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**CERTIFIED ACCOUNTING TECHNICIAN (CAT)**

**STAGE 1 EXAMINATION**

**S1.3: EFFECTIVE WORKING IN ACCOUNTING AND  
FINANCE**

**DATE: THURSDAY, 26 AUGUST 2021**

**MARKING GUIDE AND MODEL ANSWERS**

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## MARKING GUIDE

1. D
2. D
3. B
4. C
5. D
6. A
7. C
8. D
9. A
10. B
11. D
12. C
13. C
14. D
15. D
16. B
17. A
18. D
19. D
20. D
21. B
22. C
23. C
24. B
25. C

26. B
27. B
28. B
29. B
30. A
31. A
32. A
33. A
34. C
35. D
36. C
37. D
38. D
39. B
40. C
41. B
42. A
43. C
44. C
45. B
46. B
47. C
48. A
49. A
50. A

2 marks for each correct answer

**Total marks: 100**

## **DETAILED MODEL ANSWERS**

### **1. The correct answer is D**

The policies and procedures are not put in place to support investigation rather than to provide a guidance on how things should be done or are done.

Point A-Support efficiency, B-Protect people and C-Support compliance are the reasons why the policies and procedures are put in place

### **2. The correct answer is D**

External stakeholders are those who do not work within the organization.

Point A-Owner (Sole trader/Partner/Shareholders), B-Employees and C-Managers are the example of internal stakeholders as they do work within the organization.

### **3. The correct answer is B**

Line functions are directly involved in the main service-delivering or revenue-earning activity of the business-like production, marketing, sales and administration function and the suggestions of design engineer of East African Granite on raw materials to be used in manufacturing of a product are considered as line function.

Point A-Staff function, exist to support the line functions in fulfilling their objectives: providing them with the resources, systems and information they need to perform their activities efficiently and effectively. Examples include IT, HR (personnel), administration – and accounting and finance

Point C-Group function, this is not related to organization's function. It is mathematical function to operate on sets of rows to give one result per set.

Point D-Matrix function. this is not related to organization's function. It is mathematical function that maps an input value to an output value.

### **4. The correct answer is C**

Because it is contradicting with confidentiality of information as the key examples of policies and procedures in an accounting environment which include also health and safety; security; working hours and timekeeping; maintenance of your work area; secure storage of data and information; document retention; adherence to departmental deadlines; and authorizations and designated signatories.

### **5. The correct answer is D**

Because it is the Team work, as opposed to working individually that can provide A-additional resources, B-motivation and C-coordination not working individually as opposed to team work, the statement was reversed.

### **6. The correct answer is A**

Development is a systemic process of planning for the future and of gaining experience and training, relevant to the direction in which employees want to develop both within the current job role and in future career progression while Training refers to the process of using

learning experiences to achieve more effective performance in particular work activities or roles.

**7. The correct answer is C**

Statutory financial statements for companies are required by law, in particular:

- ✓ To be presented in compliance with specific regulations;
- ✓ To be audited, where necessary (to ensure that they represent a true and fair picture of the financial position of the company); and
- ✓ To be submitted to the relevant authorities, such as the Banque Nationale du Rwanda (BNR), the Capital Market Authority (CMA) and the Office of the Registrar General.

**8. The correct answer is D**

Management accounting is mainly concerned with the production of financial reports to assist managers (internal stakeholders) in all the business's functions in:

- ✓ Measuring performance
- ✓ Making decisions
- ✓ Generally running the business

Management accounting is not regulated by law; managers can ask for whatever records and reports they think will be helpful to them. Unlike financial accounting, these are purely internal documents and, for commercial reasons, are mostly kept strictly confidential.

**9. The correct answer is A**

The purpose of the finance function is to produce financial information accurately and support business planning and decision making

The point B is incorrect because Recruitment and fire staff, train them and comply with laws is the purpose of Human resource function.

The point C is incorrect because finding out if there is a market for your product, create a brand image through advertising and persuade customers to buy your product is the purpose of marketing function.

D is incorrect because carrying out research and development into new products and/or services is the purpose of research and development function.

**10. The correct answer is B**

The point A is incorrect because total assets minus fixed assets is equal to current assets

The point C is incorrect because current assets minus inventories is equal to quick asset

The point D is incorrect because Current assets are cash and other assets that are expected to be converted to cash within a year.

**11. The correct answer is D**

In order to ensure compliance with internal organisational policies and procedures, the organization should avoid basing organisational policies and procedures on lessons learnt from past performance.

In other words, in order to ensure compliance, the organisation should: A-Make all employees aware of the importance of compliance, B- Brief all employees on their roles and responsibilities under the law (and update the briefings as the law changes), from the induction of new recruits onwards, C- Base organisational policies and procedures (and related employee training) on legal requirements.

**12. The correct answer is C**

Organisation structure reflects the grouping of tasks into units and functions ; the flow of authority and responsibility ; and lines of communication and co-operation between individuals and units. This can be depicted in organisation charts.

Again, Organisation structure shows The 'shape' of an organisation, made up of defined units, levels of authority and communication lines.

**13. The correct answer is C**

Since it is the point that is not the determinant of organization structure others (Strategy, Organization size and Technology) are the determinants of organization structure.

**14. The correct answer is D**

Similar policies and procedures (involving authorisations and designated signatories) will invariably be in place for operations such as:

- ✓ The issuing of purchase orders
- ✓ The preparation of cheques and other payments
- ✓ The processing of expense claims
- ✓ The processing of petty cash

These policies may vary from organisation to organisation, but the principles will be similar.

**15. The correct answer is D**

Policies and procedures are put in place to:

- ✓ **Support efficiency.** They enable people to perform routine, repetitive or foreseeable tasks correctly, without having to waste time and resources analysing and planning them afresh every time: in other words, you don't have to 'reinvent the wheel'.
- ✓ **Support compliance.** They generally build in the requirements of law and regulation, ensuring minimum standards of practice (and possibly 'good' practice).
- ✓ **Protect people.** Health, safety and security policies and procedures, for example, are put in place to protect you, others working around you and people visiting your workplace.
- ✓ **Protect finance, property, information and other assets of the organisation.** Financial control procedures, for example, are established to minimise temptations and opportunities for fraud and mismanagement of resources.

**16. The correct answer is B**

Pie charts are useful for showing the relative sizes of component elements of a total value or amount, represented by the 360 degrees of the circle or 'pie'. The one used for showing or comparing magnitudes or sizes of items is a bar chart.

**17. The correct answer is A**

According to Adair, 2009. The key principles of time management include:

Option A is a key principle for time management as per Adair, 2009. The key principles of time management

Option B is not correct because identify issues, discuss with employees and delay less important parts of the goals are not the principle of time management

**18. The correct answer is D**

The key principles of time management include; Set goals, formulate action plan, set priorities, focus, urgency and organization. Draft a policy is not the principle of time management.

**19. The correct answer is D**

CPD stands for continuing Professional Development as a systematic process of planning for the future and of gaining experience and training relevant to the directions in which employees/Members want to develop – both within the current job role and in future career progression that are organized and provided by ICPAR.

**20. The correct answer is D**

Since it is one not included in the features of the CPD Process. Members of professional bodies are required to complete a certain amount of CPD as a condition of continuing membership. This ensures that their knowledge and skills are always up to date and of a good standard. This, in turn, protects the interests of their clients and employers, as well as the standing and credibility of the professional bodies and the accounting profession.

A key feature of the CPD approach is that the responsibility for development lies mainly with the individual, in collaboration with their employers, and other parties such as the professional bodies.

**21. The correct answer is B**

CPD may be a requirement of membership of a professional body. It can help you to reflect, review and document your learning and to develop and update your professional knowledge and skills

**22. The correct answer is C**

Since it is one which not considered as learning and development approaches.

The learning and development approaches include technical briefing and updates, training courses and seminars, publication, research tools, the internet, publication, other research tools and on the job training.

**23. The correct answer is C**

Doing different courses, observation and reading books are the methods for acquiring new skills and knowledge.

**24. The correct answer is B**

Regulations over the exports are the laws, regulations/standards are likely to be most relevant to staff working in the finance and accounting department of a retail business selling agriculture outputs/ or exporting the agriculture products

**25. The correct answer is C**

The Management Accountant provides information for management: cost accounting, budgets and budgetary control and financial management of projects. The Financial Accountant is responsible for routine accounting, accounting reports, cashiers' duties and cash control. The chief accountant reviews the work done by financial accountant and report to chief finance officer. The chief finance officer approves the budget.

**26. The correct answer is B**

Line graphs are useful for showing the relationship between two variables by plotting points and joining them up with straight or curved lines. These are particularly useful for demonstrating trends, such as the increase in departmental output as more time/money is invested in training and development or fluctuations in revenue or expenditure (or other values) over time. Then, line graph is better to show the fluctuations of monthly sales figures for the first six months of 2020.

**27. The correct answer is B**

List Price	4,000,000
Less Discount (15%)	(600,000)
Price after discount	<b>3,400,000</b>
Add VAT (3,400,000*18%)	612,000
<b>Total invoice</b>	<b>4,012,000</b>

Point A is not correct because the invoice of Frw 4,000,000 does not consider the VAT and discount

Point C is not correct because the invoice of Frw 4,612,000 (Frw 4,000,000+Frw612,000) considered the list price plus the VAT instead of considering the price after discount plus the VAT.

**28. The correct answer B**

An increase in working hours will have a major effect on staff wellbeing.

**29. The correct answer is B**

Yours sincerely is appropriate when writing to someone with established relations, when you want to be friendly but respectful and its greeting starts with Dear Dr/Mr/Mrs/Ms Surname (formal name used) while Yours respectfully it is appropriate once you have some knowledge of the person to whom you are writing and your faithfully is appropriate in formal situation when the recipient is not known and its greeting starts with Dear Sir/Madam/Sirs (name not used) while your truly is also appropriate in informal situation when the recipient is not also known.

**30. The correct answer is A**

The percentage increase in revenue is  $\text{Frw } 25,000,000 - \text{Frw } 20,500,000 / \text{Frw } 20,500,000 * 100 = \text{Frw } 4,500,000 / \text{Frw } 20,500,000 * 100 = 21.95\%$

**31. The correct answer is A**

Assertive behaviour means standing up for your own rights, needs and opinions (i.e., not being passive or a 'doormat') without dismissing the rights, needs or opinions of others (i.e., not being 'aggressive')

**32. The correct answer is A**

An example of possible grievances in the work place includes sexual or social harassment, an employee being given an unfair workload, an employee being blocked for promotion and Unfair treatment or discrimination due to race, gender or disability.

**33. The correct answer is A**

Permanency: the need for a written record for legal evidence, confirmation of a transaction for future reference, complexity: for example, the need for a graphic illustration to explain concepts, urgency: the speed of transition. In addition, the choice of medium is also affected by the sensitivity/confidentiality of the message, the ease of dissemination and the cost effectiveness of the communication method.

**34. The correct answer is C**

Since it is one not an aspect of time management as per Adair (2009).

According to Adair, 2009. The key principles of time management include:

- ✓ Set goals for all aspects of your work, so that you know what you want to achieve and can tell when you have done so.
- ✓ Set priorities: Decide which tasks are the most important what is the most valuable use of your time at this moment? – and list them in the order in which you would tackle them.
- ✓ Organisation: Develop positive work habits which minimise the time and effort spent (and wasted) on tasks. Do similar tasks (eg photocopying) in batches to avoid



multiple trips to the photocopier. Keep your filing up to date, so you know where to find things. Manage your in-tray: don't let things 'pile up' without dealing with them or making a plan to do so.

**35. The correct answer is D**

Unresolved conflict between individuals can result in reduced communication, co-ordination and co-operation between them.

**36. The correct answer is C**

Notice boards are unsuitable for upward communication, and organisation manuals and team briefings are for downward communication.

**37. The correct answer is D**

Every employee will be expected to have read the areas relevant to their functions and the policy manual should always be readily available for easy reference.

**38. The correct answer is D**

Option A refers to the statement of profit or loss, not the statement of financial position. Option B refers to audit reports. If you were in a hurry, you might have selected option A immediately after you saw the words 'true and fair'. Avoid such mistakes by reading through all question options carefully, keeping an open mind.

**39. The correct answer is B**

Legal rules and accounting standards are used to prepare external reporting information.

**40. The correct answer is C**

Research shows that people pay more attention to non-verbal cues in interpreting what someone means than they do to the words themselves. The other statements are true. You may have wrongly elected option A if you associated non-verbal communication too narrowly as 'body language': be aware of the full range of non-verbal signals that can be given or received.

**41. The correct answer is B**

Mentoring and secondment are both done whilst carrying out your job. Formal training courses and self-study are typically done away from the workplace.

Which of the following are examples of 'on-the-job' training?

**42. The correct answer is A**

Managers need most information, at a significant level of detail, to enable them to make planning and control decisions. They have special access to information, because they can arrange to obtain the information, they need through the accounting system. Shareholders are entitled to certain information, focused on particular areas of interest (mainly profits). Financial analysts may only have access to public information and reports

**43. The correct answer is C**

Since it is one not included in the workplace communication. Workplace communication methods include face to face discussion, telephone calls, informal notes, memos, emails, letters and informal reports.

**44. The correct answer is C**

Since it is one not advantage of team work. The advantages of team work include inspiration, motivation, synergy, communication, and additional resources

**45. The correct answer is B**

The win-win is the approach that used to satisfy both parties and most likely to preserve positive relationships, is to attempt to find a mutually satisfying.

**46. The correct answer is B**

The principal role of the mediator is to facilitate communication between the parties in conflict with a view to helping them reach a voluntary resolution to their dispute that is timely, fair and cost-effective

**47. The correct answer is C**

Job description is a written summary of the main duties and tasks required as part of a particular job.

**48. The correct answer is A**

Accounts payable is increased when the company purchased the goods/services on credit

**49. The correct answer is A**

External stakeholders are those who do not work within the organisation (examples include customers, suppliers, banks, the local community and potential investors)

**50. The correct answer is A**

Keep It Short and Simple (KISS) is an important guideline for business communication