

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL THREE

#### BUSINESS MANAGEMENT– PAPER 11

**WEDNESDAY, 20 JUNE 2012**

#### 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. 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. Write your answer to each question in a separate answer booklet.
7. Please, read further instructions on the answer booklet, before attempting any question.

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## SECTION A

*This section has one question compulsory to be attempted.*

### Question 1

#### THE GRAND ENTERPRISES LTD

The Grand Enterprises Ltd was established in Uganda in 2002. The company has specialized in the manufacture of textiles, especially cotton garments. It also exports some of the garments to regional markets in the East African Community states and foreign markets of Europe and the United States of America through African Growth and Opportunity Act (AGOA). Some of the exports include trousers, skirts, blouses, polo shirts, T-shirts, long and short sleeved shirts, neck ties, socks and other undergarments.

The Grand Enterprises Ltd established itself in the Ugandan market in 2007. It took advantage of the government's policy of privatization that promoted private sector-led growth. These included tax holidays, subsidies on imported raw materials, a ready market etc. Within two years, the enterprise grew from strength to strength and enjoyed high profits. It employed over 300 people.

In the recent past however, the Grand Enterprises Ltd started facing challenges. This was in the wake of the economic depression in Europe and USA that led to the credit crunch. The Uganda shilling lost its value against major international and regional currencies, imported items became very expensive and inflation increased tremendously. The situation was made worse by an increase in electricity load shedding, low purchasing power, high interest rates on borrowed funds, walk to work demonstrations, strikes and restrictive government legislation on waste management.

The above situation resulted into low profits, poor remuneration, high staff turnover, and limited investment in research and development. All the mega plans the company had were halted. Most of its customers shifted their loyalty to substitute products from other companies. This has shattered the Grand Enterprises Ltd's business plans of extending its operations to other East African countries.

**Required:**

- (a) Identify the business challenges faced by the Grand Enterprises Ltd.  
(4 marks)
  - (b) Identify the stakeholders of the Grand Enterprises Ltd and explain how they are affected by the challenges identified in (a) above.  
(14 marks)
  - (c) If you were hired as a consultant for the Grand Enterprises Ltd, what interventions would you put in place to revive the company?  
(12 marks)
- (Total 30 marks)**

**SECTION B**

*Attempt three of the five questions in this section.*

**Question 2**

- (a) What do you understand by the term 'management by objectives' (MBO)?  
(2 marks)
  - (b) Explain the advantages and disadvantages of MBO.  
(18 marks)
- (Total 20 marks)**

**Question 3**

- (a) What do you understand by the term 'communication'?  
(2 marks)
  - (b) Describe the methods of communication used in organizations.  
(8 marks)
  - (c) Identify and discuss the barriers to effective communication in organisations.  
(10 marks)
- (Total 20 marks)**

**Question 4**

- (a) Define the term 'organizational structure'.  
(2 marks)
  - (b) Explain the factors that determine the structure of an organization.  
(18 marks)
- (Total 20 marks)**

**Question 5**

- (a) Explain the major stages in team formation.  
(4 marks)
  - (b) Explain the indicators of an effective team.  
(16 marks)
- (Total 20 marks)**

### **Question 6**

Zombo Investments, a newly registered business enterprise has consulted you to help in the recruitment of an accountant.

#### **Required:**

Write a detailed job description that Zombo Investments can use to design the job advertisement.

**(20 marks)**

### **SECTION C**

*Attempt one of the two questions in this section.*

### **Question 7**

- (a) Distinguish between training and development.
- (b) Explain the benefits of training in an organization.

**(4 marks)**

**(6 marks)**

**(Total 10 marks)**

### **Question 8**

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

- (a) Cash flow budget.
- (b) Marketing audit.
- (c) The chairperson.

**(10 marks)**