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**CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATION**

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

DATE: MONDAY 27, MAY 2024

INSTRUCTIONS:

- 1. Time Allowed: 3 hours 15 minutes (15 minutes reading and 3 hours 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

Conflict in Gahinga International School (GIS)

Roles, policies and procedures are designed to keep an organization's stability and continuity. However, these structures can by their very nature act as a form of "structure inertia". The staff structure of GIS had a half of the staff from different countries and the other half of them were locals. This caused conflicts among the school employees. The reasons for which the conflict occurred was that the Human Resources (HR) Department of the school believed that the foreign employees were the best to promote the school. Due to this belief, the HR paid them higher salaries and offered them vacations, so that they keep working for the school. This behavior of the HR, made local employees feel disappointed and demotivated. They had the feeling that the HR was ignoring their needs and giving an upper hand to foreigners, which made them feel quite demoralized.

The practice continued as the HR was not taking any initiatives for solving the conflict between foreigners and locals. The main reason for the conflict was the difference between the salaries and other benefits being offered to foreigners. The HR manager could have been able to settle this conflict if the locals were treated just like the foreigners.

Required:

- Explain TWO types of conflicts that were occurring in Gahinga International School (4 Marks)
- Advise the HR Manager FOUR of the school on what strategies he/she can adopt to overcome resistance to change. (8 Marks)
- Explain FOUR to the HR manager of the school the principles of corporate governance. (8 Marks)

Total: 20 Marks

QUESTION TWO

UBUZIMA HONEY Ltd (UHL) is a prominent company located in the northern province in Musanze district, that specializes in honey processing and exporting. The company was incorporated in 2005, and has grown tremendously since that time to become the leading company in honey processing and exporting within the region. By the end of the reporting period of 31st December 2017 at the Annual General Meeting, it was voted that the external auditors of the company had to be rotated. The directors have, however expressed dissatisfaction with the quality of the audit work compared to the previous auditors. They have formally lodged a complaint with the Institute of Certified Public Accountants of Rwanda (ICPAR), requesting them to address the incompetence allegation.

Required:

- Explain THREE main duties of UHL directors of the Company. (6 Marks)
- Examine any FOUR categories of threats that a professional accountant in public practice and a professional accountant may face. (8 Marks)
- Suggest THREE consideration that a professional accountant should take into account before accepting a specific engagement. (6 Marks)

(Total:20 Marks)

QUESTION THREE

SIMLO Ltd had been taken over by Ngana enterprises immediately, following Rwanda's independence. Since then it has been enjoying a rich record of industry presence as well as experience. In 2015, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions before launching ERP system with the aim of attracting large projects. The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage. For this purpose, the company had laid down multiple causes of action to meet the challenges of adverse situations. In 2020, the company suffered loss in many projects due to the COVID 19 pandemic, despite taking many cost cutting measures. The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time. In 2022, Ms. Habimana was recruited to set up and develop the marketing department which was dormant over a long period of time. The CEO of the company believes that Ms. Habimana has the capacity and ability of setting up the department which has been dormant over a long period of time, and ensure that the department is going to help the company to achieve its objectives. However, the other board members are of the view that the organization should outsource the marketing function other than establishing an in-house department.

Required:

- (a) **Examine FIVE advantages SIMLO Ltd could gain by outsourcing marketing function.** (10 Marks)
 - (b) **Effective sales of products require the sellers to possess certain skills that will enable them to achieve their goals as well as those of the organization'. With reference to this statement, explain Five skills that an effective seller should be possessed by** (10 Marks)
- (Total: 20 Marks)**

QUESTION FOUR

Business correspondence means the exchange of information in a written format during the process of business activities. Business correspondence dates back in the 15th century from the original traditional way of communicating information in an organization to today's modern world of internet where information flows by just a single click.

An E-mail is becoming one of the most widespread means of communication within an organization. It is very fast and efficient and supports one-to-one and one-to-many communications. In addition to that, an email is a written record of the communication future reference. Email writing is critical for an accountant for an effective communication.

Required:

- a) **Explain FIVE elements of an e-mail message, highlighting measure of improving its effectiveness.** (10 Marks)
 - b) **Examine FIVE challenges of e-correspondences that could be encountered within an organization.** (10 Marks)
- (Total: 20 Marks)**

QUESTION FIVE

Today's world changes enormously as a result of technology. Technology affects different spheres of life. Skills gap is one of the main challenges the world is facing especially those involved in entrepreneurial initiatives. Many countries including Rwanda are experiencing a persistent gap between the skills needed in the labor market and those offered by the workforce.

Skills mismatch exacts high economic and social costs at all levels – individual, business and government – and is both a result and a contributory cause of structural unemployment.

The impression is that the world of work is at a crossroads of a fourth industrial revolution, being transformed by Industry 4.0, advanced robotics, artificial intelligence (AI), the internet of things (IoT) and other emerging technologies in a way that is more profound than previous waves of change, such as the one driven by the microprocessor revolution of the 1970s.

It is envisaged that some work of human beings will be digitalized in the near future and hence requiring human resources to anticipate modern skills needed for the future of work.

Required:

(a) State FIVE entrepreneurial skills needed for a successful venture. (5 marks)

(b) Explain briefly factors leading to skills and resource mismatch in an enterprise. (5 Marks)

(c) Explain FIVE reasons for protecting a trademark by Rwanda Development Board (RDB)? (10 marks)

Total: 20 Marks

QUESTION SIX

Karangwa Enterprises has been in operations in Bukavu for the last five years. However, the enterprise is facing huge losses. The owner of the company is an MBA graduate. Despite the qualifications of the owner and the top management, many things in the organization are happening which are indicative of lack of proper management in the company.

Firstly, there is no proper job designation and an employee is assigned duties based on the preference of the immediate supervisor and therefore, the employees can be asked to do anything. This has led to wastage of efforts. Further, due to negligence in proper work sharing, there has been no specialization development in the nature of the jobs done by the employees. There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration on the part of the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers.

The departmental heads, who are the middle level managers in the company and hold key Positions, always favor their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to a feeling of resentment among the employees who are also demanding special favors and threatening strike in the coming days.

Required:

- (a) Describe the THREE principles of Henry Fayol violated in the above case (9 Marks)**
- (b) As an expert in business management, suggest THREE recommendations that will help the company to achieve its objectives (6 Marks)**
- (c) Outline FIVE characteristics of an excellent organization as suggested by Peters and Waterman (5 Marks)**

(Total: 20 Marks)

QUESTION SEVEN

The name and taste of Coca-Cola is known to almost each and every individual in Rwanda, as well as throughout the world. This carbonated soft drink holds the most market share in the soft drink market and got itself a special seat in each and every gathering. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name. The most common of these are Coke Caffeine free, Coca-Cola Cherry, Coca-Cola Zero Sugar, Coca-Cola Vanilla and the list goes on. It has capitalized on each and every opportunity to market itself effectively and place itself in the middle of every gathering. The main reason for the excellent branding can be attributed to the fact that the company ensure that in every occasion, coke must be present. Product designing has also been excellent as well as creative advertising. The company has effectively utilized internet in its marketing campaign and this has led to the wide spread recognition of the soft drink.

Required:

- (a) Describe any five types of internet marketing that may have been utilized by the Coca-Cola company (10 Marks)**
- (b) Examine Five limitations of internet marketing to Coca-Cola (10 Marks)**

(Total: 20 Marks)

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