

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT- PAPER 11

THURDAY, 09 DECEMBER 2010

INSTRUCTIONS TO CANDIDATES:

1. Time allowed: **3 hours 15 minutes.**

The first 15 minutes of this examination have been designated for reading time. You may not start to write your answer during this time.

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, before attempting any question.

SECTION A

Question 1

The managing director of Shores Ltd, Mr. Omondi, is concerned that his organisation is about to lose some of its most committed staff in the finance department. The finance manager has applied for early retirement while his assistant has handed in his resignation letter. Rumors circulating among the staff indicate that many more are looking for alternative employment. It is apparently noticeable that staff in finance department are currently not committed to their work. Some report late for work and leave early or absent themselves for petty reasons.

'I must get to the bottom of this matter, said the newly hired human resource manager.' They were discussing the challenges of the finance department, and the importance of the HR department to the organisation.

When he had put his findings together after two weeks of investigation, it was clear that Mr. Ego, the finance manager was the problem. He had not taken a single day's leave since joining the company three years ago. Further, he had not even bothered to claim payment in lieu. The staff of his department were not taking leave either, and did not receive any compensation although claims were made and payments approved.

No staff training programmes were conducted in the department. The money budgeted for training for the entire department was diverted to staff welfare of the two senior staff. The finance manager was the only one who could operate the accounting software package the department used. For the last three years, there were no formal appraisals of staff in his department, although he produced appraisal reports. He also never made any recommendations for promotion.

To make matters worse, the established channels of communication were not followed in the finance department. There were no departmental meetings. Targets were drawn by him and handed down to staff, and so were punishments when targets were not met. When staff worked over the stipulated time schedules, no allowances were given. Any one who complained was threatened with dismissal. If any staff worked hard, it was because they feared reprimand. Morale was generally at its lowest.

It was apparent that the reluctance by the managing director to hire human resource staff was the root cause of all this mess.

Required:

- (a) Define the term 'ethics'.
(4 marks)
 - (b) In your opinion, what should Mr. Omondi have done to find out the problems in the finance department?
(6 marks)
 - (c) Identify any unethical issues taking place at Shores Ltd.
(8 marks)
 - (d) Suggest possible ways of dealing with the unethical issues identified in (c) above.
(12 marks)
- (Total 30 marks)**

SECTION B

Question 2

Mawanda Road Primary School seeks to recruit an accounts assistant. Draft an advertisement for the position of an accounts assistant.

(20 marks)

Question 3

- (a) Describe the major channels of distribution for manufactured goods.
(10 marks)
 - (b) Explain the factors that should be considered in selecting of an appropriate distribution channel.
(10 marks)
- (Total 20 marks)**

Question 4

- (a) Explain Frederick Herzberg's theory of motivation.
(8 marks)
 - (b) Giving examples, describe hygiene factors which affect satisfaction at work.
(12 marks)
- (Total 20 marks)**

Question 5

- (a) Explain **four** types of accounting practised by organisations.
(8 marks)
 - (b) Explain why management accounting is important to an organisation.
(12 marks)
- (Total 20 marks)**

Question 6

Explain the major stakeholders of a profit oriented organisation.

(20 marks)

SECTION C

Question 7

Why is control an important management function in an organization?

(10 marks)

Question 8

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

- (a) Reward management. **(10 marks)**
- (b) Duties of a chairperson. **(10 marks)**
- (c) Product life cycle. **(10 marks)**