure the efficient management of salary costs as head of studies, but as representative of the union would support better pay and conditions for the union members in his department which he represents.
- 44 B** As new members are about to join the group, essentially the group is reforming which is the start of a new group development process. The other options are all later stages in group development as identified by Tuckman.



- 45 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.
- 46 B** Before fraud can be prevented it is first necessary to identify areas where fraud is likely to occur before preventative measures can be taken.
- 47 A** Committees are appointed to make democratic, well considered and workable decisions, using the broader expertise of a representative group of people. However, decisions arrived at by committee can take longer to arrive at.
- 48 C** All the actions help to protect the public interest except the first one, which may serve to prejudice further investigations or prevent effective prosecution and may dissuade other whistleblowers from acting in the public interest themselves in future cases.
- 49 A** Tax avoidance is a way of managing tax affairs to mitigate tax liability legally. Tax evasion is illegal.
- 50 C** Vroom's formula is calculated through multiplying valence with expectancy. This means a person will be motivated if the reward is both sufficiently attractive and attainable.