

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT– PAPER 11

TUESDAY, 17 JUNE 2008

INSTRUCTIONS TO CANDIDATES:

1. Time allowed: **3 hours**.
2. Attempt **all** questions in Section **A**, any **three** questions from Section **B** and **one** question in Section **C**.
3. Section **A** has **one** compulsory case study question carrying 30 marks.
4. Section **B** has **five** questions and only **three** are to be attempted. Each question carries 20 marks.
5. Section **C** has **two** questions and only **one** is to be attempted. Each question carries 10 marks.
6. Please, read further instructions on the answer book.

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SECTION A**Question 1**

Hashim Hassim is the new General Manager for Etan Ltd. A month ago, he moved from Kean Enterprises Ltd where he had served in a similar position for eight years. Using his business reengineering skills, he transformed the company from near collapse to a big profit making enterprise. Both companies deal in purchasing and processing of hides and skins for export.

As part of his duties, Mr. Hashim Hassim oversees the preparation and implementation of the budget. When he reported for duty, the budget had already been prepared. He reviewed it and thought that he needed to add a few innovations. Luckily, the company's Board of Directors had not yet met to approve it. A meeting was due in two weeks time. In his opinion, the company needed to budget some funds for corporate social responsibility. The surrounding community was not happy with the company because it employed people from far. From the grapevine, it was alleged that local people were rejected because they could steal company property. As a member of a reputable Lions Club, he had learnt that giving back to the community was the only way to interact with them and win their hearts. He planned to include assistance to the community health centre which was dilapidated and support the local football club.

He invited Mrs. Kashilingi, the Finance Manager to share his views on this issue. She had worked for Etan Ltd for 10 years. She saw this as an impossible task. The company policy was to save as much money as possible and maximize profits. She was convinced such expenditure outside the company's core business would be flatly rejected. She, therefore, did not see the reason why they were wasting time on an item that the Board would throw out.

Mr. Hassim was, however, sure he would convince the Board of Directors into accepting his proposal. He was banking on the success story of Kean Enterprises Ltd to pursue his idea. Before they reached out to the community, their business was not performing well. When they drew deliberate programmes to improve the lives of people in the community and neighbourhood, the company's business stabilized and they started making profits. He was sure this approach would work for his new employer.

Required:

- (a) What do you understand by the term 'corporate social responsibility'?
(4 marks)
- (b) Why should companies like Etan Ltd engage in corporate social responsibility activities?
(6 marks)

- (c) Give possible reasons that Mr. Hashim will use to persuade the Board to include support for the community health centre in their expenditure budget.

(8 marks)

- (d) Explain the major steps in an organisation's decision making process.

(12 marks)

(Total 30 marks)

SECTION B

Question 2

- (a) Distinguish between a strategic plan and an operational plan?

(8 marks)

- (b) Why is planning important to an organisation?

(12 marks)

(Total 20 marks)

Question 3

Using illustrations, explain the concept of the 'marketing mix'.

(20 marks)

Question 4

- (a) Define the term "delegation".

(4 marks)

- (b) Why is it important for managers to delegate some of their duties to their subordinates?

(16 marks)

(Total 20 marks)

Question 5

- (a) What is training?

(4 marks)

- (b) What are the benefits of training staff in an organisation?

(16 marks)

(Total 20 marks)

Question 6

Using examples, discuss the channels and media of internal communication available to organisations in Uganda today.

(20 marks)

SECTION C

Question 7

Explain the importance of inventory management in the production process.

(10 marks)

Question 8

Write short notes on any **one** of the following:

Either,

(a) Importance of good ethical practices to an organisation.

Or,

(b) Types of power.

Or.

(c) SWOT Analysis.

(10 marks)