
Answers

- 1 (a) The advantages of computerised accounting systems compared with manual systems are:
- (i) Systems and packages can be used by non-specialists.
 - (ii) Computerised systems are more accurate than manual systems.
 - (iii) A computer is capable of handling and processing large volumes of data.
 - (iv) Once the data has been inputted, computerised systems can analyse data very quickly to present useful control information for managers such as a trial balance or debtors' schedule.
- (b) The disadvantages of computerised accounting systems over manual systems are:
- (i) The initial time and costs involved in installing the system, including the need for staff training.
 - (ii) The need for security checks to make sure that unauthorised personnel do not gain access to data files.
 - (iii) Computers require information to be expressed in the form of codes and it is necessary to develop systems of coding and checking.
 - (iv) The potential for a lack of audit trail – as it is not always easy to see where a mistake has been made.

- 2 (a) Fraud falls into one of two main categories: the removal of funds or assets from a business; and the intentional misrepresentation of the financial position of the business. Types of fraud associated with the removal of funds or assets include:
- (i) Theft of cash or stock.
 - (ii) Payroll fraud through falsifying timesheets, deliberate miscalculation of payslips, fictitious staff added to payroll lists.
 - (iii) Fictitious customers.
 - (iv) Collusion with customers.
 - (v) Manipulation of bank reconciliations and cash books.
 - (vi) Misuse of pension funds or other assets.
 - (vii) Disposal of assets to employees.

Types of fraud associated with the intentional misrepresentation of the financial position of the business include:

- (i) Over or under valuation of stock. There is a range of ways in which stock may be incorrectly valued for accounts purposes: the records can be manipulated by deliberate miscounting, deliveries to customers may be omitted from the books, returns to suppliers may not be recorded and obsolete stock may not be written off but held at cost on the balance sheet.
 - (ii) Fictitious sales channelled through the accounts.
 - (iii) Manipulation of year-end events to enhance turnover during the year just ended.
 - (iv) Understating expenses. Failure to record all expenses accurately will inflate the reported profit figure.
 - (v) Manipulation of depreciation figures. Applying incorrect rates or inconsistent policies in order to understate depreciation will result in a higher profit and a higher net book value, giving a more favourable impression of financial health.
- (b) The precise ways in which an organisation is affected by fraud depends upon the type of fraud being carried out. If the fraud is in the category of the removal of funds or assets from the business then there will be both immediate financial consequences and also longer-term effects on company performance. The immediate consequence is that profits will be lower than they should be. The business has less cash and fewer assets and therefore the net asset position is weakened. Returns to shareholders (if applicable) are likely to fall as a result. In the longer term, the reduction in working capital makes it more difficult for the company to operate effectively. In the most serious cases, fraud can ultimately result in the collapse of the business.

If the fraud is in the category of intentional misrepresentation of the financial position of the business then the financial statements will not give a true and fair view of the financial situation of the business. Results may be either artificially enhanced or under-reported. It is also possible that managers in charge of a particular division can artificially enhance their divisions' results, thereby deceiving senior management.

- 3 (a) Maslow described five needs and put forward a theory about the motivating power of each of those needs. The five needs are:
- (i) Physiological needs – food and shelter.
 - (ii) Safety needs – the need for security and order and the need to be free from threat.
 - (iii) Social needs – the need for belonging, for relationships.
 - (iv) Esteem needs – the need for respect, recognition and status.
 - (v) Self actualisation – the need for personal fulfilment

In addition to identifying these needs, Maslow argued that these needs could be seen as hierarchical in nature, from physiological needs at the bottom up to self-actualisation needs at the top. Each level of need is dominant until it is satisfied and only then does the next level of need become a motivating factor. Once a particular need has been satisfied it ceases to be a motivator.

- (b)** There are a number of major limitations to Maslow's theory:
- (i) An individual's behaviour may be in response to several needs simultaneously.
 - (ii) The same need may cause different behaviour in different individuals.
 - (iii) The theory ignores the concept of deferred gratification, whereby individuals are prepared to ignore current suffering or dis-satisfactions for the promise of future benefits.
 - (iv) Verification of the hierarchy is difficult. The role of pay is ambiguous and self-actualisation is very subjective.
 - (v) The hierarchy reflects UK and US cultural values which may not transfer to other contexts.

4 (a) There are many benefits of training to organisations, including:

- (i) Increased motivation. Training programmes can increase commitment to the organisation's goals, by satisfying employee's self-actualisation needs.
- (ii) Managing change. Training can help organisations manage change by letting people know why the change is happening and give them skills to cope with it.
- (iii) Developing corporate culture. Training programmes can be used to build the corporate culture or to direct it in certain ways.
- (iv) Staff retention. Training can lead to internal transfers and promotions.
- (v) Recruitment and succession planning.
- (vi) Increased organisational flexibility. Training ensures that people have a variety of skills.
- (vii) Fewer accidents and better health and safety.
- (viii) Less need for supervision – properly trained people can get on with the job.
- (ix) Better job performance resulting from improved skills.

(b) There are many benefits of training to individuals, including:

- (i) Psychological benefits. The employee feels reassured that he or she is of value to the organisation. Increased skill, knowledge and competence also enhances self-esteem and confidence.
- (ii) Enhanced portfolio of skills. Even if not specifically related to the current job, training can be useful to the employee in different contexts and can make a valuable contribution to the enhancement of their CV.
- (iii) Training can also provide the necessary skills and competence that an employee needs for future promotion.
- (iv) Social benefit. People's social needs can be met through training and they can also develop a network of contacts.
- (v) The job itself. Training can help people to do their job better, thereby increasing job satisfaction, promotion and earning prospects.
- (vi) An increased understanding of the business as a whole if staff train with other departments.

5 (a) Regardless of the specific needs and hazards of a particular workplace, there will be several key elements to a health and safety policy which will be common to all. The key elements are:

- (i) Risk assessment.
- (ii) Hazard minimisation.
- (iii) Systems and procedures (e.g. accident reporting and safety procedures for using specific equipment).
- (iv) Equipment (provision of protective clothing, ergonomics, safety equipment, maintenance).
- (v) Information (warnings, instructions).
- (vi) Training (use of equipment and safety procedures).
- (vii) Responsibilities.
- (viii) On-going monitoring.

(b) There a number of steps an organisation can take to ensure that its health and safety policy is effective, including:

- (i) Making sure that the policy is known and understood by everyone in the organisation.
- (ii) Involving people in the development of the policy.
- (iii) Regularly reviewing the policy.
- (iv) Clear identification of roles and responsibilities. Everyone in the organisation has a role to play in ensuring their own health and safety as well as that of their colleagues. It is important that employers and employees are aware of their own specific responsibilities. Employers are required to make sure that all systems and work practices are safe, that the work environment is safe and that all plant and equipment is maintained to the necessary standard. Employees are required to take reasonable care and to cooperate with employers to help them comply with their legal obligations.
- (v) Nominating individuals throughout the organisation with specific responsibility for health and safety. This will include nominated safety representatives and trained first aiders within each department. Many organisations appoint a safety committee to keep safety measures and policies under review.
- (vi) On-going risk management rather than a one-off risk assessment. This includes the following: introducing controls to reduce risk, sharing of risk and hazard information, revising safety policies as appropriate, identifying any particular categories of employee who are especially at risk and identifying any training needs.

- (vii) On-going health and safety training. The amount and types of training required should be assessed according to individual needs. All employees should receive induction training when joining the organisation or when transferring to a different department or location. In addition there may be training requirements associated with the use of specific equipment or machinery. Training may also be required on a regular basis to update people regarding any changes to the law or for technical updates
- (viii) Information sharing, awareness and consultation are important in ensuring a health and safety policy is effective. Employees must be clearly advised of any risks and how they can be minimised.

**ACCA Certified Accounting Technician Examination – Paper T5
Managing People and Systems**

December 2006 Marking Scheme

1	(a) 2·5 marks for each advantage identified up to a maximum of 10 marks	10 marks
	(b) 2·5 marks for each disadvantage identified up to a maximum of 10 marks	10 marks
		Total 20 marks
2	(a) 2 marks for each type of fraud identified up to a maximum of 8 marks.	8 marks
	(b) 3 marks for each implication explained up to a maximum of 12 marks.	12 marks
		Total 20 marks
3	(a) 1 mark for each of the five levels of need identified. 5 marks for a clear explanation of the theory.	10 marks
	(b) 2 marks for each limitation given up to a maximum of 10 marks.	10 marks
		Total 20 marks
4	(a) 2 marks for each benefit identified up to a maximum of 10 marks.	10 marks
	(b) 2 marks for each benefit identified up to a maximum of 10 marks.	10 marks
		Total 20 marks
5	(a) 2 marks for each of the five elements identified up to a maximum of 10 marks.	10 marks
	(b) 2 marks for each step identified up to a maximum of 10 marks.	10 marks
		Total 20 marks