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**CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATION
F1.4: BUSINESS MANAGEMENT, ETHICS AND
ENTREPRENEURSHIP**

DATE: MONDAY 26, MAY 2025

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

Rebecca Mugisha opened a small office supply store in Kimisagara six months ago. Rebecca sells a wide range of general office merchandise including photocopying and typing paper, writing tablets, envelopes, writing instruments, and computer spare parts. In an effort to better understand the competition, Rebecca visited four similar stores in rural areas and pretended to be a customer so she could get information regarding their prices, product offerings, and services. Each has a different strategy. For example, one of them sells without delivery. Another relies on the Customer Relation Management (CRM) strategy. Another store relies heavily on service including a 90-day credit plan for those customers who purchase equipment in excess of FRW 500,000. This company's prices are the highest of the four stores Rebecca visited. The other two stores use a combination of price and service strategies. Rebecca realized that to succeed, she must develop a marketing strategy that helps her effectively compete with these other firms.

Required:

- a) Advise Rebecca on unethical advertising and promotion tactics that may cause customers to mistrust her business. (6 Marks)
- b) State SIX (6) advantages of Customer Relationship Management to an organization. (6 Marks)
- c) Discuss FOUR (4) benefits of establishing successful marketing strategies in an organization. (8 Marks)

(Total: 20 Marks)

QUESTION TWO

Businesses today operate in a world of constant change. Technology and society are changing more rapidly than ever before. Concern for the environment has forced companies to think about how their actions affect the quality of the air, land, and water. Competition is fiercer than ever because companies from all over the world now try to sell their products and services to the same customers. Workplaces have become increasingly diverse, as minorities, women, and migrants participate in growing numbers. All these changes have created new challenges for all levels of managers and the people who operate businesses.

Required:

- a) Identify and explain the levels of management and managerial skills needed at each level to resolve today's challenges. (9 Marks)
- b) Explain the characteristics of a good manager in today's business environment. (8 Marks)
- c) A Threat which is an element of SWOT Analysis can be described as a factor or situation in a firm's external environment that can be an obstacle to the efficient operations of the organisation.

Required:

In reference to the statement above, **identify SIX (6) factors that can pose a threat to the successful operations of a business organization.** (3 Marks)

(Total: 20 Marks)

QUESTION THREE

a) Identify FOUR (4) characteristics of a successful entrepreneur. (4 Marks)

b) Discuss FOUR (4) advantages of innovation in a business. (8 Marks)

c) Explain FOUR (4) entrepreneurial skills needed to succeed in the business. (8 Marks)

(Total: 20 Marks)

QUESTION FOUR

a) Explain FOUR (4) underlying reasons for business organizations to be involved in Corporate Social Responsibility. (4 Marks)

b) A professional accountant before accepting or continuing a client relationship or specific engagement, the professional accountant in public practice shall evaluate the significance of any threats created by business interests or relationships with the client or third party. On the other hand, the professional accountant may also face intimidation threats that humper his/her professional independence.

Required:

i) State FOUR (4) circumstances that may create self-interest threats for a professional accountant. (4 Marks)

ii) Advise on the measures a professional accountant would use to avoid the conflict of interest. (6 Marks)

iii) Advise how a professional accountant would be impacted by the self-interest threat on their independence in financial reporting. (6 Marks)

(Total: 20 Marks)

QUESTION FIVE

Buryohe Limited was taken over by Ubumwe Group Ltd immediately following the “Made in Rwanda” policy. Since then, it has enjoyed a rich record of industry presence and experience in Rwanda. In 2019, with the aim of accelerating growth, the company went through several rounds of meetings and discussions before launching an ERP system to attract large projects. In 2020, the company suffered losses in many projects due to the great recession 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 the system was implemented successfully which subsequently helped the company to execute numerous projects with precision and timeliness. Recently, Kamasa one of the partners read in a popular Magazine that fast-growing companies are competent at building growth-perpetuating systems, which help them create sustainable growth from venturing ideas.

The Magazine also stressed that ‘growth strategies can be either internal or external he added. Mr Kamasa and his partners are keen on taking their business to a new and higher level by applying the idea to the magazine, but they are not sure of the specifics and ask for your advice.

Required:

- a) Explain FOUR (4) factors that influence the growth of Business Enterprises. (8Marks)
 - b) Using a diagram, identify and explain the stages of a business life cycle and challenges at each stage. (10Marks)
 - c) Identify TWO (2) types of business integration and ONE advantage of each type identified (2 Marks)
- (Total: 20 Marks)**

QUESTION SIX

Organizational communication and building awareness can help make the benefits from problem-solving stick. Managing stakeholder expectations, stakeholder confidence in your problem-solving abilities is based more on what you communicate than what you actually do.

Required:

- a) Using Hyman’s Problem Formulation Model, discuss the problem-solving approach to solve conflicts among employees. (6 Marks)
 - b) Advise on how employees in the organization can improve verbal listening skills. (4 Marks)
 - c) Explain FIVE (5) barriers that may prevent effective communication in the organisation (10 Marks)
- (Total: 20 Marks)**

QUESTION SEVEN

Modern technology, such as the telegraph, telephone, telex, facsimile, and email, have reduced the attractiveness of paper for many applications. On the other hand, modern communication technologies have contributed to the ease of sending messages, electronic money transfers and payments and internet banking. In addition to their speed, they may be more secure, but these modern alternatives have some advantages and disadvantages.

Required:

- a) Differentiate between Video conferencing and Tele conferencing as used in modern business. (2 Marks)
 - b) State FOUR (4) guidelines for creating effective emails message. (4 Marks)
 - c) Examine FOUR (4) advantages and disadvantages of mobile banking. (8 Marks)
 - d) Discuss THREE (3) types of cloud computing and its benefits to the business. (6Marks)
- (Total: 20 Marks)**

End of question paper