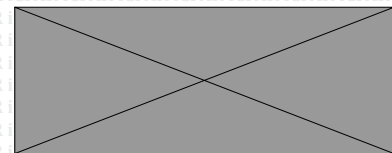




INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF RWANDA
Driving Sustainable Performance



**CERTIFIED ACCOUNTING TECHNICIAN
LEVEL 1 EXAMINATION**

L1.3: BUSINESS MANAGEMENT, ETHICS

AND ENTREPRENEURSHIP

THURSDAY: 1 DECEMBER 2016

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 are to be attempted.**
- 3. Marks allocated to each question are shown at the end of the question.**

Attempt any five questions

QUESTION ONE

Market segmentation divides a market into well-defined slices or sub-units and then modifies the product in the way it is packaged, advertised or promoted to satisfy particular customer requirements of each market segment.

REQUIRED:

- (a) Explain the different variables that are needed to segment consumer markets. **(10 Marks)**
- (b) Clearly, discuss five market segmentation criteria useful in planning market segments as a strategy. **(10 Marks)**

(Total 20 Marks)

QUESTION TWO

Read the following passage and answer the questions that follow.

A supervisor by definition is an employee who has the power and authority to give instruction to subordinates and is held responsible for the actions of other employees. Although most people mistake supervisors for managers, they are quite different. Supervisors are responsible for the productivity and actions of teams of employees and other roles similar to a manager but do not have recruiting and budgeting authority which managers have.

Supervisory roles differ in companies or organisations but a number of them cut across. First, a supervisor is an overseer whose main responsibility is to ensure that a group of subordinates achieve specified amount of output in a given timeframe within acceptable levels of quality, cost and safety.

A supervisor monitors a team to ensure that the core values of the business such as teamwork, respect and quality of production among others are fulfilled.

A supervisor also guides the people he or she is supervising towards achieving their tasks and responsibilities. He or she is a leader of the people he or she is supervising. Just like their name suggests, supervisors play a supervisory role which is mainly about leadership or people management. They are coaches whose primary responsibility is to coach employees. They are responsible for coaching teams in case of performance gaps, by working together with employees to set goals and standards for tasks, actions, plans and timelines and follow up that these are met or accomplished. This is the reason why some supervisors are in charge of assessments during performance appraisals.

In addition to allocating tasks, nurturing and developing talent, supervisor's offer recommendations on how the gaps or challenges identified can be addressed, including agreeing on a joint action plan to improve performance and recommending further training opportunities to build capacity. They also give feedback to employees depending on set goals and accomplishments as well as assessing employees depending on their achievements and suggest ways of improving. Supervisors drive organisational result through setting targets, besides they also motivate teams to ensure that they are self-driven to achieve results.

A supervisor is also meant to be a wealth of knowledge since he is the mouth piece of management. In this case, he or she is supposed to know about the company's policies and programs plus new policies which he/she shares with the rest of the team. Therefore, a good supervisor should be open-minded so that he can ably communicate the same to the rest of the team with a positive attitude.

A supervisor is meant to support his team members with work resources needed to accomplish tasks. In case employees are meant to take leave, supervisors give recommendations and find temporary replacements.

A supervisor is also in charge of developing skills of team members. When new employees join the company, it is the supervisor to ensure that they fit in the team and assign them a work station. He orients them on how to meet the company requirements.

In case of a problem among employees, a supervisor comes in handy to play a counseling role and ensure that the team members are at par with their career goals.

A supervisor acts as employees' mouthpiece by communicating their plight to the line managers or top authorities.

Supervisors support and mentor the teams they are leading and guide them in meeting the company expectations. They take part in recruitment of new staff by identifying the gap or need for employees in specific positions/roles and communicate to top management. Supervisors partake in conducting interviews to recruit suitable candidates for the job.

REQUIRED:

- (a) Suggest a suitable title for the passage. **(2 Marks)**
- (b) With close reference to the passage, distinguish between a manager and a supervisor. **(2 Marks)**

- (c) Identify at least eight roles of a supervisor. **(8 Marks)**
 - (d) Explain ways a supervisor contributes to team building in a company /organization. **(4 Marks)**
 - (e) State the ways the supervisor acts as a 'mouthpiece' for:
 - (i) Employees. **(2 Marks)**
 - (ii) Management. **(2 Marks)**
- (Total 20 Marks)**

QUESTION THREE

- (a) Several theories have been developed to explain the evolution and growth of entrepreneurship. Among these theories, the contributions of economists, sociologists and psychologists are outstanding. Innovation, which is the key to economic development of any company, is one of the major functions of entrepreneurship. As technologies change, old products decrease in sales and old industries dwindle. This requires entrepreneurs to act as innovators if they are to remain competitive in the market.

REQUIRED:

- (i) Describe any two theories of entrepreneurship. **(4 Marks)**
 - (ii) Explain the functions of entrepreneurs as innovators. **(4 Marks)**
 - (b) (i) Define the term 'corporation'. **(1 Mark)**
 - (ii) Describe the information that is required to be included in the certificate of incorporation. **(5 Marks)**
 - (c) Describe the categories of people that use the information in business plans. **(6 Marks)**
- (Total 20 Marks)**

QUESTION FOUR

Johanna Kalenzi is a qualified accountant working with Mutabazi & Associates, a firm of certified public accountants. Johanna recently conducted an external audit with one of the firm's clients, Kawa Commodities Limited (KCL), a 10 year old coffee processing plant based in Burera.

Recently, officers of Rwanda Revenue Authority visited the offices of Mutabazi & Associates and requested Johanna for information and data regarding KCL's sales and exports and yet it is against the policy guidelines of the management of Mutabazi & Associates of not sharing any such information with any third party without the client's prior consent.

REQUIRED:

- (a) Describe the circumstances under which Mutabazi & Associates can disclose confidential information about their client (KCL). **(6 Marks)**
 - (b) Describe the factors Mutabazi & Associates need to consider as to whether they should disclose confidential information. **(4 Marks)**
 - (c) Explain the professional safeguards that need to be in place to ensure that an engagement team possesses the required competences necessary to carry out an engagement properly. **(10 Marks)**
- (Total 20 Marks)**

QUESTION FIVE

Management by objectives (MBO) is a management style that may be applied by any employee who is in position to exercise discretion within his or her job.

REQUIRED:

- (a) Explain the characteristics of MBO as one of the management styles applied in organisations. **(10 Marks)**
 - (b) Discuss the disadvantages of MBO faced by organizations which apply this management style. **(10 Marks)**
- (Total 20 Marks)**

QUESTION SIX

- (a) Manji and Furji Telephone Dealers is a company registered to supply telephone related accessories. On 17 April, 2016 it supplied a consignment of assorted goods worth USD 200,000 to Khamu-Khamu Phone Dealers Ltd. They expected to get 10 cartons of batteries, 10 cartons of chargers and 20 cartons of mobile phone housings.

However, it was later discovered that Manji and Furji supplied 8 cartons of batteries, 7 cartons of chargers and 10 cartons of mobile phone housings.

You are the purchasing officer of Khamu-Khamu Phone Dealers Ltd, and have noted the discrepancy in the deliveries.

REQUIRED:

Write a letter to Manji and Furji Telephone Dealers seeking a clarification on the deliveries and possible remedies. **(10 Marks)**

- (b) In order to pass on information about a meeting or any official matter, one can use different forms of communication to relay what he intends other people to know.

REQUIRED:

Give two advantages of using an e-mail over a telephone call when inviting members for a meeting. **(2 Marks)**

- (c) The position of a front desk officer is very important for any organisation, therefore it is important to take care when employing the personnel to work in that office.

REQUIRED:

Explain any four qualities of a good front desk officer. **(4 Marks)**

- (d) In any given office setting, it is mandatory to have filing cabinets and office files to keep company documents.

REQUIRED:

(i) Give two advantages of keeping information in hard copy form. **(2 Marks)**

(ii) Mention two disadvantages of keeping hard copies of documents. **(2 Marks)**

(Total 20 Marks)

QUESTION SEVEN

- (a) Electronic commerce (e-commerce) offers the entrepreneur the opportunity to be very creative and innovative. Its increasing importance is indicated in the continually increasing amount of both business-to-business and business-to-consumer e-commerce sales.

REQUIRED:

(i) Define the term 'e-commerce'. **(1 Mark)**

(ii) Explain the benefits of e-commerce to consumers. **(5 Marks)**

- (b) One way an entrepreneur can expand a venture is by acquiring an existing business. Acquisitions provide an excellent means of expanding a business by entering new markets or new product areas. An acquisition is the purchase of an entire company, or part of a company and the company is completely absorbed and no longer exists independently.

REQUIRED:

Explain the advantages to an entrepreneur arising from buying an existing business. **(4 Marks)**

- (c) (i) Describe the stages of the business life cycle. **(4 Marks)**

(ii) Explain the challenges faced by women entrepreneurs in business. **(6 Marks)**

(Total 20 Marks)

End of question paper