

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

CPA(U) EXAMINATIONS

LEVEL ONE

BUSINESS MANAGEMENT – PAPER 4

WEDNESDAY, 14 DECEMBER 2005

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****ANNE AND JOHN COMPUTER CENTRE**

Anne and John Computer Centre is a company dealing in importation, marketing repairing and servicing of computers in Uganda. Its name was derived from its proprietors Anne and John who were 'lovebirds' in the Faculty of Engineering at Makerere University. The two got married immediately after University. Anne is a director in the company but she is also an academician, currently pursuing a PHD in waste management. The second director John, an electrical Engineer, is running the business.

The company started six years ago with only one worker, John. He rented a small office in the city centre. Now, six years down the road, the company has grown into a multi-million business employing 20 technicians and two engineers. They have big contracts all over the country and they are always busy. John goes to Dubai once every two weeks to meet customer orders.

John makes all the important decisions in the company. When he is stuck he consults Anne and his big brother Tom who is a lawyer. The workers are not satisfied and are complaining that their views are not considered. They accuse John of running the business as if it is still the small one-man organisation. One Oklong had this to say "we have brains as well as feelings. Why are we not consulted whenever decisions are made". This was triggered off by the decision to move the company to bigger offices outside the city centre that most employees believe will be a big inconvenience to the customers and to them as workers. John's brother-in-law who happens to be a head of department in one of the Universities in town heard the complaints when John had sent two of the technicians to fix the departmental computer network which was off. He warned John that the "grape vine" information is very relevant in understanding the underlying problems in an institution. However John thinks that the moment workers are given powers he will not have enough powers to run his business, as it ought to be.

Required:

Advise John on the possible ways in which employees can participate in decision making at the workplace.

(20 marks)

Question 2**SSESE GUEST HOUSE**

Ten years ago, Mr. Galikuwa and his wife, Giyifuna, were civil servants working for the Government of Uganda. Mr. Galikuwa was posted to Kalangala as Assistant Chief Administrative Officer (ACAO). It was a very trying moment for the young family, then, to leave the city centre where they had both studied and lived since they got married. However, due to the fact that there was no immediate alternative, they both reluctantly moved to Kalangala, planning to manoeuvre as soon as possible to leave the island.

Ten years down the road, the story is different. Neither Mr. Galikuwa nor Giyifuna are willing to leave the island. It is now their permanent home. Two years ago, Mr. Galikuwa was transferred to Wakiso District but he opted to resign from the civil service. Currently they are running a Guest House on the island called Ssese Guest House. It has a capacity of 150 guests and another ten in the two self contained family houses used by well-to-do guests. They are in the process of completing a conference hall in order to be able to host seminars and conferences.

The guests to the island mostly use the Masaka-Bukakata route where they get a ferry to Kalangala. Of recent, the number of guest houses, lodges, and camping sites have increased tremendously. The one ferry is proving to be inadequate compared to the traffic to the island. It has to make three trips per day but some times it is forced to make a fourth trip and the passengers pay for the extra fuel. The Ministry of Housing, Transport and Communication is aware of the problem. It is currently constructing a ship that is expected to be commissioned in January 2005. It will transport people from Luzira to Kalangala.

Lack of hydro-electric power is another challenge. The guest house uses solar energy but it is not ideal, as it cannot serve the guests throughout the night. They use a diesel generator to supplement the solar energy.

At Ssese Guest House, you have a good view of Lake Victoria but there is no beach as the lake is a kilometre away. This reduces the business, as many tourists are purposely interested in the water and the sand beaches. Mr. Galikuwa is addressing this by constructing a swimming pool. His reasoning is that he will be able to attract those people who fear the lake and those who believe that lake waters are not clean enough for swimming.

The family is also running a big farm with a lot of cattle and plantations. They are able to feed all their guests from their farm and sell the surplus to other members of the community. Giyifuna is a good cook who prepares delicious meals for the guests. Cooking is done using the energy saving stoves and they are under studying the use of biogas produced from cow dung. Mr. Galikuwa is contented

with his business but he still has a big dream to expand Ssesse Guest House to international standards.

Required:

- (a) Explain the business challenges faced Mr Galikuwa is facing. (10 marks)
 - (b) What opportunities are available to Mr. Galikuwa to meet his big dream? (10 marks)
- (Total 20 marks)**

SECTION B

Question 3

- (a) What is an appraisal process? (5 marks)
 - (b) Explain seven reasons for an appraisal in a contemporary organization. (15 marks)
- (Total 20 marks)**

Question 4

- (a) Explain why small firms continue to survive in business despite the many disadvantages associated with them. (10 marks)
 - (b) Analyze the benefits of big firms in a business environment. (10 marks)
- (Total 20 marks)**

Question 5

- (a) Using relevant examples, explain the term control. (10 marks)
 - (b) Why is control needed in any business organization. (10 marks)
- (Total 20 marks)**

Question 6

- (a) Explain the term collective bargaining? (5 marks)
 - (b) Explain the advantages and disadvantages of trade unions in developing countries. (15 marks)
- (Total 20 marks)**

Question 7

“The model on human motivation, put forward by an American Psychologist, Abraham Maslow in 1943 is out dated and irrelevant to developing countries.”

Required:

Discuss the above statement.

(20 marks)