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**CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATIONS**

**F1.4: BUSINESS MANAGEMENT, ENTREPRENEURSHIP
AND ETHICS**

DATE: MONDAY 26, AUGUST 2024

INSTRUCTIONS:

- 1. Time Allowed: 3 hours 15 minutes (15 minutes reading and 3 hours 15 minutes writing).**
- 2. This examination has Seven questions and only Five questions should be attempted.**
- 3. Marks allocated to each question are shown at the end of the question.**
- 4. The question paper should not be taken out of the examination room**

QUESTION ONE

Tech Innovators Inc. is a mid-sized technology company that specializes in software development and IT services. Renowned for its innovative solutions, the company has a strong presence in the market. The management team is contemplating the implementation of new project management software to streamline operations and enhance productivity. The company's organizational chart indicates Sarah Keza as the chief Executive Officer, Mark Rwema as the Chief Technology Officer (CTO), Toto Adams as the IT manager, and John Kirehe as the development manager. Furthermore, Alice Byiza and Michael Dushime serve as team leaders while Alex Kunda, Juliet Mutesi are team Leaders. Despite the benefits of implementing the new project, some employees are resistant to change. The Human Resources (HR) Manager seeks advice on strategies to address this resistance to change.

Required:

- a) **Identify and explain any FOUR the different levels of management and their required managerial skills at Tech Innovators Inc.** (4 Marks)
- b) **Using the case above, identify and explain the main Functions of Management in the organization.** (8 Marks)
- c) **Advise the HR Manager of Tech innovators Inc. on strategies he/she can adopt to overcome resistance to change.** (8 Marks)

(Total: 20 Marks)

QUESTION TWO

Kalisa Ltd, a mid-sized accounting firm, faced a significant ethical dilemma when their lead accountant, John, was discovered to have a substantial personal investment in a client company, Alpha Tech. Unbeknownst to the firm, John used his insider knowledge to manipulate financial reports, inflating Alpha Tech's market position to boost his investments. This manipulation not only misled stakeholders but also created a conflict of interest, undermining the firm's credibility. When the deception was uncovered during an internal audit, it resulted in severe reputational damage and legal consequences for both John and Kalisa Ltd. This incident underscores the importance of ethical standards in Rwanda's entrepreneurial landscape, crucial for sustainable economic growth and trust. Rwanda's government promotes entrepreneurship through various initiatives to build a robust business environment. However, maintaining ethical practices is vital for long-term success and integrity within this ecosystem.

Required:

- a) **Explain any FOUR ways in which Kalisa Ltd could have implemented stronger internal controls to prevent the conflict of interest and market manipulation conducted by John.** (8 Marks)
- b) **State and explain how Kalisa Ltd can establish a conflict resolution mechanism within the organization.** (4 Marks)
- c) **Discuss any FOUR roles of entrepreneurship in the economy of Rwanda.** (8 Marks)

(Total: 20 Marks)

QUESTION THREE

Unique Décor Supplies Ltd, founded by Senyana, an experienced designer and former electrical engineer, manufactures and sells various design products, including curtains, sofa sets, cushions, tablecloths, decorative craft products, and decorative wrought iron, to interior design stores. The company, now five years old, has built a solid reputation for its unique and innovative products, winning several awards and gaining the trust of its customers and homeowners.

The success story of Unique Décor Supplies is marked by a significant innovation: the auto designer bulb. This product, which automatically regulates electricity consumption based on house activities, was a major hit in the construction industry in Rwanda. The domestic demand for the designer bulb tripled the company's sales, leading to a reported 85% profit growth by the end of 2023. In the long run, the company may also think about amalgamation as a strategy to increase the cash resources and eliminate competition as well as saving company on taxes.

Required:

- a) Explain any FIVE (5) factors affecting business growth at Unique Décor supplies Ltd** (10 Marks)
 - b) Briefly describe any FIVE (5) drivers of amalgamation and its FIVE advantages to the organization** (10 Marks)
- (Total: 20 Marks)**

QUESTION FOUR

Ukuri Industries, established in 1998, is a leading food processing company in Rwanda, specializing in dairy products, juices, and mineral water. By leveraging an effective marketing communication mix, they ensure their high-quality, nutritious, and affordable products reach Rwandan consumers and beyond. The company's employee commitment to problem-solving skills fosters innovation and continuous improvement, driving growth and customer satisfaction.

Required:

- a) Describe any FOUR (4) potential risks affecting food processing companies in Rwanda and propose any 4 mitigation measures.** (8 Marks)
- b) Discuss the elements of the marketing communication mix Ukuri Industries can effectively utilize to strengthen its market position and engage with consumers.** (8 Marks)
- c) State any TWO advantages of problem-solving skills and its impact on employee career advancement.** (4 Marks)

(Total: 20 Marks)

QUESTION FIVE

- a) State any FIVE (5) benefits of Management by objectives as suggested by Peter Drucker. (5 Marks)
 - b) Discuss any FIVE (5) key consequences that organizations might face due to poorly managed change program. (10 Marks)
 - c) Indicate any FIVE (5) circumstances where disclosure of confidential information is appropriate. (5 Marks)
- (Total: 20 Marks)**

QUESTION SIX

The IFAC code of ethics for professional accountant states that ‘The circumstances in which professional accountants operate may give rise to specific threats to compliance with fundamental principles.’ Many threats fall into five categories. However, successful entrepreneurs often involve navigating these threats adeptly

Required:

- a) Discuss any FIVE (5) ethical threats facing professional accountants when accepting or continuing with clients’ engagement. (10 Marks)
 - b) Identify and explain any FIVE (5) characteristics of a successful entrepreneur. (10 Marks)
- (Total: 20 Marks)**

QUESTION SEVEN

- a) Define the term ‘Corporate Social Responsibility (CSR)’. (2 Marks)
 - b) Using examples, discuss any FOUR (4) levels of Corporate Social Responsibility in a business organization. (8 Marks)
 - c) Discuss the importance of market research in a business organization. (10 Marks)
- (Total: 20 Marks)**

End of Question Paper