



CERTIFIED ACCOUNTING TECHNICIAN (CAT)
STAGE 1 EXAMINATION
S1.3: EFFECTIVE WORKING IN ACCOUNTING AND
FINANCE
DATE: DECEMBER 2021
MARKING GUIDE AND MODEL ANSWERS

Marking Guide

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

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

2 marks for each correct answer

Total marks

Marks

2

100

Model answers

1. The correct answer is C

Functions like accounting/finance and human resources are not directly involved in the main service-delivering or revenue-earning activity of the business. They are therefore staff functions not line functions like marketing, sales & distribution and production.

2. The correct answer is B

Only Board of Directors and other business managers use the financial statements so as to assist them in their decision making and tracking the performance of the business. Stakeholders like customers, employees and the government have their own different interests. For instance, employees may be interested in the assurance of their job stability; the government may be interested in tax assessment and customers will be interested in knowing the continuity of the business to provide goods and services.

3. The correct answer is D

The calculation of the net profit is a function of accounting and finance not a task for payroll function. The remaining tasks like distributing pay slips to employees, calculating income tax and making appropriate returns to external agencies fall under the tasks of payroll.

4. The correct answer is C

to calculate the working capital, we take the total current assets less total current liabilities. Therefore: Total current assets = 70,000 (cash) + 10,000 (debtors) = 80,000 – 50,000 (30,000 for creditors plus 20,000 for overdraft). The working capital is **therefore FRW30,000**.

The remaining options (FRW 10,000 and FRW 20,000) are not correct because they give the wrong answer according to the above formula.

5. The correct answer is A

Annual budget and long term plans are the documents which act as guidelines and benchmarks for measuring the performance of different departments, and the organization as a whole. The procurement plan acts as a guideline in issuing tenders not measuring performance.

6. The correct answer is B

Solvency is the organizational ability to pay for its debts when they fall due. On the other hand, bankruptcy is a legal process where an organization declared unable to pay its debts. Financial obligations represent any outstanding debts or regular payments that an organization must make. Efficiency means the ability to produce something with the minimum resources.

7. The correct answer is C

Accounting information supports managers in making sound decisions about the resources available to them. It equips managers for Planning by helping them to understand the financial implications of their planned activities; what resources are or are not available to implement them (ie whether their planned activities are affordable); and their potential costs and benefits in

financial terms (ie whether the planned activities are cost effective and worthwhile). It also equips them for controlling by helping them to measure the results of their activities against their plans; whether they came in 'on budget' (in line with anticipated costs); whether they earned the expected revenues and profits; whether resources were efficiently used; and so on. The other managerial functions like organizing, coordinating and leading can be performed without financial resources implication.

8. The correct answer is D

Imprisonment is the only provided liability arising from non-compliance with legal and regulatory requirements for an organization. Death cannot be a liability because no one can be put on death as a results of non-compliance. The retaining of customers and attraction of investors are not liabilities, they are instead advantages of compliance with legal and regulatory requirements for an organization.

9. The correct answer is A

Keeping shareholders fixed assets is not a responsibility of an organization to its shareholders because they are kept by the shareholders themselves. The other activities provided in the questions fall under the liabilities of an organization to its stakeholders.

10. The correct answer is B

Both the immediate superior and line manager refer to the person directly responsible for requesting work from you and to whom you report directly. The subordinate is a person under the authority or control of another within an organization.

11. The correct answer is B

Horizontal lines refer to lines which link units/positions at the same level of the organization. On the other hand, vertical lines link different tiers or levels, illustrating chains of command (downwards) and reporting lines (upwards). Linking lines are not specific that's why it cannot be the right answer.

12. The correct answer is D

Mr Karake should report the fire accident faced to the health and Safety Manager and also the incomplete work should be reported to the Sales Manager (by agreement with the IT Manager who is his line manager).

13. The correct answer is A

Miss Keza should report the issue to the Director of Finance who supervises of the chief accountant. The Managing Director is not the right person to whom the issue should be reported because he/she is not the next highest person to Miss Keza. The nearest Police Station should not intervene because the issue is being still resolved internally.

14. The correct answer is B

A policy is statement that provides strong guidelines for action, decision making and problem solving. On the other hand, a structure is a standard sequence of steps or operations necessary to perform an activity. An action plan is a document that lays out the tasks you need to complete in order to accomplish your goal.

15. The correct answer is D

Financial control procedures are established for the purpose to minimize both the temptations and opportunities for fraud and mismanagement of resources. Minimizing staff salaries cannot help to maximize production that's why it is not the right answer.

16. The correct answer is B

Mr. Andrew should take security measures in an office environment which range from simple rules about locking doors and windows at the end of the day. On the other hand, insecurity measures are not for protection. Working area policies and procedures also may include his desk, the area around the desk, and other areas of the office in which he regularly moves and works. That's why it is not the right answer.

17. The correct answer is D

Miss Ange should decide to not disclose such information to Mrs Diana because she is from outside the business and should not have access to details of suppliers' payments. She should not ask a permission to neither her supervisor nor the supplier.

18. The correct answer is C

Ambiguity is not a quality for a good communicator because it brings confusion to the listeners. Other qualities such good listening, clarity and persuasion are not the right answers because they are good qualities for a good communicator.

19. The correct answer is A

The accountant should record FRW 147,000 in the cash account. Discounts reduces the total invoice' amount as follow: $\text{FRW}150,000 \times 2\% = \text{FRW } 3,000$. The remaining cash is equal to $150,000 - 3,000 = \text{FRW } 147,000$. This is the amount that should be recorded in the cash account while the amount of FRW3,000 should be recorded in the discount allowed account. The second option of FRW 153,000 will not appear anywhere in the books of accounts since it is a wrong figure.

20. The correct answer is D

None of the above answers because to get the net price of goods we should first calculate the value of VAT as follow:

$$\text{VAT} = 18/118 \times \text{FRW } 500,000 = \text{FRW } 76,271.18 \text{ (rounded down to } 76,271\text{)}.$$

To get the net price of the goods, you then subtract the VAT from the VAT-inclusive price:

$$\text{FRW } 500,000 - \text{FRW } 76,271 = \text{FRW } \mathbf{423,729}.$$

The remaining options are not correct because they give the different answer from the correct one which apply the formula.

21. The correct answer is B

For an email to be delivered to the right person, the sender should make sure that it is sent to the right email address. The other factors such as the name and telephone numbers of the receiver are not necessary.

22. The correct answer is D

None of the above answers because the use of gestures makes it a non-verbal communication. An oral or verbal communication uses spoken words while a written communication uses texts.

23. The correct answer is C

House style is an expression of how the organization wants to present itself in its communications. On the other hand, corporate image refers to a reputation of the company in the marketplace or how others view it outside the company (the image of itself which the organization seeks to project to the outside world). Communication format is the methods of communication for presenting business information.

24. The correct answer is A

If immediate feedback or personal sensitivity is required but face to face communication is not feasible, the next best option is a **telephone call**. The other methods suggested could not give an immediate feedback. For instance, the sending of SMS may take too long if the receiver is not notified in advance. The use of emails also needs to make sure that the receiver has an internet connection. Short notes also are good methods of passing on information and providing a reminder (eg asking someone to carry out a task) in informal settings (eg among colleagues).

25. The correct answer is B

the letter should have a copy for reference/confirmation of submission. The other provided answers do not guarantee the submission of a letter.

26. The correct answer is D

Although the executive summary of the report is presented at the start, it is often written last as this is the best time to assess what the most important 'headline' points are. The remaining answers are not correct.

27. The correct answer is A

Bar charts are useful for showing or comparing magnitudes or sizes of items: for example, sales revenue or expenditure on a month by monthly basis, or training costs per department. On the other hand, 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. Line graphs are also useful for showing the relationship between two variables (represented by the horizontal and vertical axes of the graph), by plotting points and joining them up with straight or curved lines.

28. The correct answer is C

Appendices is the section of the report under which supporting data and documents can be attached to the report. On the other hand, the introduction should explain the contents, purpose and scope of the report, along with any relevant background information. The conclusion will collate the key points arising from each of the preceding sections in the main body of the report, discuss them and explain the conclusions reached as a result.

29. The correct answer is B

The textual elements (labels, explanatory notes) should be kept **brief** and the diagram should be made **large** enough so that it is easy to read. The other options are the principles of effective graphic communication that's why they are not the right answers.

30. The correct answer is D

By the focus you give your attention to one thing at a time, if possible. Make sure that everything you need for the task is available, avoid interruptions if you can and then concentrate. Other answers are not correct because of the following reasons: - organization helps to develop positive work habits which minimize the time and effort spent (and wasted) on tasks. - goal setting helps to know what you want to achieve and can tell when you have done so. – Formulating action plans helps to know how you intend to achieve your goals: the timescale, deadlines, tasks involved, resources required and so on.

31. The correct answer is B

An important task is a task which has been requested by an individual or body which has high power (e.g. a Senior Manager or Government Agency). Therefore, RRA is a government agency that's why the task is important. It is not an urgent task because this is a task that does not need to be completed by a deadline in the near future. It is not also a routine task since it is not in everyday activities of the organization.

32. The correct answer is A

By inspiration teams are particularly useful for generating ideas and solving problems, because different people's ideas and viewpoints can influence the work and thinking of others. It is not motivation because by motivation the shared efforts of a team and the help and support of its members can often provide additional motivation and satisfaction to team members in their work. It is not also synergy because by synergy teams can often accomplish more than the same individuals working alone.

33. The correct answer is C

Some dissatisfactions, may be beyond your competence or authority to resolve yourself. In such cases, you may need to take the problem first to your **immediate supervisor or line manager**, who may be able to propose or mobilize solutions to the problem. Therefore, Mr. John should not buy his own chair because it is the responsibility of the hotel to provide it. Picking the chair from his colleagues' office also may cause conflicts. Keeping quiet will not also resolve his issue.

34. The correct answer is D

If you have tried to persuade your supervisor that your method is more efficient, but have failed to do so, you need to accept the superior authority, forget the argument and continue with your tasks. It is more important to be effective than to be right. Proposing the idea to either the finance manager or the managing director will be wrong since they are not your direct supervisors.

35. The correct answer is B

The dissatisfaction from lack of resources such as a computer may itself be a barrier to effective performance. This cannot reduce the communication between her and the authority because there may be reasons to reject the request. It should not also cause poor skills in stock management because there are other methods such as using the printed stock record cards. This cannot also prevent the university from keeping its stock records.

36. The correct answer is B

That's a **lose-lose** solution because neither the Dean of Studies nor the accountant gets what they really wanted. It is not a win-win solution because by win-win both parties work together to understand each other's needs and concerns, and generate options to try to get as close as possible to what each party really wants. Again it is not a win-lose because by win-lose also one party gets what they want at the expense of the other.

37. The correct answer is C

Unless it is unfair, **disciplinary sanction** is not a grievance at work. The remaining answers are not correct since they are all forms of grievance at work.

38. The correct answer is D

Failure to meet the deadline by the procurement unit will affect negatively both production and selling units, hence conflicts may arise between all units since they are affected by the procurement failure.

39. The correct answer is B

Joseph failed to complete his task on time because **of lack of communication and collaboration and also lack of skills in using excel**. It is not lack of coordination since coordination is the process by which the work of different individuals and teams is linked together to achieve shared objectives. It is not also lack of the desire or willingness to make an effort in one's work (motivation).

40. The correct answer is C

When a team member realizes that he/she cannot fulfil a work commitment, because the schedule turns out to be unrealistic, or because unforeseen factors have created a lack of time or resources, he/she may request for mutual assistance and support from colleagues. The working of overtime will not help to meet the deadline which may have not been met. Waiting for the submission time so as to inform the supervisor or team members will not be supportive to meeting deadline.

41. The correct answer is A

An employee who has a right to say 'no' to inappropriate or unreasonable works demands does it in the way that is **calm, courteous, professional, positive and co-operative**. The second option is not correct because there is a word negative which makes it a wrong answer. The third one also is not correctly because speaking loudly when demanding is not appropriate. The fourth option also brings aggressively which is not an appropriate way of demanding.

42. The correct answer is D

None of the above because it is a responsibility to all team members to meet the deadline of completing their work.

43. The correct answer is C

Prioritizing is process of **determining the order in which tasks should be carried out**. The other options of starting from the simple to the complex tasks will depend on other factors of prioritizing but they are not prioritizing itself.

44. The correct answer is A

Ongoing development of skills and knowledge help an employing organization to **decrease** cost of errors and reduce non-compliance with regulations/laws. The fact that the provided sentences stated increase of cost of errors, makes the disadvantage and not a benefit skills and knowledge development. The other options are advantages.

45. The correct answer is C

The document used by organizations to define the requirements of a job-holder is called **person specification**. On the other hand, job description sets out what a person in his/her job should be able to do. It describes the requirements of the job. Job analysis is a process to carefully examine a job and determine what its duties and requirements are.

46. The correct answer is A

The areas in which an employee is ready to ask for more challenge or responsibility are his/her **strengths**. On the other hand, identified weaknesses are areas that need attention in order to bring your competence or confidence up to the required level. They may represent your most immediate learning needs. Opportunities and threats are external factors and should not be analyzed here.

47. The correct answer is C

By coaching, the trainee is put under the guidance of an experienced employee who shows the trainee how to do the job. On the other hand, by assistant to positions a junior manager with good potential may be appointed as assistant to the managing director or another executive director. By action learning, a group of managers are brought together to solve a real problem with the help of an adviser who explains the management process that actually happens. Demonstration/instruction shows the trainee how to do the job and let them get on with it. It should combine telling a person what to do and showing them how, using appropriate media.

48. The correct answer is B

Regular monitoring and review of your own development needs and objectives allows you to measure your progress towards your goal, so that you are **motivated** to keep on track. The fact that the provided sentence states ...demotivated, it makes it a disadvantage not an importance, hence, the right answer. The remaining answers are benefits of regular monitoring and review of individual own development needs and objectives that's why they are not the right answers.

49. The correct answer is C

When preparing a personal development plan, the format may focus on **objectives, methods, timescale, and monitoring**. The other elements are not necessary that's why they are not the right answers.

50. The correct answer is A

In the planning process of personal development plan the direct supervisor should be included. The head of institution, the head of finance and the head of HR should not be included.

END OF MARKING GUIDE AND MODEL ANSWERS