
CERTIFIED ACCOUNTING TECHNICIAN (CAT)
STAGE 1 EXAMINATION
S1.3 EFFECTIVE WORKING IN ACCOUNTING AND
FINANCE
PILOT PAPER

ANSWERS

Answer Grid

- | | |
|-------|-------|
| 1. B | 26. C |
| 2. D | 27. B |
| 3. A | 28. B |
| 4. C | 29. E |
| 5. D | 30. A |
| 6. A | 31. A |
| 7. B | 32. C |
| 8. B | 33. B |
| 9. A | 34. D |
| 10. C | 35. B |
| 11. A | 36. C |
| 12. C | 37. D |
| 13. A | 38. B |
| 14. D | 39. A |
| 15. B | 40. C |
| 16. D | 41. C |
| 17. A | 42. A |
| 18. B | 43. B |
| 19. C | 44. C |
| 20. A | 45. A |
| 21. C | 46. A |
| 22. B | 47. D |
| 23. D | 48. E |
| 24. C | 49. C |
| 25. A | 50. A |

Detailed answers to questions**Marking scheme**

		Marks
(a)	2 marks for each correct answer	<u>2</u>
Total marks for this section		<u><u>100</u></u>
1.	<p>B Complete information includes all data relevant to the purpose for which the information is used.</p> <p>Accurate and timely are also characteristics of good quality information that should be provided by the finance function but do not fit the definition provided. It would also be useful for financial information to be reliable, user orientated, easy to use and cost beneficial.</p> <p style="text-align: right;">(LO 1.2)</p>	
2.	<p>D All of these groups have a legitimate interest in the building of the new housing estate. Employees of the construction company will be provided with reliable work and income for the company. The government is a regulator, giving planning permission and approving building standards. Local residents are being provided with more houses, and there will be an impact on existing house prices and an impact on local environment. Environmental groups will be concerned about the destruction of the existing woodland.</p> <p style="text-align: right;">(LO 1.1)</p>	
3.	<p>A Discuss his concerns with Ronald. James should try to resolve the issue, which is primarily due to differences in personality, himself initially by discussing his concerns directly with Ronald. If this does not improve the situation, James should then escalate his concerns to his line manager.</p> <p style="text-align: right;">(LO 3.3)</p>	
4.	<p>C Preparing financial statements, such as the statement of financial position, is part of financial accounting.</p> <p>Measuring performance, controlling costs and preparing a budget are all part of management accounting.</p> <p style="text-align: right;">(LO 1.1)</p>	
5.	<p>D Diagonal communication describes communication between a subordinate, such as Georgette, and a manager in a different department, such as Clement.</p> <p style="text-align: right;">(LO 2.2)</p>	
6.	<p>A The Accounting Function will process and pay invoices, but will need to obtain the invoices from other functions.</p> <p>Preparing cash flow summaries, customer debts and producing revenue forecasts are all undertaken by the Accounting Function itself.</p> <p style="text-align: right;">(LO 1.1)</p>	
7.	<p>B The Payroll function carries out all these activities.</p>	

Financial Accounting is responsible for preparing external financial statements. Management Accounting is responsible for measuring performance, making decisions and running the business, including cost control. The Taxation sub-function would focus on tax issues, such as corporation tax and VAT returns.

(LO 1.1)

8. B James, Management Accountant. Employees are responsible for their own CPD. However, they should work with their employer on this so the Head of Accountancy and Human Resources Department may be able to provide some guidance and help.

(LO 4.2)

9. A The Rwanda Standards Board oversees areas such as competition law and product safety.

The International Product Standards Board is a fictional body, and the International Federation of Accountants issues the International Standards on Auditing. The Institute of Certified Public Accountants of Rwanda develops and enforces standards of competence, ethical conduct and continuing professional education for its members.

(LO 1.2)

10. C Christella is Kevin's immediate superior and line manager, as Christella requests work for Kevin to complete and Kevin formally reports directly to Christella.

As Kevin reports directly to Christella, he is subordinate to her and she is therefore not his assistant.

(LO 1.3)

11. A Producing an Occupational Safety and Health policy to be circulated to all staff will ensure the business is complying with relevant laws and regulations.

Avoiding the build-up of surplus inventories will reduce the amount of cash tied up in inventories, which is an operational efficiency rather than a legal compliance matter. Ensuring staff recruited for each job have the relevant experience and skills and ensuring IT support is in place in case staff encounter computer problems are both ways of ensuring the smooth running of the business; these measures again may improve business results but are not an immediate legal compliance concern.

(LO 1.4)

12. C RWF14,420. Current price is RWF33,040,000 for 2,000 kg which would be RWF28,000,000 ($33,040,000 \div 1.18$) exclusive of the 18% VAT and RWF14,000 per kg ($\text{RWF}28\text{m} \div 2,000$). Prices will increase by 3% so $\text{RWF}14,000 \times 1.03 = \text{RWF}14,420$.

(LO 2.1)

13. A RWF12,300 is the mode as it is the most frequently occurring value in the set of data, occurring twice. All other values only occur once.
(LO 2.1)
14. D RWF13,805 is the median which is the middle point when the data is arranged in ascending order. It is the middle point (or mean) of the two central values RWF13,750 and RWF13,860 which must be taken due to there being an even number of data points.
(LO 2.1)
15. B RWF13,620 is the arithmetic mean calculated as the total of all the values and dividing by the number of items in the data set: $(\text{RWF12,300} + \text{RWF12,300} + \text{RWF13,750} + \text{RWF13,860} + \text{RWF14,110} + \text{RWF15,400}) \div 6 = \text{RWF13,620}$.
(LO 2.1)
16. D Appendices are usually attached to the end of the report and may include supporting data and documents as relevant. Such documents should be numbered and referred to in the body of the report, so the user can locate the data within the appendices.
(LO 2.2)
17. A Solvency. Solvency is the ability of an organisation to pay its long or short term debts when they fall due.
Working capital refers to day to day finance required for operational activities. Cash flow relates to the amount of cash flowing into and out of the organisation. Efficiency refers to achieving objectives with the minimum amount (and minimum waste) of resources.
(LO 1.2)
18. B 17%. The percentage increase is calculated as $[(1,412,790 - 1,203,040) \div 1,203,040] \times 100 = 17.43$ and rounded down, as it is less than 17.5.
(LO 2.1)
19. C Pie chart. Pie charts are useful to show proportions or relative sizes of component elements, such as sales for different products, with the total sales making up the full circle or pie.
(LO 2.2)
20. A 'Yours faithfully' is most appropriate when writing a formal letter to someone you do not know. The letter should be addressed to 'Dear Sir/Madam'.
'Yours sincerely' is appropriate when writing to someone with established relations, when you want to be friendly but respectful, such as to customers. 'Kind regards' and 'best wishes' would be suitable for more informal relationships, such as with colleagues or family, and for emails.
(LO 2.2)
21. C Grievance procedure. A grievance is a formal complaint by an individual, such as James, who feels that they are being wrongly or unfairly treated by a manager at work due to unfair or discriminatory treatment due to

characteristics such as race, gender or disability.

(LO 3.3)

22. B Completing the monthly payroll run due today is the most urgent and most important. All employees are dependent on their pay being made on time and it is due imminently.

Buying some biscuits, updating the filing system and deleting archived emails are not urgent or as important as the payroll run.

(LO 3.1)

23. D Less supervision required is a benefit for the employing organisation. Increased prospects of promotion, greater job security and satisfaction for greater contribution are all benefits of ongoing development of skills and knowledge for the employee rather than the employing organisation.

(LO 4.1)

24. C Lost staff production time. Vedaste will be out of the office for one day a week for two years and there will be no other staff covering his position.

The Human Resources Department will cover the costs of the training provider and resources. No overtime will be applicable.

(LO 4.1)

25. A Demonstration/instruction. Solange, the trainee, is instructed and shown how to do the bank reconciliation, as well as being allowed to ask questions before doing the task herself.

Job rotation is where the trainee would be given several jobs in succession, to gain experience of a wide range of activities. An 'assistant to' position is where an able junior manager may be appointed as an assistant to an executive director. Action learning is where a group of managers are brought together to solve a real problem with the help of an adviser.

(LO 4.1)

26. C Performance feedback. Team members are not receiving feedback on how they are performing within their roles.

The team has an appropriate mix and balance of people who have clear, shared objectives and the team communicate well. The team is therefore otherwise performing well.

(LO 3.2)

27. B The colleague has not provided the required sales data in line with the requested deadline of Monday morning.

David has no other work to complete and Bella planned the work giving David sufficient time to complete it. David appropriately requested the information from the colleague to be received prior to when it was needed.

(LO 3.2)

28. B Explain to René, as the line manager who requested the work, as soon as possible. René may be able to take action to enable the deadline to be met. Missing the deadline may mean that René also misses a deadline so it is

important to inform her as soon as possible.

(LO 3.2)

29. E None of the above. The 'agreed' SMART objective characteristic is missing. The target has been imposed by Rose's line manager but has not been discussed or agreed with Rose.
Otherwise, the target is specific, realistic, measurable and time bound.
(LO 4.1)
30. A Exception report. An exception report comprises information that is passed upward within an organisation.
Instructions, briefings and decisions are all types of information that are passed downward within an organisation.
(LO 1.3)
31. A Person specification. This is a concise statement of the qualities an organisation requires in the holder of a particular job.
A job description is a written summary of the main duties and tasks required as part of a particular job. A job advert is how the organisation publicises the vacant position.
A personal development plan is a learning plan that can be agreed and monitored by your supervisor or learning coach.
(LO 4.1)
32. C Induction training. This is training that should be provided for all new staff members to introduce them to the company and its policies and procedures.
On-the-job training is a common way to support employees within the workplace, such as through coaching or job rotation. External training courses are delivered by a provider outside the organisation. Reading technical publications is a way of keeping up to date on developments and improving knowledge of a topic.
(LO 4.1)
33. B Median. The median is the midpoint of all the data points when arranged in ascending order. As there is an even number of data points, the mean is calculated to find the midpoint between the two middle numbers $(93,200 + 97,450) \div 2 = \text{RWF}95,325$.
The mode is the most frequently occurring value. There is no mode, as all values only occur once. The mean is calculated as the total of all the values divided by the number of items in the data set, which would be $\text{RWF}97,050$. A percentage is a proportion or rate per hundred parts.
(LO 2.1)
34. D Method. The training course is a specific learning activity to be undertaken to achieve the objective.
(LO 4.2)

35. B A bank overdraft is a current liability and part of working capital. Inventory, receivables, cash and payables are also elements of working capital.
- The company office buildings and company vehicles are both non-current assets, and a ten-year bank loan is a non-current liability. Non-current assets and non-current liabilities are not part of working capital.
- (LO 1.2)**
36. C RWF40,508. The selling price of RWF47,799 includes 18% VAT. $(\text{RWF}47,799 \div 1.18) = \text{RWF}40,507.63$ which is rounded up as it is greater than 40,507.5.
- (LO 2.1)**
37. D (i) and (ii). Policies and procedures will increase efficiency, support compliance and protect assets of an organisation, including financial assets and property.
- Although policies and procedures may be part of regulation, they should not be established purely to increase regulation.
- (LO 1.4)**
38. B To request. Effective communication includes the purpose to request or ask for some information, such as the number of overtime hours.
- (LO 2.2)**
39. A Intranet. The use of a company intranet is an easy and low cost method of communication that reaches all staff members.
- Telephone and face-to-face conversations would be impractical to reach so many people so frequently. Letters would be more costly (due to printing and paper costs) and unnecessarily formal.
- (LO 2.2)**
40. C Professionally presented. The letter was handwritten and hard to decipher. It would be expected that such a letter would be produced using a computer word-processing package.
- The letter was technically correct, clearly understandable by avoiding accounting jargon and effective in achieving its purpose of the customers understanding the new invoicing procedures.
- (LO 2.2)**
41. C (i) and (iii). Easy to use, pictures or documents can be sent as attachments and fast delivery are all advantages of emails as a business method of communication.
- Although emoticons can be inserted in emails, they should be avoided in business emails as they give an unprofessional impression.
- (LO 2.2)**
42. A Commonly used language. Direct, straightforward, commonly used language will help the user understand the message.

Slang words, acronyms and digressions should be avoided in business methods of communication.

(LO 2.2)

43. B Escalated hostility. If conflict remains unresolved it may result in escalated hostility, as well as reduced communication between the individuals involved, reduced co-ordination, and polarised viewpoints.

(LO 3.3)

44. C Vertical. Vertical conflict is a result of a power imbalance so occurs between different levels within a department, such as a trainee and head of department.

Horizontal conflict occurs between different departments in the organisation. Diagonal conflict is a combination of vertical and horizontal. Intergroup is similar to horizontal in that it occurs between people at the same level of the organisation, but conflicting parties can be in the same department.

(LO 3.3)

45. A Sales is a line function as it directly fulfils the organisation's primary purpose and objective.

Information Technology, Human Resources and Accounting and Finance are all staff functions that support the line functions by providing resources, systems and information.

(LO 1.1)

46. A External training course. Although on-the-job training and internal training courses may be useful for the Accountancy Trainee, in order to become ICPAR-qualified, attendance at an external training course would be most appropriate to pass the exams. Induction training is applicable for new staff members.

(LO 4.1)

47. D Existing job role, higher level job role and alternative job role at same level. Individuals are responsible for maintaining their CPD appropriate to their existing job role, staying up to date with the changing requirements of the role, and their career aspirations whether this is for higher-level roles or moving into different roles such as moving from management to financial accounting roles.

(LO 4.2)

48. E None of the above. René is following the organisation time management principle. Developing positive work habits which minimise the time and effort spent (or wasted) on tasks, doing similar tasks in batches to avoid multiple trips to the photocopier and managing the in-tray so things don't 'pile up' are all elements of the organisation time management principle.

Set priorities involves deciding which tasks are most important. Set goals shows what needs to be achieved and can show when it is achieved. Focus involves giving attention to one task at a time and urgency avoids putting off tasks that are difficult or large.

(LO 3.1)

49. C (i) and (iii). It is good practice to store weekly computerised backups off-site and for anti-virus software to be installed and used. Both of these practices should therefore be included in an organisation's data security policies and procedures.

Passwords and security codes should be kept secret and not divulged to anyone else. All employees should have their own individual passwords and these should not be shared among teams.

Backing up computerised data, storing backups off site and using anti-virus software are all good data security practices.

(LO 1.4)

50. A 550 minutes. Three-quarters of 440 invoices have been processed, which is 330, so 110 invoices remain to be processed. The time taken to process the outstanding invoices would be $\frac{1}{4} \times 440 \times 5 \text{ minutes} = 550$.

(LO 2.1)