



ICPAR  
Unlimited possibilities

**CERTIFIED PUBLIC ACCOUNTANT  
FOUNDATION LEVEL 1 EXAMINATION**

**F1.4: BUSINESS MANAGEMENT, ETHICS AND  
ENTREPRENEURSHIP**

**DATE: MONDAY 25, AUGUST 2025**

**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

Revive Tech Ltd. is a medium-sized technology company based in Kigali Economic Zone (KEZ). It specializes in manufacturing and distributing solar-powered home solutions, such as lamps, chargers, and small appliances, for underserved rural communities in East Africa. Founded in 2014 by two engineers, the company experienced rapid growth due to the increasing demand for affordable, renewable energy in off-grid regions. However, by 2023, growth leveled off, and the management team recognized a need for strategic realignment in a more competitive, global, and volatile market. The Board appointed a new Managing Director, Samuel Manzi, with a mandate to rethink the business model, optimize operations, and explore new market opportunities.

#### Required:

- Identify any **FOUR** management objectives aimed at addressing today's Revive Tech Ltd challenges (4 Marks)
  - Explain challenges that Revive Tech Ltd may face arising from the contemporary environment (8 Marks)
  - Using macro environmental factors, how did each element of the PEST framework influence ReviveTech's strategic decision (8 Marks)
- (Total: 20 Marks)**

### QUESTION TWO

Businesses today operate in a world of dynamic change. In response to rapid growth following the successful launch of its organic snack line, Akeza Foods Ltd., a Rwandan food processing company, experienced internal challenges, including inconsistent staff performance, increased absenteeism, and rising customer complaints. To address these issues, Operations Manager Kanoza implemented key managerial interventions. These included regular team briefings, open communication strategies, a staff recognition program, and the introduction of measurable performance standards, all aimed at enhancing human resource practices and operational efficiency. All these changes have created new challenges for all levels of managers and the people who operate businesses.

#### Required:

- Advise how Operations manager Kanoza can apply the functions of leading and controlling to address performance issues at Akeza Foods Ltd (4 Marks)
  - Referring to the case study above, explain any **FIVE** HRM elements introduced by Akeza Foods Ltd to support better performance and staff satisfaction (10 Marks)
  - Identify any **SIX** factors that can pose a threat to the successful operations of Akeza Foods Ltd (6 Marks)
- (Total:20 Marks)**



### QUESTION THREE

UBAKA Engineering Ltd. is a growing construction and engineering consultancy based in Musanze. Despite its relatively small size with a staff of 60, the company is managing multiple ongoing infrastructure projects and experiencing rapid expansion. However, this growth has outpaced the development of formal systems for managing operations, financial processes, and staff development, creating challenges in maintaining efficiency and long-term sustainability. In 2024, the board hired a new Managing Director, Eduard Mbaraga, to introduce structured governance practices, drive innovation, and professionalize operations. However, he encountered resistance from several long-standing Managers who were used to informal decision-making and personal influence. The management of change has become a top priority for all managers irrespective of the organization. Change is now occurring at a far greater pace than ever before. Dealing with change is crucial for the Board of Directors, especially in today's turbulent business environment. Change is now more frequent, complex, and wide-reaching, requiring organizations to be more adaptive and strategic in their management approach.

**Required:**

- Advise any FIVE key governance elements that can be implemented at UBAKA Engineering Ltd** (5 Marks)
  - Identify any FIVE potential consequences for management if a change program is poorly implemented** (5 Marks)
  - Explain any FIVE base of power in the organization like UBAKA engineering Ltd** (10 Marks)
- (Total: 20 Marks)**

### QUESTION FOUR

Alpha & Co. is a mid-sized audit firm licensed by the Institute of Certified Public Accountants of Rwanda (ICPAR). The firm has been engaged to audit Galaxy Construction Ltd., a long-term client that recently experienced cash flow problems and is seeking bank financing. During the audit, the CPA Grace Mukiza, the lead auditor, notices several irregularities in the company's revenue recognition. The company has recorded income from a project that hasn't yet begun, boosting its profits on paper. The CFO insists that this is "normal practice" and pleads with CPA Grace not to raise a red flag in the report, warning that a qualified opinion could ruin their chances of getting a critical bank loan. CPA Grace is under pressure because the partner overseeing the audit is a friend with Galaxy's CEO. She is due for a promotion and fear that "Locking the boat" could affect her career. Galaxy construction has hinted at switching audit firms if the report includes any negative opinions. In this case grace must exercise professional judgement and consider her ethical obligations.

**Required:**

- State any FOUR ethical principles that are most at risk if CPA Grace agrees to the CFO's request and its negative impact to her profession** (4 Marks)

- b) Identify any FOUR circumstances that create self-interest threats for a professional accountant (4 Marks)**
- c) Referring to the case above, explain any FOUR theories of ethics best supports Grace's decision to issue a qualified opinion and why? (8 Marks)**
- d) According to ICPAR (Institute of Certified Public Accountants of Rwanda) and IFAC (International Federation of Accountants), state any FOUR ethical obligations of a professional accountant (4 Marks)**
- (Total: 20Marks)**

### QUESTION FIVE

At age 65, Gatabazi, a retiree from Bugesera District, chose commercial fruit farming over dependency. Despite lacking farming knowledge, marketing skills, and facing climate challenges, he persisted. He improved his skills through a course at the Kenya Institute of Organic Farming and mentorship from Professor Wanjiku. His farm has since flourished, and he now plans to set up a juice factory to add value to his produce.

However, he lacks knowledge in distribution and is unsure about outsourcing. A government initiative under the “Made in Rwanda” program offers financial support to farmers for value addition. To qualify, Gatabazi must prepare and submit a solid business plan. He seeks professional guidance, especially for the marketing section and risk management.

#### Required:

- a) Identify and explain to Mr Gatabazi SIX components to include in the marketing section of a business plan. (6 Marks)**
- b) Identify any FOUR potential risks Gatabazi business may face and propose mitigation measures. (8 Marks)**
- c) Advise Mr Gatabazi any SIX criteria for market selection, and why are they important when choosing a target market for a product or service (6Marks)**
- (Total: 20 Marks)**

### QUESTION SIX

Ingabire, a young entrepreneur from Nyagatare, started an agri-tech business called *Agritech Solutions* that connects smallholder farmers to real-time weather updates, market prices, and digital crop advisory via SMS. The innovation aimed to help farmers increase yields and reduce losses. To scale her solution, she responded to a government tender requesting proposals for digital tools to support rural farmers. Ingabire developed a solid business proposal, but navigating the tendering process was complex requiring tax clearance certificates, a performance bond, and legal documents. As a first-time entrepreneur, Ingabire faced challenges such as limited capital, difficulty hiring skilled staff, navigating legal contracts and building trust with farmers who were skeptical of technology. Despite the hurdles, her commitment to innovation and social impact kept her motivated. She eventually won a pilot contract with the Ministry of Agriculture and is now planning to expand to other regions.



**Required:**

- a) **Outline TWO basic requirements in business contracts or tendering procedures that Ingabire needed to meet and why? (4Marks)**
  - b) **Using the scenario above, explain any FOUR main challenges Ingabire faced in implementing the business idea (8Marks)**
  - c) **Identify and explain any FOUR importance of innovation to Agritech Solution (8 Marks)**
- (Total: 20 Marks)**

## **QUESTION SEVEN**

- a) **State any SIX essential communication skills necessary for delivering an effective business presentation (6 Marks)**
  - b) **List out any FOUR technologies that can support electronic postal and money transfer services (4 Marks)**
  - c) **Explain FIVE barriers that may prevent effective communication in the organisation (10 Marks)**
- (Total: 20 Marks)**

**End of question paper**



**BLANK PAGE**

**BLANK PAGE**