

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT– PAPER 11

WEDNESDAY, 30 NOVEMBER 2011

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 the question 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.

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SECTION A

Question 1

GREEN LIFE COMPANY LTD

Green Life Company Ltd has been operating a lucrative business of a tree nursery bed for over 10 years. Their seedlings have a big market among the urban rich and those involved in commercial tree planting. The company purchases fruits from village vendors in Mubende District, who pick them from the natural forests. The seeds are then extracted and processed by the company. Thereafter, they are planted in a nursery bed at Nakawa, a Kampala suburb.

To ensure a constant supply of water, Green Life Company Ltd encroached on the nearby swamp and established its nursery bed. In so doing, they drastically reduced their operational costs. Previously, the company was purchasing water. In addition to free water supply, the company spends less on labour for irrigation. It now takes a very short time for casual labourers to draw water for the nursery bed. They also irrigate a few times in a week because the swamp is generally cool. The seedlings are later on sold to farmers for planting in their farms or compounds.

The fruit pulp from the seeds is disposed of in the swamp. This, of late, has become a menace to the residents of the area. Not only is it a breeding ground for mosquitoes and flies but the stench can be smelt several kilometers away. Residents are also experiencing regular floods which was never the case in the past. Several complaints have been made but the company has ignored them.

The pupils of the nearby Kanje Primary School have started falling ill. Their complaints include chest problems, consistent cough and flu. The school nurse suspects that the problem is related to the water drawn from a protected spring near the swamp used by the company for the nursery bed. A health inspection report has confirmed that the water is contaminated. This is the most probable cause for the pupils' health problems. The report recommends the relocation of the nursery bed to another area. An environment impact assessment should be done before the re-establishment of the nursery bed.

The conflict between the company, school and the local authorities, over pollution has appeared in the press. It has been reported that all efforts to stop encroachment and polluting the swamp have been ignored by the company. Residents interviewed lamented about the lack of action by the authorities. They alleged that officials of the local authorities have been compromised. Consequently, most parents have transferred their children from Kanje Primary School.

This media coverage has galvanized the population against the company. The sales of the tree seedlings have reduced drastically and within a few months, the company may close.

Required:

- (a) Identify the stakeholders of Green Life Company Ltd. (8 marks)
 - (b) Using the scenario above, explain the ethical issues raised. (8 marks)
 - (c) What are the indicators that categorize Green Life Company Ltd as an agro-processing concern? (4 marks)
 - (d) Suggest ways in which Green Life Company Ltd can improve its corporate image and revive its business. (10 marks)
- (Total 30 marks)**

SECTION B

Question 2

- (a) What do you understand by the term “reward management”? (4 marks)
 - (b) Using examples, explain the advantages of a good reward management system. (16 marks)
- (Total 20 marks)**

Question 3

- (a) What is meant by the term ‘performance management’? (4 marks)
 - (b) Explain the importance of performance measurement in any organisation. (16 marks)
- (Total 20 marks)**

Question 4

- (a) What is meant by the term ‘market segmentation’? (4 marks)
 - (b) Explain the elements of a marketing mix. (16 marks)
- (Total 20 marks)**

Question 5

- (a) What is informal communication? (4 marks)
- (b) Your organization is in the process of improving its communication systems, and you have been tasked with the assignment.

Required:

Discuss the available electronic communication media in Uganda which your organisation can adopt.

(16 marks)
(Total 20 marks)

Question 6

- (a) Explain any **three** forms of organisation structure. (6 marks)
- (b) What are the principle factors that might influence the structure of an organisation?

(14 marks)
(Total 20 marks)

SECTION C

Question 7

Why are board committees important to organisations?

(10 marks)

Question 8

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

- (a) On-the-job training. (10 marks)
- (b) Results oriented management. (10 marks)
- (c) Stages of team building. (10 marks)