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**CERTIFIED ACCOUNTING TECHNICIAN  
LEVEL 1 EXAMINATION**

**L1.3: BUSINESS MANAGEMENT, ETHICS AND  
ENTREPRENEURSHIP**

**THURSDAY: 8 JUNE 2017**

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**INSTRUCTIONS:**

- 1. Time Allowed: 3 hours 15 minutes** (15 minutes reading and 3 hours writing).
- This examination has **seven(7)** questions and only **five(5)** questions are to be attempted.
- Marks allocated to each question are shown at the end of the question.
- All iCPAR Examination rules and regulations apply.

*Attempt any five questions*

**QUESTION ONE**

- (a) Explain the role of marketing and sales in an organization. **(10 Marks)**
- (b) Identify and explain the major sales promotion tools used in an organization. **(10 Marks)**
- (Total 20 Marks)**

**QUESTION TWO**

Read the following passage and answer the questions about it.

Annet Kabatesi left her accountancy job at a bank in Nyagatare where she had worked for nine years to exploit her childhood passion for fashion and make a living out of it. She had raised capital for the venture while she was still employed at the bank.

Currently she has a successful business and advises that anyone can exploit their passion or hobby and interests to create a business career. “It is satisfying to do something you are passionate about, even when you meet challenges, the passion you have for what you are doing keeps you going”, she says.

She says many people fear that things might not work out if they ventured out on their own, so they stick to unfulfilling jobs. She says such people should consider juggling both work and doing things they are passionate about for a start.

She explains how one can turn their passion into a career. First, one should avoid starting up something without drawing a plan of the steps they have to follow. A plan helps you to avoid mistakes and shows your level of organisation. That way your success will come easily. Remember always that this is something you love and enjoy to do, so making it your career means that you must work even harder to make it a success.

Before one chooses a passion to pursue, it is important that they research about it. This helps to know the competitors and what the targeted audience demands, so that one could find ways of marketing oneself in the field. Making research helps in realising that training is needed if one is to hone his skills in what he wants to do. You may also realize that there is need to hire skilled personnel to be able to compete.

Amos Gatera, the director of Career Development Enterprise says, ‘much as it is a passion, it is important that one is not conservative’. Flexibility is important. Remember that this is just rendering a service to others, therefore, feedback matters a lot. Feedback might be positive or negative, but do not be offended. Rather be ready to learn from it and do better. Be creative always in this you will beat your competitors in the market.

Alex Rutagengwa, a manager at Coral Coating Industry, Kigali says that turning a career into a passion requires inspiration. It also requires one to have a network of friends who are talented and can guide one.

**REQUIRED:**

- (a) Mention the different stages suggested in the passage one must go through to turn one’s passion into a career. **(10 Marks)**
- (b) Identify the **two** factors suggested in the passage that may drive one to follow his/ her passion. **(2 Marks)**
- (c) State the specific advice the writer points out for someone who wants to pursue his/ her career successfully. **(6 Marks)**
- (d) Suggest **two** situations under which one may **FAIL** to turn one’s passion into a career. **(2 Marks)**
- (Total 20 Marks)**

**QUESTION THREE**

Read the case below carefully and answer the questions that follow.

**NDAGIJIMANA’S ENTREPRENEURIAL JOURNEY**

Ndagijimana, the CEO of Unibrok Services completed a degree in Finance and Accounting in 2015. As the

eldest child in a polygamous family of nineteen children, Ndagijimana learnt to fend for himself at an early age. His father was a market revenue collector in Nyanza District but passed on in 2010, while his mother is a smallholder farmer in Nyamagabe. Instead of looking for a job, Ndagijimana continued running his business called University Brokers which he had started while at University in 2014 under the mango tree. In January 2015, he changed the business name to Unibrok Services and registered it as a partnership. The business deals in finding accommodation for people, rental houses, shops, show rooms and property management.

Ndagijimana started his business with Frw 50,000 which was his pocket money together with his friend Gatanazi, a fellow student who joined him as a partner. They looked for students' hostel space, sold question banks and notes for revision, and they charged Frw 8,000 for brokerage services. Survival was the main reason he decided to start up Unibrok coupled with many family responsibilities. He spent most of his time reading inspirational books like Poor Dad Rich Dad which later inspired him into entrepreneurship class. Ndagijimana believed that jobs were scarce and low paying. While in the entrepreneurship class he met Mr. Kamanzi, the owner of the leading real estate company in Kigali town. His success story was an inspiration for him.

Ndagijimana is proud to be an entrepreneur because of the freedom to be independent, make money, decide on his own, control his own destiny and experiment any new ideas he comes across. He is a boss of himself because he employs five permanent staff and two part time staff, who are university students. However, Ndagijimana believes that the business environment here is not smooth all the time. The biggest hurdle he faces is winning customer trust. "Most clients do not easily trust me because the business is still small" he adds. This is worsened by other factors like competition, taxes, hiking rental costs among others. Also customers delay to pay for the services yet they complain that the workers are not competent. He hopes that one day the government will initiate supportive entrepreneurship programs for the youth.

#### **REQUIRED**

- (a) Identify the circumstances that propelled Ndagijimana into self employment. **(6 Marks)**
  - (b) Discuss the benefits of choosing self employment as opposed to salaried job employment. **(4 Marks)**
  - (c) Describe the major challenges facing Ndagijimana's business. **(5 Marks)**
  - (d) Distinguish creativity from innovation and explain any 3 sources of viable business ideas for entrepreneurs. **(5 Marks)**
- (Total 20 Marks)**

#### **QUESTION FOUR**

Hilda Kirabo Kallemera is an audit partner with HKK & Co, a firm of certified public accountants. The firm has three areas of business; audit, tax and business advisory services. As part of the business advisory services, the firm maintains clients' monies sent by donors that require third party fiduciary management. The firm however does not maintain a separate account for clients' monies and it is some time used for the firm's operations when there are cash flow challenges.

The revenue authority has just issued a report detailing the various tax defaults with regards to the firm and its tax clients. There has not been any separate audit for the clients' monies. One of the major clients is Clean Clays Limited. Hilda's brother-in-law CPA Joseph Kallemera is a Finance Director of Clean Clays Limited. The firm has also recently hired its Finance Manager who was previously part of the engagement team. The main reason was prior to the appointment; he also prepared financial statements when the previous finance manager relocated to another country.

The shareholders of Clean Clays have expressed dissatisfaction regarding the financial statements as they have omitted a reported material fraud that occurred during the year. One of the engagement team members who is also a qualified accountant shared confidential information regarding the fraud with a shareholder who

reported this to an annual general meeting.

**REQUIRED:**

Identify and evaluate the ethical and professional issues described above and recommend any actions.

**(Total 20 Marks)**

**QUESTION FIVE**

(a) Explain the functions of the board of directors in business organizations.

**(10 Marks)**

(b) Explain the features of poor corporate governance.

**(10 Marks)**

**QUESTION SIX**

Over time, there have been complaints about the inadequate wages, salary increment, poor working conditions and lack of protective equipment among the workers of Mambo & Manzi Advocates. It is alleged that workers are discriminated against by their supervisors when paying overtime allowances. Some members receive threats of dismissal from their jobs if they ever complained to the authorities.

You are the human resource manager of Mambo & Manzi Advocates. The executive director (ED) has written a memo to you requesting you to form a committee to investigate the issues and write a report which will be presented to the board of directors before 31 July, 2017. You have also been informed that your report will be presented to the management meeting (using Power Point) for discussion before being presented to the board.

**REQUIRED:**

(a) Write a report that will be presented to the board of directors of Mambo & Manzi Advocates. **(10 Marks)**

(b) (i) Discuss **four** factors you would bear in mind when planning for a Power Point presentation. **(4 Marks)**

(ii) Explain the advantages of using a Power Point presentation in a workshop. **(4 Marks)**

(c) In big organisations, communication within the system can be a big challenge especially when there is no telephone network. In such situations memos can be used to relay information.

**REQUIRED:**

Identify **two** situations where memos would be the most effective mode of communication within an organization. **(2 Marks)**

**(Total 20 Marks)**

**QUESTION SEVEN**

Mr. Ngoga is organising a business conference that will take place in August, 2017 at Serena Hotel Kigali. The theme of the conference is “Promoting Social Entrepreneurship for Economic Development”.

**REQUIRED**

(a) Assuming you are invited as a keynote speaker in this conference, illustrate the difference between social entrepreneurship and normal classical entrepreneurship. **(6 Marks)**

(b) Explain the circumstances under which classical entrepreneurs turn into social entrepreneurs.

**(6 Marks)**

(c) Examine the role of social entrepreneurship in Rwanda’s economy.

**(8 Marks)**

**(Total 20 Marks)**

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**End of question paper**