



CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATIONS
F1.4: BUSINESS MANAGEMENT, ETHICS AND
ENTREPREURSHIP

DATE: MONDAY 27, NOVEMBER 2023

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 examination paper should not be taken out of the examination room

QUESTION ONE

Ms Kananga Jane is the Associate Director of 'EJO NEZA' a non-profit organization that helps children and poor families. She is in charge of evaluating the capacity building programs that the organization offers to families. She reports directly to the Ministry of Gender and Family promotion. Because of the high competition for federal grant funds, the agency has been cautious in recruiting this year. They have experienced high turnover of five (5) personnel in research and finance departments.

Kananga has everyday tight schedule that requires regular travel; nevertheless, she oversees two (2) managers Keza Nancy and Kabondo Joel each of whom is in charge of five staff members. Both managers were hired during the previous six months.

The first manager is Keza who has a strong research background and supervises staff who provide research support to another department that provides mental health to children. She is incredibly organized and encouraging her staff. She is highly motivated and driven and expects the same from the staff under her supervision. Keza's recent research on the therapeutic divisions' services is valued by the top management.

The second manager Kabondo who is experienced in social science research and evaluation supervises employees that work on various projects within the organization. He is known as a problem solver and is very supportive to his staff under his supervision and the organization as whole. He is very organized and has much expertise in evaluating family services.

Both managers are concerned that staff are getting overworked as everyone assumes greater responsibilities due to the high turnover at the company. Ejo Neza's staff have also mentioned that Ms Kananga's 'glass half empty' conversation style leaves them feeling depressed. In addition, Kananga has not shared budget information with managers, which has made it hard to appropriately allocate work to personnel. Kananga said he has not received enough information from the finance department to complete the budgets. In a meeting, the Finance Department stated that they have provided all the information on time. Managers become frustrated as their staff become anxious. They feel like they are unable to advocate for their staff or solve problems in the absence of critical information such as departmental budgets.

Required:

- (a) Explain how Ms Kananga Jane can use both management and leadership skills to address issues highlighted in the case. (6 Marks)
- (b) Advise the management of Ejo Neza how to build the staff confidence in future. (6 Marks)
- (c) Explain any five challenges faced by the managers while managing their staff. (8 Marks)

(Total: 20 Marks)

QUESTION TWO

Post demonetization is a further push to cashless economy in the country, the cabinet has recently approved the project of cashless economy. This means all money transactions either paying or receiving are done via electronic modes. The decision was taken with the objectives to unearth the black money and to curb the corruption, counterfeit currency as well as terrorism financing. This decision is considered as the biggest cleanliness drive against the black money in the history of economy whose benefits will be reaped in the long run.

However, the impact of this sudden move is causing major a cash crunch in the economy affecting day to day requirements of the common person and businesses. The new decision has been started to various sectors in Rwanda.

Required:

- (a) Discuss any three advantages and disadvantages of digitalization of transactions in the economy. (12 Marks)
 - (b) Identify and explain the various dimensions of the business environment found in the above case. (8 Marks)
- (Total: 20 Marks)**

QUESTION THREE

Managing the product life cycle varies according to various stages, with each stage needing appropriate marketing mix. Every stage of the business lifecycle brings new or pre-existing challenges. Solutions that may have worked for one stage may not work in another stage, which is why as a manager you should always adjust your business strategies and operations accordingly. For managers, outsourcing Information Technology (IT) or processes as another strategy in the product life cycle continues pose challenges for the public and private sector alike.

Required:

- (a) Identify and explain the stages of a product life cycle and mention one challenge at each stage. (10 Marks)
 - (b) State any five advantages of business outsourcing (5 Marks)
 - (c) State any five challenges of business outsourcing (5 Marks)
- (Total: 20 Marks)**

QUESTION FOUR

John Kidebe is a Certified Public Accountant who works at Kalisa & Associates, a Certified Public Accounting company located at Kimironko. John recently completed an external audit for one of the firm's clients, Marangara Coffee Limited, a famous growing coffee company in Musanze. Recently, Officers from the Revenue Authority visited Kalisa & Associates' offices and asked John for information and data on the company's sales and exports and John provided as well. Kalisa & Associates' policy and guidelines do not allow employees to share any information and other confidential data to any third party without the client's prior consent. John Kidebe was harassed, fired as in the context that he disclosed sensitive documents information to third parties without the authorization from Marangara Coffee Limited. The management wrongly considered this case as whistle-blowing.

Required:

- (a) Explain any five employer's responsibilities in regard to whistle-blowing in an organization. (10 Marks)
 - (b) Indicate the circumstances where disclosure of confidential information is appropriate for an accountant. (5 Marks)
 - (c) Identify any five factors to consider in deciding whether to disclose confidential information. (5 Marks)
- (Total: 20 Marks)**

QUESTION FIVE

The main premise of the green economy is that Rwanda is committed to become a green economy country and reduce emission by 38% by 2030. In this regard, it offered various financial assistance to small businesses like Kora company Limited (KCL) which is among many companies getting such financial assistance from the Government of Rwanda. KCL is a private start-up company with a single mission of clean cook stoves in Rwanda.

The company started in the northern province by distributing and constructing cooking stoves to promote energetic briquettes produced by recycled waste from households, restaurants, schools, and prisons. The management of KCL believes that the use of cleaner stoves will bring health improvements from better indoor air quality and reduction of gas emissions.

The company also believes that it is through innovation that it will grow its strategy and change people's lives such as cooking time savings, aesthetic improvements, and environmental benefits to society, such as reduced black carbon and deforestation.

Required:

- (a) Using the case above, list any four problems KCL is trying to solve in Rwanda. (4 Marks)
 - (b) Briefly explain any four types of innovation that can be used by an entrepreneur. (8 Marks)
 - (c) Explain the importance of innovation to KCL. (8 Marks)
- (Total: 20 Marks)**

QUESTION SIX

People realized benefits of internet and social media many years ago. For some, the internet has become a side hustle, while for others, the internet has become their main source of income. Although they are endless opportunities available to make money through the internet, some people are not aware of how beneficial the internet is. Businesses which have benefited from the internet have also faced intellectual property challenges. Some companies have had their ideas stolen by third parties through different social media platform used as a means for advertisement.

Required:

- (a) **Identify the impact of social media as a tool of marketing a product or service on businesses.** (6 Marks)
 - (b) **State on any six advantages of protecting a business idea for a start-up.** (6 Marks)
 - (c) **Discuss any four types of business idea protection for entrepreneurs in Rwanda.** (8 Marks)
- (Total: 20 Marks)**

QUESTION SEVEN

Twihaze is a partnership company founded during Covid-19 by two young graduates from the University of Rwamagana. It specializes in the online purchasing and sales of various household items as well as home delivery. Ms Mukamana, one of the partners, enjoys reading business magazines. Recently, she read in a popular magazine that fast growing organizations are companies that can grow or expand their businesses' activities both internally and internationally. Ms Mukamana and her partner are eager to expand their business by implementing the ideas in the magazines, but they are not sure of what is required to be more successful on national and international market and they need your advice as an expert.

Required:

- (a) **Explain to them any five international growth and expansion strategies that can be explored by Twihaze.** (10 Marks)
 - (b) **Discuss any five impacts of globalization on the growth and evolution of the business enterprises like Twihaze.** (10 Marks)
- (Total: 20 Marks)**

End of question paper

BLANK PAGE

BLANK PAGE

BLANK PAGE