

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL THREE

#### BUSINESS MANAGEMENT– PAPER 11

THURSDAY, 17 JUNE 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.

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## Question 1

### **RWENTANGA LTD**

Rwentanga Ltd was established in 2001 as a Savings and Credit Cooperative Organisation (SACCO). The shareholders then wanted to help themselves in times of need. They pulled together resources and started in a humble way. Their initial capital was Shs 200,000. By 2009 they had accumulated capital worth Shs 300 million thanks to the wise leadership of Mrs. Ann Ngime. She transformed the SACCO into a formidable bank of repute. This she did by hiring professional people.

In 2008, there was need to hire a human resource manager. A one Mr. Moses Baingi emerged the overall best through an interview process. At the end of 2009, a staff performance review was done. Mr. Baingi was ranked below average and asked to 'pull up his socks'. Though Mr. Baingi was new in the company, he was generally regarded as hard working by other employees. He came to office very early in the morning and never left until late. He almost never left his desk except for lunch. Such a poor ranking in his performance was surprising to his workmates. They held him in very high regard.

The facts about his inefficiency soon started to emerge. He was slow at work, very critical and analytical of small issues. He wrote very lengthy reports about anything to his supervisor even where a telephone call or a simple memo would suffice. This was the case even when the supervisor called for just a brief. His pending tray was always full and he always had a lot of work waiting to be done. In spite of this, he spent a lot of time talking on the telephone and chatting on his face book, instead of doing his official work.

Further, he did most of the work himself, though there were subordinates with good skills in his department. In fact he had so much work that he could not take his annual leave. He occasionally suffered from headache and was very secretive with his work methods. His supervisor realized that he actually suffered from stress.

Mrs. Anne Ngime, Mr Baingi's supervisor, made several attempts to talk to him about his work, but he was very defensive. He insisted he deserved better appreciation than she was giving and refused to accept all advice given to him.

**Required:**

- (a) What is an appraisal interview?  
(5 marks)
  - (b) Identify reasons for Mr. Baingi's poor performance.  
(10 marks)
  - (c) What advice would you give to Mr. Baingi to improve his performance?  
(15 marks)
- (Total 30 marks)**

**SECTION B**

**Question 2**

- (a) Define the term 'communication'.  
(5 marks)
  - (b) Why is effective communication important to an organisation?  
(15 marks)
- (Total 20 marks)**

**Question 3**

Using examples from an organisation of your choice, explain the major steps in the recruitment process.

**(20 marks)**

**Question 4**

- (a) Identify and briefly explain the types / forms of power'.  
(5 marks)
  - (b) What are the factors a manager should consider when delegating power to his subordinates?  
(15 marks)
- (Total 20 marks)**

**Question 5**

- (a) What is decision making?  
(5 marks)
  - (b) Using examples, distinguish between programmed and non-programmed decisions.  
(12 marks)
- (Total 20 marks)**

**Question 6**

(a) Mention and explain any **two** accounting ratios.

**(8 marks)**

(b) Why are ratios very useful in measuring performance?

**(12 marks)**

**(Total 20 marks)**

**SECTION C**

**Question 7**

Using examples, explain the concept of the 'market mix'.

**(10 marks)**

**Question 8**

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

(a) Company Secretary.

**( 5 marks)**

(b) Non-executive Directors.

**(5 marks)**

(c) External Auditors.

**( 5 marks)**

**(Total 10 marks)**