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**CERTIFIED PUBLIC ACCOUNTANT**  
**FOUNDATION LEVEL 1 EXAMINATION**  
**F1.3: BUSINESS MANAGEMENT, ETHICS AND**  
**ENTRPRENEURSHIP**

**DATE: MONDAY 24, NOVEMBER 2025**

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**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

INYANA Ltd is a company involved in milk processing in Kigali. The company employees around 200 employees of which 70 are permanent employees and the rest are casual employees. INYANA Ltd imports milk from Kenya to produce quality products. Despite, importing raw materials (primarily milk) in Kenya, the company operates at excess capacity of 35% due to lack of milk inputs. The company's management has resolved to import well designed packaging materials from Netherlands to impress local and international customers. The company recently held a Board of Directors meeting in December 2021 and the finance director presented the financial outlook of the company and one of the identified problems was that the company has been loss making since inception in 2010. Other highlights include the increase in sales of 2% while the cost of sales also increased by 40% as a result of an increase in prices of raw materials and packaging materials. In addition to that, the staff costs increased by 20% due to increased salaries for machine operators who are expatriates from India resulting into currency pressures since they are paid in USD. The foreign currency losses form 20% of the total sales as result of foreign currency fluctuations on imported materials. During the year, the company's operations were halted for 3 months to address recommendations from quality audits exercised by Rwanda Standards Bureau. The tax authority fined INYANA Ltd with FRW 200 Million due to customs duties which were not declared nor paid due to lack of taxation skills of the company's Accountant and the company started facing liquidity issues to clear due obligations. The company is facing a number of litigation issues, one of them is a dealer claiming around FRW 100 Million due to substandard products which were delivered to him and another one is by one of its staff member who was recently terminated unlawfully and the court summoned the company for a court hearing. The recent data has shown that the staff turnover within the company stood at 40% in the last 6 months.

The Board of Directors is questioning the management of the company and has tasked the Managing Director of the company to reassess the issues underlying the failures and come up with an action plan.

### Required:

- a) **Assess the management failures of INYANA Ltd.** (5 Marks)
- b) **Discuss the contributions of management to the success of INYANA Ltd.** (5 Marks)
- c) **Explain the challenges that hinder organizational success of INYANA Ltd.** (5 Marks)
- d) **Advise the management of INYANA Ltd the possible courses of action to be undertaken.** (5 Marks)

**(Total: 20 Marks)**

## QUESTION TWO

ISHEMA Manufacturers Ltd is a company involved in manufacturing of soft drinks (milk, juices, and drinking water) in Nyagatare District since 2020. The company has been renowned for its quality soft drinks and recently was recognized as an upcoming innovative company in the Eastern Province. The company's vision is to position its products preferably nationwide and globally by 2030 and 2050 respectively. The company is intending to contract marketing

agents in five (5) spheres of the African continent (Western, Southern, Central, Northern and Eastern Africa) to be its brand ambassadors. Recently, it contracted one of the Pop Singers in Rwanda as its brand ambassador for East Africa.

The marketing manager has proposed for outsourcing marketing activities to outsiders to leverage on their competitiveness while the company's managing director has advocated for managing the marketing initiatives internally to curb down marketing expenditures.

**Required:**

- a) **Discuss advantages and disadvantages of outsourced marketing.** (8 Marks)
  - b) In reference to marketing mix, **discuss unethical marketing practices that should be avoided** (12 Marks)
- (Total: 20 Marks)**

**QUESTION THREE**

Josiane and James work in one of the Consultancy firms in Rwanda as Tax Associates and Tax Manager respectively. In July 2021, James requested Josiane to meet in a hotel for a date, of which Josiane refused arguing that she doesn't want to engage in such relationship. James was unhappy and informed Josiane that she will face negative consequences. For the year ended 30 December 2021, James evaluated Josiane commenting that she is incompetent and not ready for a promotion. Other co-workers were extremely surprised as to why Josiane was not promoted yet she is among the exemplar employees. Josiane is afraid of informing David who is a Whistleblowing Champion of the firm since the latter is a friend of James and she is in dilemma of what course of action she should undertake

**Required:**

- a) **Discuss the fundamental ethical principles in the accounting profession** (10 Marks)
  - b) **Explain briefly reasons of having a code of conduct within an organization** (5 Marks)
  - c) **List down causes of organizational conflicts within an organization** (5 Marks)
- (Total: 20 Marks)**

**QUESTION FOUR**

Rwanda has built a conversant business environment to start and operate business. Rwanda is ranked as 2nd in doing business in Africa as per world bank reports. 24 hours are enough to register a new business. A couple of services are automated including but not limited to declaration and payment of taxes online. E-banking and mobile banking technologies are at pace and hence rendering banking operations efficient. The regulatory framework is well established to accommodate all business requirements to facilitate doing business in Rwanda.

**Required:**

- a) **Discuss benefits of self-employment** (10 Marks)
  - b) **Discuss innovation process for generating an innovating product** (10 Marks)
- (Total: 20 Marks)**

## **QUESTION FIVE**

Keza Cassava Plant (KCP) was opened in 2021 in Musanze industrial zone with a capacity of processing 100 tons of fresh cassava into 60 tons of flour per day. Actually, on average 20 tons of flour is produced daily. Even if farmers produce a lot of cassava, very little is supplied to Keza Cassava Plant because of unfavorable relationships that are prevailing between the producers and the processor. Keza Cassava Plant continue to process at a very low rate compared to its high capacity. Farmers are unmotivated to supply their cassava to the processing plant because KCP is offering unpleasant prices. Most of the cassava produced locally are consumed in homes and the factory is required to import cassava from the neighbouring countries. Due to high costs, the company approached a commercial bank for a long-term loan despite lack of collateral and the application was returned.

The Government of Rwanda through Rwanda Agricultural Board (RAB) has availed cassava inputs that are distributed in cassava cooperatives at a lower price. One cassava cutting of 20 cm long costs FRW 10. However, there has been corrupt officials who don't distribute the inputs evenly to all cooperatives and households. In Rwanda, the land is friendly to cassava planting. The average productivity of cassava is 12.5 tons per hectare (Food and Agriculture Organization, 2010) while it was noticed by RAB (2011) that most of the varieties have the potentialities of giving out 30 tons or more on one hectare.

Rwanda's average electricity is among the best in Africa. However, preferential tariffs for industrial customers and other special projects were approved to facilitate industrial development. The price of electricity is 0.248 U.S. Dollar per kWh for households and 0.093 U.S. Dollar for businesses which includes all components of the electricity bill such as the cost of power, distribution and taxes. Transportation is done by air or roads and future game changing projects of introducing a railway network and water transport are awaited to further facilitate the inflows and outflows of resources at low costs. The transport cost remained a challenge to Keza Cassa Plant due to an amount of time to travel from/to neighbouring countries for raw material importation and produce exportation as the transport by road is the most efficient available option.

In Rwanda, there is a general shortage of skilled labor including accountants, lawyers, technicians, tradespeople, and other skilled personnel which induced Keza Cassava Plant to employee 10 expatriates from different spheres of the world.

### **Required:**

**Discuss TEN factors affecting success of manufacturing business in Rwanda. (20 Marks)**

## **QUESTION SIX**

You are a communication consultant working with the University of Gatsibo, a reputable institution located in Gatsibo district. The university is keen on improving internal communication through well-crafted business memos. You have been asked by the Vice Chancellor to draft a memo to all University staff inviting them to a public talk by Chris Wood,

a renowned professor from a world leading University, which will take place on 08 March 2024 at 10am in the conference hall. The memo will be sent via email on 20 February 2024.

Additionally, there is a need to enhance the effectiveness of persuasive messages for fundraising initiatives.

**Required:**

- a) **Draft the memo to all staff as requested by the Vice Chancellor.** *Note: You are expected to make some assumptions about some missing information* (12 Marks)
  - b) Successful persuasive messages demand careful attention. **Explain FOUR tasks you will perform in the planning stage of drafting persuasive messages for fundraising initiatives.** (8 Marks)
- (Total: 20 Marks)**

**QUESTION SEVEN**

You are a consultant working with Nyambo Ltd, a company based in Nyagatare district. Nyambo Ltd is currently reassessing its corporate governance practices to enhance overall effectiveness and sustainability in its operations and has requested for your expert support on various aspects of corporate governance.

**Required:**

- a) **Advise Nyambo Ltd's leadership on FIVE reasons why corporate governance is important to its company.** (5 Marks)
  - b) **State SEVEN principles of corporate governance.** (7 Marks)
  - c) **Identify and explain FOUR pillars of corporate governance.** (8 Marks)
- (Total: 20 Marks)**

**End of Question Paper**