

CERTIFIED PUBLIC ACCOUNTANT FOUNDATION 1 EXAMINATIONS

F1.4: BUSINESS MANAGEMENT, ETHICS AND ENTREPRENEURSHIP **FRIDAY: 09 JUNE 2017**

INSTRUCTIONS:

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

Attempt any five questions

QUESTION ONE

Crowwell is the proprietor and director of the Crowwell Schools which were established in 1992 in Musanze District. He was born in Sweden and came to Rwanda with an aim of causing a change in the way the people of Musanze were viewing education. Before engaging in education, he had visited Musanze and got a chance to interact with the locals and noted that the community was too illiterate and had a negative perception about education. They were more engaged in agriculture and spent most of their leisure time in local bars. Young girls were involved in early marriages, the young boys were involved in trading in the eastern part of Congo and a few were seriously into education. They also viewed education to be attainable by the rich only and therefore considered it as expensive for them to achieve and others looked at it as a waste of time. This caused the district to be ranked among those which had the highest illiteracy levels.

When Crowwell had established the above mentioned prevailing situation in 1992, he made up his mind to settle in Musanze in the village of Gashaki where he opened the first primary school which he named Crowwell Day and Boarding Primary School. Later, after one year (1993), he opened Crowwell Mixed Secondary School. Starting was not an easy journey since the community had a negative perception about education. Crowwell was very much determined despite the challenges. To ensure he achieved his objective of transformation that community and the surrounding villages, he worked so tirelessly.

Crowwell deliberated which principles of management he was to use to attract and manage all the stakeholders to make ends meet. He therefore preferred a management style that was characterized by fundamental truths with organized knowledge, that had experience which would allow him understand the needs of the community and the staff he was to work with. He also considered a management style with flexible guidelines and rules that can change with the environment that he was in at the time in Musanze. Crowwell also concentrated on the principle that was relative and able to be applied according to the needs of the community with the schools then. He also considered the fact that the management style was to deal with human behavior of the stakeholders.

As the primary school was almost opening for its first year, Crowwell and other management team members embarked on advertising vacancies for teaching staff, non-teaching staff and suppliers. This was done in order to carry out proper recruitment and selection of qualified staff not only within but also outside the district; who could take up the vision of Crowwell schools to another level. They also did a lot of mobilization and sensitization in the community of Gashaki and the neighboring villages. Meanwhile, the school structure through proper orientation of employees was effectively going on. In February 1992, Crowwell opened the first private day and boarding primary school in the village of Gashaki, Musanze district, which was later followed by a secondary school January 1993.

Crowwell schools are still ranked as the best schools in the district in the northern region of Rwanda and beyond because of their performance and disciplined students. This is however attributed to the good management system that was established then in the two schools right from inception.

When Crowwell started the schools, he noted that it was important to focus on their management. He therefore divided up work according to levels and departments and this came along with authority accompanied by responsibilities. That is, the higher the rank the more the responsibilities. He also emphasized discipline and

respect of employees which was an example to the pupils and other key stakeholders.

Crowwell emphasized the unity of command in the schools where each departments had a leader and one head teacher whom they reported to for a final decision. Individual interests were not given more priority than the interests of the group. So all employees, parents and other stakeholders would be listened to accordingly and given a chance to forward their views.

Crowwell also analyzed the procedure of remunerating his employees and concluded that it should be a fair pay that ensures employee satisfaction and this was to include both financial and non-financial rewards.

To attract and make the schools look unique, he emphasized cleanness and safety for all employees, everything was to be in its place and employees were treated equally. While in the school compound one would observe a combination of humanity and fairness towards employees and pupils which would encourage team spirit and harmony that existed in both schools. There was a hierarchy of superiors ranging from the ultimate authority to the lowest level in the schools. With this system of management it attracted a chain of stakeholders who brought Crowwell schools to be role models to the community in a way they were viewing education. Today developments have come up around the school and Gashaki has grown into a better organized town and the community looks at Crowwell Schools as a blessing.

REQUIRED:

- (a) Clearly explain Henri Fayol's principles of management as applied in the above scenario. **(12 Marks)**
- (b) Discuss the characteristics of the principles of management according to Henri Fayol, as illustrated in the above scenario. **(8Marks)**

(Total 20 Marks)

QUESTION TWO

Read the following passage and answer the questions that follow.

In this business era employers and employees or people in business spend a considerable part of their working hours in meetings. Participants are not only given a chance to display skills and competence, but also to assess one another's proficiency.

However, over the years, many people have developed a negative attitude towards meetings. One sales and marketing officer of an accountancy firm, Jean Mukamsoni, dreads scheduled meetings with departmental heads. She says that her well-organised and effective work will always be rubbish during the course of the meeting. "What is the use of sitting through a meeting if I cannot be allowed to voice my concerns or make a relevant contribution?" She asks.

True, meetings usually swing in a direction controlled by particular participants. It is unavoidable to have a manager who is pleased when he dominates and dictates the direction of the discussion, the departmental head who cannot stick to the subject, the know-it-all who cannot resist displays of their superior grasp of facts, the devil's advocate who feels compelled to shut down every new idea, the constant interrupter and late-comer who slips in armed with elaborate excuses.

While people's bad habits cannot be fully controlled, leadership at meetings need to take simple measures to keep the business moving forward without a hitch. To begin with, appoint a chairperson, write and circulate

the agenda, start on time and set a realistic duration to be strictly observed. Circulate minutes of the previous meeting and allow participants to have their say. Make a polite but firm effort to deal with problem participants and difficult situations. Direct questions to the seemingly compliant and if necessary, politely cut off the vocal ones. Other participant should not be overshadowed by their loudness and aggressiveness.

REQUIRED:

- (a) According to the passage, explain why participants may fail to realise the benefits of having business meetings. **(4 Marks)**
- (b) Clarify the irregularities that may jeopardize the success of a business meeting. **(6 Marks)**
- (c) Advise chairpersons on how to conduct and ensure meeting productivity. **(6 Marks)**
- (d) Suggest a specific courteous way a chairperson may:
 - (i) Caution a participant who makes unsolicited interruptions. **(2 Marks)**
 - (ii) Prompt a contribution from an unproductive participant. **(2 Marks)**

(Total 20 Marks)

QUESTION THREE

- (a) “Entrepreneurial success is highly dependent on the ability of the entrepreneur to develop a good business plan needed to exploit viable opportunities in the environment”.

REQUIRED:

In reference to the above statement:

- (i) Define the term ‘business plan’. **(2 Marks)**
- (ii) Explain any **five** components of a good business plan. **(10 Marks)**
- (b) Shema is planning to start a business in Byumba soon after completing her studies. However being a medical student at university, she is contemplating on whether to enroll for an entrepreneurship course first or not.

REQUIRED:

As a student of entrepreneurship advise Shema on the best course of action. **(8 Marks)**

(Total 20 Marks)

QUESTION FOUR

Jean Pierre Kamanzi is an audit partner with JPK & Associates, a firm of certified public accountants. The firm was set up over ten years ago. The firm has eight team members. One of its key clients is Kagera Pentecostal Church that was established five years ago. JPK & Associates does both audit and accountancy work for Kagera Pentecostal Church through staff seconded by the firm to the church. This is because the church does not have qualified staff and Jean Pierre is a deacon as well as a key member of the church. The church has grown and has various ministries including a child care ministry that looks after orphans and vulnerable children. The church and its various related ministries contribute over 60% of the firm’s professional fees and income. There have been incidents where staff of the church have misappropriated funds. There is growing pressure not to report this as this could lead to loss of confidence by the congregation and donors.

REQUIRED:

As audit manager at JPK & Associates, document your considerations on the issues raised in the scenario above noting the threats arising and any safeguards you would apply to militate against the threats.

(20 Marks)

QUESTION FIVE

Marketing mix describes the combination of marketing elements used in a given situation and it varies depending on the firm and industry to influence the targeted market.

REQUIRED:

(a) Explain the combination of marketing elements used in a given market situation where there are customers, competitors, suppliers and middlemen. (8 Marks)

(b) Explain why ethical problems occur in businesses as they carry out marketing of their products.

(12 Marks)

(Total 20 Marks)

QUESTION SIX

Amasho Group of Companies intends to recruit new employees following a series of oral and written screening interviews. You happen to have gone through the selection process up to the final stage and you are now awaiting communication.

REQUIRED:

(a) Write a follow-up letter to demonstrate keenness to work for the organization. (10 Marks)

(b) State two reasons explaining the importance of writing a follow up letter. (2 Marks)

(c) Online service today, is a preferred conventional means of sending and delivery of correspondence.

REQUIRED:

Explain why postal and courier services are becoming less popular means of delivering mails.

(2 Marks)

(d) Web-based services enhance the communication process by providing information for professional, business firms and individual companies.

REQUIRED:

Briefly explain how the following will benefit from web-based services.

(i) A Job seeker. (2 Marks)

(ii) A manager. (2 Marks)

(iii) The public. (2 Marks)

(Total 20 Marks)

QUESTION SEVEN

(a) People in business typically spend over 75% of their time communicating. Thus it is no surprise that effective communication is essential for business success. Discuss the relevance of effective communication to business. (8 Marks)

- (b) Umutoni received Frw 5 million from Youth Livelihood Fund. She wants to start up an entrepreneurial venture but has no idea of what is involved in the entrepreneurial process. Briefly discuss the process she will follow to set up a venture. (5 Marks)
- (c) Rwanda, like all developing countries is characterized by slow business growth. As an expert in Business Management, Ethics and Entrepreneurship, advise practicing entrepreneurs on what can be done to spur business growth in your country. (7 Marks)
- (Total 20 Marks)

End of question paper



