

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

CPA(U) EXAMINATIONS

LEVEL ONE

BUSINESS MANAGEMENT – PAPER 4

THURSDAY, 20 JUNE 2002

INSTRUCTIONS TO CANDIDATES

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

SECTION A

Question 1

NAMU HIGH SCHOOL

Namu High School is a new secondary school located in a small town in the Ugandan District of Wakiso. It opened its doors to students in February 2002. The school has four directors three of who are well-qualified teachers. The three have been teaching in a leading secondary school in Kampala for the last ten years.

The fourth director is a peasant farmer who has very limited knowledge of secondary school education. Her interest in the school business is high and she is the owner of the premises on which the school is located. Her residence is adjacent to the school so she has plenty of time to supervise the school activities.

For the proper running of the business the directors agreed to employ a head teacher. This was due to the fact that the professional directors are still working at their previous station so they do not have a lot of time at their new undertaking. The school rents houses from one Mr. Otyeke for the head teacher and other teachers. The single teachers have to share two bed-roomed houses, as the school does not have enough money to give each of them a separate house.

The school enrolment so far is so low that the school fees paid by the entire students' population can only pay for one teacher's salary out of the nine the school currently employs. The directors use their meager resources from their past savings to keep the business running. They are also heavily indebted, as they had to spend a lot of money on renovation of the buildings before the school opened.

There are several other secondary schools in the area, for example Blue Tree and Chim Bright. The directors are confident that because they are the only school in the area with 'A' level and due to their rich experience in the field of teaching they will compete favourably. The area also has 10 primary schools 6 of which are under the Universal Primary Education (UPE) programme and are heavily enrolled.

Required:

- (a) What are the strengths of Namu High School in the education business?
(4 marks)
 - (b) What are the weaknesses of Namu High School in the education business?
(4 marks)
 - (c) What opportunities do you think Namu High School would exploit to boost its business?
(4 marks)
 - (d) Outline the threats that Namu High School faces in the education business.
(3 marks)
 - (e) What are the major components of a strategic plan?
(5 marks)
- (Total 20 marks)**

Question 2

PURE AIR LINES

Pure Air Lines (PAL) is a company involved in passenger flights with its Head Office in Kampala, Uganda. It is a joint venture of three directors two of whom are Ugandans. The third director, Mr. Brown Smith, is an African American married to a White American. He is the biggest shareholder and he wields a lot of power in the business.

Mr. Brown Smith's wife, Dicksy is the Managing Director (MD) of PAL. She is an MBA graduate from Yale University Business School in the U.S.A. She also holds postgraduate qualifications in Law. Apart from the MD all other managerial staff of the firm are Africans who received their training from various African Universities.

Although PAL is organised into divisions Mrs. Smith feels that the locally trained managers are ill equipped to handle certain business decisions on their own. She has, therefore, reserved decision making on a number of issues to her self.

Mrs. Smith's attitude has not only made management at the divisions difficult but has also made the delegation of authority in the company very limited.

Recently the company's credibility suffered when passengers on a scheduled flight to Dubai got stranded at Entebbe International Airport. This was because Mrs. Smith had not given the technical division a go ahead to fly a newly leased aircraft. This incident led to the resignation of the Operations Manager who had booked passengers on the Boeing 777 Aircraft after getting a technical report that the aircraft was airworthy and ready to fly.

Required

- (a) Identify the personal attitudes you would associate with Mrs. Smith, which is making effective delegation at PAL difficult.
(4 marks)
- (b) Suggest guidelines to the Managing Director, which would improve delegation in PAL and indeed in any company.
(16 marks)

(Total 20 marks)

SECTION B

Question 3

ABC (U) Ltd. is a private limited liability company registered and doing business in Uganda.

- (a) Give three internal stakeholders of ABC (U) Ltd. (3 marks)
 - (b) Identify any three external stakeholders of ABC (U) Ltd. (3 marks)
 - (c) Explain any four variables that comprise the business environment of an organization in Uganda. (14 marks)
- (Total 20 marks)

Question 4

- (a) What methods of recruitment can managers use? (6 marks)
 - (b) What are the advantages and disadvantages of recruiting from within an organisation? (14 marks)
- (Total 20 marks)

Question 5

- (a) What do you understand by the term 'management'? (5 marks)
 - (b) Briefly examine the various activities that make up the management process. (15 marks)
- (Total 20 marks)

Question 6

Discuss the possible ways in which employees can participate in decision making at work.

(20 marks)

Question 7

What do you understand by the term 'matrix structures'? In what type of organizations and situations would you expect matrix structures to apply? Give reasons for your answer.

(20 marks)