



## LEADERSHIP AND MANAGEMENT/FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

### AAT Fast-Track examination

**13 December 2006**

From 10.00am to 12.00noon  
plus ten minutes reading time from 9.50am to 10.00am

#### Instructions to candidates

Answer all **three** questions

Question 1 carries, in total, 40 marks

Question 2 carries, in total, 40 marks

Question 3 carries, in total, 20 marks

*All workings should be shown. Where calculations are required using formulae, calculators may be used but steps in the workings must be shown. Calculations with no evidence of this (for example, using the scientific functions of calculators) will receive no credit. Programmable calculators are not permitted in the examinations room.*

*Formula sheets, graph paper and cash analysis paper are available from the invigilator, where applicable.*

*Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.*

1

In her annual appraisal, Alison Smith, an accountant and a key financial manager in Southlands Local Authority, was discussing a range of issues with her line manager, Brenda Jones. After an initial discussion of her work over the previous year (in which both Alison and Brenda expressed some satisfaction), they turned to discussing how they might plan for the coming year. Brenda mentioned that she had to be mindful of the overall departmental objectives in discussing Alison's particular objectives. In particular, Brenda mentioned that the HR department had issued guidance on human resource planning for Southlands Authority as a whole.

"I think this means we have to plan for the future and that sort of thing," said Brenda. "We're always being told about the importance of aligning our own departmental objectives with the overall strategy of the organisation." Alison suggested that this might have implications for budgets and the control of objectives through budgetary control systems. "I'll leave that sort of technical detail to you," said Brenda. "I know you're a good accountant but you're also an important member of the team here. I'm sure you'll be able to balance your roles as the accountant and as a manager in the department."

They went on to discuss Alison's role in a little more detail. "As a CIPFA qualified accountant I have a professional role as well as a management role in the department," she said. "I don't think there has been any tension between those two roles so far in my career but I think there could be times when a tension is possible."

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• **Requirements for question 1**

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|--|-------------|
| (a) Alison's appraisal was by her immediate line manager. Describe the six different approaches to appraisal.          | 12          |
| (b) Explain six components of a typical appraisal meeting.   | 12          |
| (c) As part of the appraisal, Brenda mentioned human resource planning. Explain the stages in human resource planning. | 8           |
| (d) Distinguish between Alison's role as a qualified accountant and her role as a manager in the organisation.         | 8           |
|  | <b>(40)</b> |
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# 2

"We've been told to review our structure in the light of service delivery changes," announced Mick Bell, the manager of the Eastville regional branch of 'Minibuses for You', a supplier of transport services to local authorities and regional health trusts. "Some of our larger clients, especially in Dufftown and Westville have changed their requirements and head office thinks these sorts of changes will eventually affect all regional offices." Mick was reading from an email sent to him and relaying the information to the management board in the local Eastville branch. "It says here that the structure has to follow our strategy so that we have to review our structure after we have decided how we want to deliver our services locally. This will affect both line and support functions. Any questions?"

Ted Benn, the operations manager, asked how existing roles might change but Mick said it was too early to say as he would need to see how the customers' transport needs were likely to change in the medium term. Ted went on to relate how he had left a previous employer after a restructuring because it had resulted in some role conflict that had made life miserable for all concerned afterwards.

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- **Requirements for question 2**

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|---|----|
| (a) Why is a structure needed in an organisation such as 'Minibuses for You'?   | 6  |
| (b) Explain Urwick's criticisms of bad structure design in organisations  | 8  |
| (c) Distinguish between, and explain, what Mick meant by 'line' and 'support' components in an organisation.              | 8  |
| (d) Explain how an organisation such as 'Minibuses for You' conforms to the concept of an organisation as an open system. | 10 |
| (e) Explain the potential causes of role conflict in organisations as alluded to by Ted Benn.                             | 8  |

**(40)**

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# 3

The Bridge Theatre is owned by Oldbridge Council. The Council took over the theatre five years ago and, after significant investment, it is now operating successfully. Major refurbishment work was carried out on the theatre and this was concentrated upon the reception and auditorium areas. The council now plans to improve the bar area.

The bar area is structurally sound and will not require major work. The main activities will involve refurbishing and equipping the centre and the management of the project is to be carried out in house by a small in-house team. The Council is hoping to have the bar available for spring 2007 and has assigned staff and a budget to the project. The project will need to be completed within 12 weeks.

The overall budget for the work is £190,000 but this includes the main contract work which is a fixed sum of £120,000. This is largely the contract sum plus the cost of the in-house staff assigned to the project. Other costs are expected to be £5,000 per week. These costs are for energy and other consumable items but the main element is a sum to cover the loss of income from bar takings during the period of the project.

The project has already been analysed and broken down into the main activities required for completion. A preliminary table of activities, precedences, staffing requirements and possible alternatives is shown below.

Activity	Preceding activity	Normal time (weeks)	Shortest time (weeks)	Cost of reduction (per week) £	Number of staff required
A	-	2	1	2,000	4
B	A	3	3	-	1
C	B	1	1	-	2
D	C	4	1	3,500	3
E	B	6	4	6,000	2
F	D	3	1	1,500	4
G	C	1	1	-	2
H	G	3	1	2,500	2
I	FH	3	2	1,500	1
J	EI	1	1	-	4

Reduction can be achieved in a variety of ways, including a mixture of working during weekends and overtime, as well as changes in materials and equipment specifications. It can be assumed that any changes made will not adversely affect the project outcomes.

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- **Requirement for question 3**

- (a) From the data provided construct a network diagram and use it to calculate
- The normal project time
  - Project costs based upon the normal duration of the project
- 6
- (b) Calculate
- The shortest time within which the project could be completed and the cost which would be incurred
  - The lowest cost which could be incurred for completing the project and the time that would be taken
- 8
- (c) How would you determine whether the options identified in part (b) are achievable within the staffing resource constraints? What action could you take if they were not? No calculation necessary.
- 6

**(20)**

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