CERTIFIED PUBLIC ACCOUNTANT

FOUNDATION LEVEL 1 EXAMINATIONS

F1.4: BUSINESS MANAGEMENT, ETHICS AND ENTREPRENEURSHIP

DATE: MONDAY 24, FEBRUARY 2025

MARKING GUIDE AND MODEL ANSWERS

QUESTION ONE

Marking guide

Qn 1	Description	Marks	Total Marks
a	**Explain how Mr. Rudasingwa can use' Hyman's Problem Formulation model' to address issues highlighted in the case.**		
	• Need Statement	1.5	
	• Goal Statement	1.5	
	• Objectives	1.5	
	• Constraints	1.5	
	Award 0.5 for each factor stated and 1 mark for clear explanation		
	Maximum marks		**6**
b	**Advise the management of MAHORO NEZA on the benefits of communication as a means of solving the issues in the case. Describe 3 methods of communication that can be used?**		
	• Written	2	
	• Verbal	2	
	• Non-verbal	2	
	Maximum Marks		**6**
c	**(a) Considering the current status; what would the role of human resource management be in MAHORO NEZA? State and describe 2 HRM functions giving 2 examples for each. (8 Marks)**		
	Role of Human resources	2	
	Functions of Human resources	4	
	Examples	**2**	
	Maximum Marks		**8**
	Total Marks		**20**
	Total Marks		**20**

Model answers

(a) Explain how Mr. Rudasingwa can use' Hyman's Problem Formulation model' to address issues highlighted in the case.

- **Need Statement**

recognizes and describes the need for a solution or improvement to an "unsatisfactory situation." It answers the questions, "what is wrong with the way things are currently? What is unsatisfactory about it? What negative effects does this situation cause?" You may need to do research and supply data to quantify the negative effects.

- **Goal Statement**

describes what the improved situation would look like once a solution has been implemented. The goal statement defines the scope of your search for a solution. At this point, do not describe your solution, only the goal that any proposed solution should achieve. The broader you make your goal, the more numerous and varied the solution can be; a narrowly focused goal limits the number and variety of possible solutions.

- **Objectives**

define measurable, specific outcomes that any feasible solution should optimize (aspects you can use to "grade" the effectiveness of the solution). Objectives provide you with ways to quantifiably measure how well any solution will solve the problem; ideally, they will allow you to compare multiple solutions and figure out which one is most effective (which one gets the highest score on meeting the objectives?).

- **Constraints**

define the limits that any feasible solution must adhere to in order to be acceptable (pass/fail conditions, range limits, etc.). The key word here is must — constraints are the "go/ no go" conditions that determine whether a solution is acceptable or not. These often include budget and time limits, as well as legal, safety and regulatory requirements

b) Benefits of Communication and Methods of Communication.

i. Benefits of Communication in Solving Issues:

1. ***Improves Decision-Making:*** With better information sharing, managers can allocate work efficiently.
2. ***Reduces Staff Stress and Anxiety:*** Employees feel more secure when they receive clear and timely updates.
3. ***Enhances Coordination Between Departments:*** Ensures finance, research, and management work together effectively.
4. ***Builds Trust and Morale:*** Open communication fosters a positive work environment.
5. **Reduces Misunderstandings:** Ensures that all departments have the same information to work with.
6. ***Encourages Problem-Solving:*** Employees can voice concerns and suggest solutions.

ii. Three Methods of Communication:``

1. ***Meetings (Face-to-Face or Virtual):***
   - Managers can discuss departmental budgets and workloads directly with staff.
   - Example: Weekly staff meetings to discuss progress and challenges.
2. ***Emails and Memos:***
   - Useful for formal communication and documentation.
   - Example: Finance can send budget reports via email to ensure transparency.

3. ***Internal Communication Platforms (Slack, Teams, WhatsApp):***
    - Helps teams share real-time updates and coordinate work effectively.
    - Example: A shared platform for budget tracking and workload management.

C) **The Human Resource Management (HRM) role at MAHORO NEZA is crucial** in recruiting and retaining skilled employees, ensuring compliance with labor laws, and fostering a productive work environment. It enhances employee performance through training, motivation, and performance evaluation.

Two HRM Functions and Examples

1. **Employee Relations and Retention:**
    - HR should address staff concerns and improve morale to reduce high turnover.
    - Examples:
      a) Conducting exit interviews to understand reasons for staff leaving.
      b) Implementing mentorship programs to support new employees.
2. **Training and Development:**
    - HR should provide capacity-building programs for employees to enhance performance and reduce workload pressure.
    - Examples:
      a) Leadership training for Mr. Rudasingwa to improve his communication and listening skills.
      b) Time management workshops for employees to handle workload efficiently.

QUESTION TWO

Marking guide

Qn2	Description	Marks	Total Marks
a	**Explain four benefits that both Lorrier and Mallexxies ltd will enjoy from the planned merger and acquisition if it was to be successful**		
	• Enhanced Operational Efficiency	2	
	• Access to Resources and Capabilities	2	
	• Synergy Realization	2	
	• Market Expansion and Diversification	2	
	A correct answer with an explanation (any 4*2marks each = 8marks)		8
b	**Briefly Describe the concept of Business networking with the use of 3 examples. 1 mark for each relevant example**	4	4
c	**Analyse FOUR functions of the senior management of Lorrier Ltd and Mallexxies Ltd**		
	• The accomplishment of organizational goals	2	
	• Proper running of the business:	2	
	• Creation of proper organization climate:	2	

Qn2	Description	Marks	Total Marks
	• Planning	2	
	Maximum marks		8
	Total Marks		**20**
	Note: Marker must consider other valid points identified by students not captured in the model answer		

Model answers

(a) Explain four benefits Lorrier ltd. And Mallexxies ltd. will enjoy from the planned merger and acquisition if it was to be successful

Advantages:

- **Enhanced Operational Efficiency**

Combining the operations of two companies can lead to increased efficiency. This may involve streamlining redundant processes, eliminating duplicated functions, and leveraging shared resources. For instance, a merger could result in the consolidation of production facilities, leading to economies of scale and improved production efficiency. Enhanced operational efficiency contributes to cost reductions and improved competitiveness in the marketplace.

- **Access to Resources and Capabilities**

M&A activities provide companies with the opportunity to gain access to valuable resources, capabilities, and intellectual property. For instance, acquiring a company with advanced technology or a strong research and development team can accelerate innovation and enhance the acquirer's competitive edge. Additionally, mergers can provide access to a broader talent pool, bringing in skilled professionals and diverse expertise that contribute to the overall strength of the combined entity.

- **Synergy Realization**

One of the primary advantages of M&A is the potential for synergy. By combining the strengths of two companies, whether in terms of resources, expertise, or market presence, synergies can be realized. This synergy can lead to cost savings, operational efficiencies, and improved overall performance. For example, a merger might allow for the sharing of distribution channels or the consolidation of administrative functions, resulting in reduced expenses and increased profitability.

- **Market Expansion and Diversification**

M&A activities provide companies with the opportunity to expand their market presence and diversify their product or service offerings. Acquiring or merging with another business can open up new geographic markets, customer segments, or industry verticals. This diversification helps mitigate risks associated with reliance on a single market or product, enhancing the company's resilience to economic fluctuations and changes in consumer preference

(b) Using 3 examples, briefly Describe the concept of Business networking

Business networking is a marketing method by which business opportunities are created through networks of like- minded business people. It is establishing & maintaining lines of communication with people. It is about connecting with people in order to: – **These are examples**:share information – resources – leads The emphasis is on relationship building, getting to know people, finding out how you can help them and what they can do for you.

(c) Analyse Four functions of the senior management of Lorrierltd and Mallexies ltd.

- **The accomplishment of organizational goals**

Management achieves the organizational goals by properly planning organization. The success of the infrastructure project will depend on the extent of its effective and efficient attainment of the predetermined object or goals by properly utilizing its human and physical resources and facility, and by copying well with its environment element, such as consumers, suppliers, competitors, etc. To run large-scale industry smoothly: It is the time of production production enjoys some certain advantages but simultaneously faces some difficulties also. The main difficulty faced by the enterprise having production is to the activities and to manage the distribution of goods and services. My role as a manager is to help the construction company in overcoming these problems with the help of business administration and management. The company can carry out the production easily and can manage the proper distribution of goods and services.

- **Proper running of the business:**

My role as a manager will be to successfully lead and motivate the workers to perform their duties and responsibilities.

Designing of good organizational structure

People in an enterprise must be properly well constituted in purposeful groups to create cooperation and co-ordination in their thinking and activities only then they will be able to contribute effectively and efficiently towards the achievement of group goals and ultimately the business subjective. For establishing propcontrol positions and clear relationships between and amongst, I will design the required structure and fill the created positions with right persons.

- **Creation of proper organization climate:**

The good working climate is a must for people to perform their task and responsibilities enthusiastically and economically. As a manager, I will create proper organizational climate by establishing effective reward system. Creating and maintaining co-coordinating if people in the organization perform their linkages with one another. Such scattered activities and efforts shall result in all futile exercises. Productivity will be hampered results shall be dismal and disappointing and objectives shall remain unattained. Hence proper integration of physical resources and people is a must for successful business. As a manager, I will act as the force that integrates ideas and physics resources into creating and maintain among human and material

resources towards the achievement of organizational objectives

Also this can be considered;

- **Planning**

Planning is concerned with where the organization wants to be in the future and how it is going to get there. The planning function includes defining an organization's goals, establishing an overall strategy for achieving those goals and developing a hierarchy of plans to co-ordinate all activities. Planning can be long term or short term and takes place at all levels in the organization.

- **Organizing**

Organizing generally follows planning and it refers to deciding on an organizational structure, staffing it adequately and making sure the organization is running efficiently. Managers develop a framework of necessary tasks and available resources called an organizational structure. This structure sets out the groupings of staff organization. In simple terms organizing includes determining how tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom and where decisions are to be made.

- **Leading**

Leadership involves motivating employees to achieve organizational goals. Leading entails creating a vision, communicating that vision and goals, and influencing others to achieve high levels of performance. It also involves directing the activities of others and resolving conflicts among employees.

- **Controlling**

Activities within an organization don't always go as smoothly as planned. Controlling involves monitoring employee activities to determine whether or not they are achieving targets. It involves comparing actual performance against predetermined goals and taking corrective action if necessary.

QUESTION THREE

Marking guide

Qn	Description	Marks	Total Marks
a	**Analyse Five benefits the consumers will enjoy from the move towards the establishment of E-commerce.**		
	• Providing less expensive products and services by allowing customers to do quick online comparisons	2	
	• Enabling customers to shop or make other transactions 24 hours a day	2	
	• Giving customers more choices in terms of products and suppliers.	2	
	• Delivering relevant and detailed information quickly	2	
	• Enabling consumers to get customized products such as e-books	2	
	(Any 5 correct answers * 2 Mark each = 10 Marks)		
	Poorly explained points are awarded 1mark each		
	Maximum Marks		**10**
b.	**Impact of a poorly managed change program**		
	• Slow pace of change within the organization.	2	
	• Employees reverting back to old behaviors' if they don't buy into the change.	2	
	• Individuals can become focused on their own interests and as a result teamwork and cooperation can suffer.	2	
	• The performance of the company in the marketplace suffers if it losses competitiveness.	2	
	• Employees may oppose change programs in the future if they feel that a previous change initiative was not a success	2	
	(Any 5 correct answers * 2 Mark each = 10 Marks)		
	Poorly explained points are awarded 1mark each		
	Maximum Marks		**10**
	Total marks		**20**
	Note: Marker must consider other valid points identified by students not captured in the model answer		

Model answers

(a) Analyse Five benefits the consumers will enjoy from the move towards the establishment of E-commerce

- Providing less expensive products and services by allowing customers to do quick online comparisons
- Enabling customers to shop or make other transactions 24 hours a day regardless of where they are they are connected with the internet

- Giving customers more choices in terms of products and suppliers. This will help customers compare with other competing organization thereby giving them more option on comparing the prices.
- Delivering relevant and detailed information quickly Enabling consumers to get customized products such as e-books

(b) Identify and explain the impact of a poorly managed change program especially as the company changes to adopting the E-business operations.

- Slow pace of change within the organization. This will limit the company's ability to respond quickly to competitive changes in the environment
- Employees reverting back to old behaviors if they don't buy into the change. This will be a loss to the company after the critical process of change and finally losing all the gins already made.
- Individuals can become focused on their own interests and as a result teamwork and cooperation can suffer.
- The performance of the company in the marketplace suffers if it losses competitiveness.
- Employees may oppose change programs in the future if they feel that a previous change initiative was not a success.

QUESTION FOUR

Marking guide

Qn	Description	Marks	Total Marks
a	**Critically analyze the risks Tony Murisa faced while executing his role at Murisa & Associates, particularly in relation to compliance with firm policies, professional ethics, and legal obligations. How could these risks have been mitigated**		
	• Social & Ethics Risk	2	
	• Financial Risk	2	
	• Operational Risk	2	
	• Information Technology Risk	2	
	• Compliance to Laws and Regulations Risk	2	
	Any valid answer well explained with the strategies is awarded 2 marks (any 5 * 2 Marks).		
	Maximum Marks		**10**
b	**Discuss FIVE sources of finance available to Tony Murisa to start his business.**		
	Family, Friends and others	2	
	Business Angels	2	

Qn	Description	Marks	Total Marks
	Money Lenders	2	
	Micro-credit institutions	2	
	Others include: Loan financial Institutions Overdraft facilities Leasing Venture Capitalists e.g Grofin Bank Loans Mortgages From Government Programs Savings and Credit Co-operative societies (SACCos) Grants	2	
	Maximum Marks		**10**
	Total Marks ***Note: Marker must consider other valid points identified by students not captured in the model answer***		**20**

Model answers:

(a) Critically analyze the risks Tony Murisa faced while executing his role at Murisa & Associates, particularly in relation to compliance with firm policies, professional ethics, and legal obligations. How could these risks have been mitigated

- **Financial Risk**

Financial risk encompasses a variety of factors that could impact the agribusiness's financial health. This includes market fluctuations affecting product prices, currency exchange rate risks, and the potential for unforeseen expenses. To address financial risk, the business plan should incorporate detailed financial projections, consider different economic scenarios, and establish contingency funds. Diversification of revenue streams and effective cost management can also be part of the mitigation strategy.

- **Operational Risk**

Operational risks in the agribusiness may arise from factors such as weather conditions affecting crop yields, supply chain disruptions, and equipment failures. Robust operational planning, regular maintenance of machinery, and contingency plans for adverse weather events can help mitigate operational risks. Additionally, maintaining relationships with reliable suppliers and implementing efficient logistics strategies are crucial components of managing operational risks.

- **Social & Ethics Risk**

Social and ethical considerations are vital in the organic farming sector. The agribusiness should be aware of potential social and ethical risks associated with its operations. This includes issues related to fair labour practices, community relations, and environmental sustainability. For instance, concerns about fair wages for farmworkers, community impact assessments, and adherence to environmentally friendly farming practices should be thoroughly evaluated.

Mitigation strategies may involve implementing transparent and ethical labour practices, engaging with local communities, and adopting sustainable farming methods.

- **Operational Risk**

While information technology may not be the primary focus in traditional agriculture, it becomes increasingly relevant as businesses adopt digital tools for operations, data management, and market outreach. The tea farm should be aware of potential risks related to data breaches, system failures, or cyberattacks. Implementing secure IT systems, regular cybersecurity assessments, and employee training on cybersecurity best practices are essential measures to mitigate information technology risks

- **Compliance to Laws and Regulations Risk**

Compliance with laws and regulations is critical in the tea farming sector, which may involve adherence to environmental regulations, labor laws, and product quality standards. Failure to comply can result in legal consequences and damage to the company's reputation. To address this risk, the agribusiness should establish a robust compliance framework, stay informed about changes in regulations, and conduct regular audits to ensure adherence to legal requirements. This may involve working closely with legal advisors and staying engaged with relevant regulatory bodies.

Risk Mitigation

Risk Mitigation Strategies

1. **Seeking Prior Client Consent:** Before sharing any client data with the Revenue Authority, Tony should have sought written approval from Marangara Coffee Limited.
2. **Consulting Senior Management or Legal Advisors**: Tony should have escalated the request to his firm's management or legal team before making any disclosures.
3. **Requesting Formal Legal Documentation:** If Revenue Officers had a legal right to the information, Tony should have asked for an official request letter or court order.
4. **Training on Confidentiality and Compliance:** Firms should provide regular training on legal, ethical, and confidentiality obligations to prevent similar incidents.
5. **Documenting and Reporting the Interaction:** Keeping records of the information request and responses would have helped Tony justify his actions if needed.

(b) Discuss FIVE sources of finance available to Tony Murisa to start his business.
Family, Friends and others

This is where Tony can source funds from able family members with an agreement maybe to pay when the business is well established. This is faster and there is no pressure from external parties who will not understand the situation Tony is in.

- **Business Angels**

A business angel is a high net-worth individual who offers financing for small start-ups or small business owners, often in exchange for equity in the business. The funding a business angel provides might be a one-time investment, or it may be an ongoing financing venture to help the new business in its early years

- **Money Lenders**

Traditional lenders mainly include banks, credit unions, and other financial institutions that provide loans to small and medium-sized businesses. This can be individual who offer this for an interest

- **Micro-credit institutions**

These microfinance institutions are usually run as nonprofits that offer not only financial products and services, but also financial education and business training. These institutions aim to protect their borrowers by helping create loans that are beneficial for the business AND affordable for the business owner.

From financial Institutions

- **Overdraft facilities**

This facility allows borrowing money from the bank, even if their Savings or Current Accounts do not have funds. As it refers to an extension of a monetary limit which is given by banks, the money which is withdrawn is actually "overdrawn".

Leasing

Venture Capitalists e.g Grofin

- **Bank Loans**

Borrowings from banks are an important source of finance to companies. Bank lending is still mainly short term, although medium-term lending is quite common these days.

Short term lending may be in the form of:

i) an overdraft, which a company should keep within a limit set by the bank. Interest is charged (at a variable rate) on the amount by which the company is overdrawn from day to day;

ii) a short-term loan, for up to three years.

Medium-term loans are loans for a period of from three to ten years. The rate of interest charged on medium-term bank lending to large companies will be a set margin, with the size of the margin depending on the credit standing and riskiness of the borrower.

- Mortgages
- From Government Programs
- Private Sector Foundation (PSF-BUDS)
- Bonabagagawale through Savings and Credit Co-operative societies (SACCos)
- Grants

QUESTION FIVE

Qn	Description	Marks	Total Marks
a	**Using the case above, Discuss FIVE strategies that Nyagarama can adopt in its efforts to grow and transition from its current operation to more strategic operations.**		
	• Increasing market share	2	
	• New product development	2	
	• International expansion	2	
	• Improving existing products or services	2	
	• Licensing	2	
	Any valid answer is awarded 2 mark each (any 5 * 2 Mark)		
	Maximum Marks		**10**
b	**What stage of development is Nyangarama? Discuss 5 potential challenges NCL might face in expanding its operations to other provinces and maintaining alignment with the green economy principles. Each point is 2 marks. (10 marks).**		
	• Any valid answer well explained is awarded 2marks each (any 5 * 2 Marks)		
	• **Maximum Marks**		**10**
	• **Total Marks**		**20**
	Note: Marker must consider other valid points identified by students not captured in the model answer		

Model answer

(a) Using the case above, Discuss FIVE strategies that Nyagarama can adopt in its efforts to grow and transition from its current operation to more strategic operations.

- **Increasing market share**

When they first begin, most new ventures capture only a small portion of the market they enter. A useful growth strategy, therefore, involves increasing this share through greater marketing efforts of increased production capacity and efficiency. An increase in a product's market share is typically accomplished by increasing advertising expenditures, offering sales promotions, lowering the price or increasing the size of the sales force. Increased market penetration can also occur though increased capacity of efficiency, which permits a firm to have greater volume of product or service to sell. In a manufacturing context, an increase in product capacity can occur by expanding plant and equipment, or by outsourcing a portion of the production process to another

company. For example, a firm that previously manufactured and packaged its products may outsource the packaging function to another company, and as a result free up factory space to increase production of the basic product.

- **New product development**

New product development involves designing, producing and selling new products or services as a means of increasing firm revenues and profitability. In many fast-paced industries, new product development is a competitive necessity. New products must be developed to replace existing ones and to keep ahead of competitors as the customers' expectations develop. Whatever the nature of the product, its complexity and the resources involved in its launch, the key is to remember that a product is not a thing but rather a means to an end. The value of a product lies in the benefits it can bring to its users. The entrepreneur must apply the same market oriented insights to the development of new products as were brought to the innovation on which the business was originally founded. Because new ventures have limited resources and competences, they should follow these guidelines to move toward the new products they seek: Focus on the markets they know the ones they are already serving.

- **International expansion**

In its early stages, a business tends to serve a local geographic area. Many entrepreneurial businesses grow simply by expanding from original location to additional geographic sites. Ultimately, this might include expansion into the international arena through exporting, alliances or even setting up subsidiaries overseas. In fact, few businesses can achieve any real size without taking on the international option. Several factors have facilitated the development of international trade over the past decades. For example, tariffs and trade barriers have significantly decreased at the global level as a result of successive rounds of negotiations that led to the World Trade Organization (WTO).

- **Improving existing products or services**

Although the word 'new' is something many companies like to place on their packaging, the word 'improved' may sometimes be more appropriate. In order to attain high growth, it's not always essential to have completely new products or services; significant improvements in the existing ones may be as, or even more, effective. Improving an item means increasing its value and price potential from the customer's perspective

- **Licensing**

Licensing is the granting of permission by one company to another company to use a specific form of its intellectual property under clearly defined conditions. Virtually any intellectual property a company owns that is protected by a patent, trademark, or copyright can be licensed to a third party. Licensing can be a very effective way of earning income, particularly for intellectual property-rich firms, such as software and biotech companies. The terms of a license are spelled out through a licensing agreement, which is a formal contract between a licensor, the company that owns the intellectual property and the licensee the company purchasing the right to use it.

b) State the stage of development of Nyangama? And discuss 5 potential challenges might they face in expanding their operations to other provinces and maintaining alignment with the green economy principles. (10 Marks)

Growth Stage: If the new product satisfies the market, then the product enters into the next stage called 'growth stage.' During this stage, the enterprise is known to and accepted by the market. The early adopters keep continuing to buy the product and the prospective buyers start following their lead, especially if they hear favorable word of mouth from the existing buyers

1. Increasing Market Competition

As businesses grow, they often face stiffer competition from established players and new entrants. Competitors may offer similar products or services at lower prices, higher quality, or with better customer service. This challenge can lead to pressure on pricing, profit margins, and customer retention. Companies must innovate, differentiate themselves, and invest in market research to stay ahead.

2. Accounting Management

With growth comes more complex financial transactions and reporting requirements. Businesses face challenges such as maintaining accurate records, managing cash flow, handling tax compliance, and scaling accounting systems to accommodate the increased volume of transactions. Effective accounting management is essential to ensure transparency, control costs, and make informed decisions.

3. Moving into New Markets

Expanding into new geographical or demographic markets introduces challenges like understanding the local culture, customer preferences, and regulatory environment. Businesses may also need to develop new distribution networks, adjust pricing strategies, and invest in marketing to establish themselves in unfamiliar territories.

4. Adding New Products/Services

Introducing new offerings requires significant investment in research and development, market testing, and production. Companies face the risk of poor market adoption if the product/service does not meet customer needs. Additionally, adding new offerings may complicate operations, require specialized skills, and stretch resources, making careful planning essential.

5. Expanding Existing Business

Scaling an existing business involves challenges like hiring and retaining qualified staff, upgrading infrastructure, and maintaining quality and customer satisfaction as operations grow. Businesses may also face increased operating costs and the risk of losing their unique identity or customer focus as they expand.

QUESTION SIX

Marking guide:

Qn	Description	Marks	Total Marks
a	**Identify Four main focus areas for social entrepreneurship**		
	• Enhance a person 's ability to improve her or his economic well-being and personal dignity through opportunity	1	
	• Harness aid to be more accountable, transparent and solutions-oriented, for lasting development	1	
	• Lay the foundation for peace and human security.	1	
	• Harness the capital and consumer markets that drive change by considering all costs and opportunities.	1	
	1 mark for each point 1*4 mark= 4 marks		
	Maximum Marks		**4**
B	**Examine Three components of a profitable Business organization**		
	• Realistic, Scalable Marketing Strategy	2	
	• Hire and Train a Solid Team	2	
	• Reach a Significant Number of Sales	2	
	(Any relevant 3 *2 mark each)		
	Maximum marks		**6**
c	**Briefly, explain Three aims of an organization undertaking marketing research.**		
	• Gain a more detailed understanding of consumers' needs: – e.g., views on products' prices, packaging, recent advertising campaigns	2	
	• Reduce the risk of product/business failure: – there is no guarantee that any new idea will be a commercial success – Can help to achieve commercial success	2	
	• Forecast future trends: – it can also be used to anticipate future customer needs	2	
	2 marks for each point well explained 2*3 marks=6 marks		
	Maximum marks		**6**
d	**Describe the critical aspects that a professional must demonstrate in the course of his duty**		
	• Knowledge Through academic and practical training professionals develop a unique body of knowledge that lays the	**1**	
	• Professional Obligations All professionals have an obligation to practice safely, competently and ethically. Assessing Risk -This requires a level of competence based on i) appropriate knowledge, skills and judgment; ii) a professional attitude focused on client / service user welfare; and iii) continuously upgrading knowledge, skills and judgment.	**1**	

Qn	Description	Marks	Total Marks
	• Client Input When exercising professional judgement, the professional must consider knowledge, professional obligations and experience, but also the specific needs, wants and goals of clients/ service users for client-centred services.	**1**	
	• Experience Practical Wisdom. Ongoing experience has a significant influence on professional judgment. Professionals will apply knowledge, skills, values and experiences when using their professional judgement	**1**	
	1 mark for each point 1*4 mark= 4 marks		
	Maximum marks		**4**
	Total Marks		**20**
	Note: Marker must consider other valid points identified by students not captured in the model answer		

Model answer

(a) Identify Four main focus areas for social entrepreneurship

- **Social Impact and Community Development**: The primary focus of social entrepreneurship is creating a positive and measurable impact on society. This includes addressing social issues such as poverty, education, healthcare, gender equality, or environmental sustainability. Social entrepreneurs prioritize solutions that uplift marginalized communities and promote equitable development.
- **Sustainability**: Social enterprises focus on achieving long-term sustainability, both financially and environmentally. This involves balancing profit-making activities with social and ecological goals, ensuring that the business model can support the cause over time without depleting resources or causing harm to the environment.
- **Innovation and Creativity**: Social entrepreneurs often use innovative approaches and creative solutions to address complex societal problems. This includes leveraging technology, new business models, or unconventional strategies to tackle issues that traditional methods have failed to resolve.
- **Empowerment and Capacity Building:** Social enterprises often aim to empower individuals and communities by providing skills, resources, and opportunities. This could include creating employment, providing education, or fostering entrepreneurship to help people achieve self-reliance and improve their quality of life.

(b) Examine Three components of a profitable Business organization

- **Realistic, Scalable Marketing Strategy**

Marketing is the lifeblood of your business. Businesses owners sitting around waiting for clients to call are destined to fail. Smart marketing can actively bring in new business instead of simply reacting. There was a time when businesses would hire a marketing firm to handle everything. While many still do this, and you can if you have the budget, it will benefit most entrepreneurs to tackle as much of the marketing as they can and outsource once they know what works.

- **Hire and Train a Solid Team**

Starting off as a one-man operation is great. However, with the exception of a few lucky business models, it will only get you so far. You'll need to hire and train a team. This exciting milestone will grow your business by leaps and bounds Put in the time to create a stellar employee training program before you even hire your first employee. Instead of stumbling through it, and possibly wasting your time, energy and money with the wrong people, this will enable to set up employees for success

- R**each a Significant Number of Sales**

If you've developed a profitable business model, created a scalable marketing strategy and found the perfect team – you're on pace for lasting success. The final business milestone to is to reach is a significant number of sales. Set a specific goal for sales. Without a goal, the business will stagnate. Having a goal will help to continue moving toward your target growth

(c) Briefly, explain Three aims of an organization undertaking marketing research.

- Gain a more detailed understanding of consumers' needs: – e.g., views on products' prices, packaging, recent advertising campaigns.
- Reduce the risk of product/business failure: – there is no guarantee that any new idea will be a commercial success – Can help to achieve commercial success
- Forecast future trends: – it can also be used to anticipate future customer needs

(d) Describe the critical aspects that a professional must demonstrate in the course of his duty

- **Knowledge**

Through academic and practical training professionals develop a unique body of knowledge that lays the foundation for professional judgment. Practical experience further builds knowledge, including exposure to formulating and applying professional judgment. Evidence-based practice also contributes to a professional's knowledge when contemplating the best course of action to exercise their professional judgment.

- **Professional Obligations**

All professionals have an obligation to practice safely, competently and ethically. Assessing Risk -This requires a level of competence based on i) appropriate knowledge, skills and judgment; ii) a professional attitude focused on client / service user welfare; and iii) continuously upgrading knowledge, skills and judgment. Professional judgment can be an essential/ key aspect when assessing risk. Ethics -As professional judgment involves making decisions about what should be done to best serve clients/ service users, professional ethics need to be considered. Professional ethics is concerned with determining which behavior (s) reflect professional values, such as integrity, honesty and client-centered decisions.

- **Client Input**

When exercising professional judgement, the professional must consider knowledge, professional obligations and experience, but also the specific needs, wants and goals of client's/ service users for client-centered services.

- **Experience Practical Wisdom**

Ongoing experience has a significant influence on professional judgment. Professionals will apply knowledge, skills, values and experiences when using their professional judgement. Not formally taught and learned, practical wisdom is acquired largely through work (paid or unpaid) experience, ongoing learning and informal conversations with respected peers. Practical wisdom and experience help develop and refine professional judgment. Reflective Practice -By critically considering practice, professionals can reflect and evaluate their decisions, weigh alternatives and examine outcomes.

QUESTION SEVEN

Marking guide

Qn	Description	Marks	Total Marks
a	**Explain FOUR characteristics that Betty Umwiza possesses as an entrepreneur in the fruit and horticulture industry.**		
	• Profit chances	2	
	• Creativity and Persuasiveness	2	
	• Innovation	2	
	• Risk Bearing	2	
	• Vision	2	
	(2 Marks for each point well explained 2*4= 8 marks).		
	If poorly explained award 1 mark		
	Maximum Marks		**8**
b	**Discuss THREE key procedures that Betty Umwiza should undertake when starting a business.**		
	• Generating a business idea	2	
	• Registering the company	2	
	• Tax payer registration	2	
	• Obtaining the account name and number	2	
	Any valid answer well explained is awarded 2 marks each (any 3 * 2 Marks). If poorly explained 2 mark is awarded		
	Maximum Marks		**6**
c	**Briefly Analyse THREE ethical obligations of Auditors working with Betty Umwiza**		
	• Objectivity & integrity	2	
	• Confidentiality	2	
	• Professional competence &due care	2	
	Any valid answer well explained is awarded 2 marks each (any 3 * 2Marks).		**6**
	If poorly explained 1 mark is awarded		
	Total Marks		**<u>20</u>**
	Note: Marker must consider other valid points identified by students not captured in the model answer		

Model answers

(a) Explain any five characteristics the Betty Umwiza possess as an entrepreneur in her fruit and horticulture industry.

- **Profit chances**

The chances of profit are the level of return to the person who is taking risks and developing an idea into its business venture. The actions of the entrepreneurs will likely remain abstract and a paper leisure activity without the potential of the profit.

- **Creativity and Persuasiveness**

There is a need to have the creative capacity for recognizing and pursuing the opportunities in a successful entrepreneurship. The entrepreneurs should possess great selling skills and be persistent.

- **Innovation**

The entrepreneurship continuously demands a continuous search for innovative ideas. The entrepreneur should evaluate the present modes of business operations for developing more efficient and effective systems. In a simple definition, it is a continuous effort for optimization of performance in an organization.

- **Risk Bearing**

The entrepreneurship is the willingness to take risks. The individuals should arise out of the implementation and creation of the creative ideas. They should believe that new ideas take some time to offer results and their results may not be instantaneous.

- **Vision**

The biggest responsibilities of the entrepreneur is to decide the direction of the business. There is a need to have proper vision. If a company doesn't have this, they will likely get lost in the sea.

- **Excellent Business Skills**

A successful entrepreneur always has the ability to set up the internal procedures, systems, and processes required to operate a company. He/she should focus on sales, revenue, and cash flow all the times. They always evaluate the current talents and professional network.

(b) Discuss any THREE procedures that Betty Umwiza will involve in starting a business.

- **Generating a business idea.**

People who desire to be the boss and take responsibility for making decisions often decide to run their own business. They believe it is the best way for them to achieve financial independence, to allow them to use their skills and knowledge, and to be creative

- **Registering the company**

Whatever form of business you may choose, you will need to register the name of your business. The application form and cost of registering a business varies from country to country. Rwanda has the fewest procedures and fastest processes in the whole of East Africa and possibly the world to register and start a business Below are the steps followed to register a business in Rwanda You can register your business online at http://org.rdb.rw/ or at the Office of the Registrar General which is a department within the Rwanda Development Board(RDB) located in the Kigali the capital city.

- **Tax payer registration**

Taxpayer Registration Any person who sets up a business or other activities that may be taxable is obliged to register with the Tax Administration within a period of seven (7) days from the beginning of the business activity. A company may be owned by an individual or group of persons, registration is done Rwanda Development Board (RDB) via online services. This service is immediate and free of charge. After company registration, certificate is issued by RDB.

- **Obtaining the account number**

The newly started company needs to open up a bank accounts to bank receipts of the company.

(c) Briefly Analyse FOUR ethical obligations of the Auditors working with Betty Umwiza

- Integrity and Objectivity – Auditors must provide accurate financial reports without bias or manipulation, ensuring transparency in financial statements.
- Confidentiality – They must protect sensitive business information and not disclose company data without authorization.
- Professional Competence and Due Care – Auditors must apply their expertise, follow accounting standards, and conduct thorough audits to ensure compliance with financial regulations.

End of Marking Guide and Model Answers