

Principles of Management &
Introduction to Auditing

066

Wednesday, 2 Nov 2011 8.30-11.30AM

WORKFORCE DEVELOPMENT AUTHORITY



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**ADVANCED LEVEL NATIONAL EXAMINATIONS 2011
PROFESSIONAL AND TECHNICAL OPTIONS**

**SUBJECT: PRINCIPLES OF MANAGEMENT & INTRODUCTION
TO AUDITING**

OPTION: ACCOUNTANCY (ACC)

TIME: 3 HOURS

INSTRUCTIONS :

This paper consists of **two Parts, I and II:**

Part I: Principles of Management

Section A: Attempt **all** questions: **(30marks)**

Section B: Attempt **two** questions of your choice: **(20marks)**

Part II: Introduction to Auditing

Section A: Attempt **all** questions: **(30marks)**

Section B: Attempt **two** questions of your choice: **(20marks)**

PART I: PRINCIPLES OF MANAGEMENT. (50 marks)

SECTION A: Answer all the questions. (30 marks)

01. Define Management. (2 marks)
02. What are the functions managers perform to attain set goals? (5 marks)
03. Write brief notes on 5 principles of management (5 marks)
04. Explain the basic steps of the control process in management (5 marks)
05. What is planning? Discuss THREE objectives of planning (8 marks)
06. Give THREE different types of Communication based on an organisation's structure and TWO types based on mode of communication (5 marks)

Section B: Answer two questions of your choice (20 marks)

07. Biraryoshye Fruit Ltd. is a manufacturer of several types of tropical fruit juices. Without consultation, Mr. Ruvumbinabi, the general manager, took a decision that with immediate effect all breaks would be reduced from 15 minutes to five minutes. He claimed that the change became necessary to enable the factory to process a larger amount of fruit juices daily.
- (a) What type of leadership style did Mr. Ruvumbinabi appear to be practising? (2marks)
- (b) (i) Name TWO other leadership styles. (2marks)
(ii) Describe ONE of the leadership styles you named in above. (2marks)
- (c) Identify TWO situations that can result from the action taken by Mr. Ruvumbinabi. (4marks)
08. The Government of Rwanda has been encouraging persons to become entrepreneurs.
- (a) What do you understand by the term 'entrepreneur'? (2marks)
- (b) Suggest TWO reasons why entrepreneurship is being encouraged in Rwanda. (2marks)
- (c) Identify TWO problems an entrepreneur may encounter. (2marks)
- (d) Outline how an entrepreneur may overcome any ONE of the problems discussed in (c) above. (2marks)

- (e) Suggest two ways in which the government may assist entrepreneurs. **(2marks)**
09. (a) Differentiate between the terms 'market' and 'marketing'. **(2marks)**
(b) List four marketing activities. **(4marks)**
(c) Identify four factors influencing the behaviour of consumers in their choice of local food items over foreign food items. **(4marks)**

PART II: INTRODUCTION TO AUDITING. (50 marks)

SECTION A: Answer all the questions. (30 marks)

01. Explain the purpose of an audit? **(4marks)**
02. Explain briefly the differences between auditing and accounting **(4marks)**
03. According to Rwandan law, who is not permitted to act as the auditor of a company **(4marks)**
04. For professional accountants in public practice, what are the circumstances that are likely to pose a conflict of interest with the client? **(4marks)**
05. a) Explain the difference between "error" and fraud" **(4marks)**
b) Comment on the responsibilities of an external auditor with regard to the detection of fraud or error. **(2marks)**
06. Explain briefly two achievements of a good internal control system **(4marks)**
07. State four items that could be included in an engagement letter. **(4marks)**

SECTION B: Answer two questions of your choice (20 marks)

08. Discuss five benefits of auditing to a company. **(10marks)**
09. State, and briefly explain, FIVE methods the auditor can use to obtain audit evidence. **(10marks)**
10. Identify FIVE users of audit reports and explain their interest **(10marks)**