

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

CPA(U) EXAMINATIONS

LEVEL ONE

BUSINESS MANAGEMENT AND COMPUTING – PAPER 4

THURSDAY, 18 JUNE 2009

INSTRUCTIONS TO CANDIDATES

1. Time allowed: **2 hours 45 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 **two** questions from Section **B** and any **two** questions from Section **C**.
3. Section **A** has **one** compulsory case study question carrying 20 marks.
4. Section **B** has **three** questions and only **two** are to be attempted. Each question carries 15 marks.
5. Section **C** has **three** questions and only **two** are to be attempted. Each question carries 15 marks.
6. Please, read further instructions on the answer book.

SECTION A: BUSINESS MANAGEMENT

Question 1

BIMBEX LIMITED

Bimbex Ltd was established in 1996. It started informally when Mr. Hamid decided to diversify his business. Prior to that, Hamid used to sell roast meat at Kamwokya, one of Kampala's vibrant suburbs. From a humble beginning, Mr. Hamid became popular and was soon supplying roast meat to all surrounding bars and other places of entertainment. He made considerable savings, built himself a house, got married and bought himself a car.

At the beginning of 1996, Hamid abandoned the roast meat business and decided to trade in general merchandise. Together with his wife, they rented a shop in Ntinda, another Kampala suburb, and with the help of a friend he was able to register the company and manage it as a family enterprise. The business grew very rapidly and surpassed his expectations. In mid 2000, he decided to open two new outlets, one in Kireka and another in Najjanankumbi, all Kampala suburbs. By this time, the company was employing more than 20 people, working as shop attendants, drivers, cashiers, sales executives and cleaners.

In the first quarter of 2008, Hamid noticed a remarkable decline in the company's performance. Returns from each of the outlets were declining. It was becoming increasingly difficult to maintain the level of purchases and meet other business obligations as the fell due because of cash flow problems. To make matters worse, Hamid did not believe in engaging professionals because, according to him, they charged a lot of money for little work done. He subsequently shared his business woes with a friend who advised him to seek the advice of experts. He reluctantly accepted to engage a business management consultant.

Consultative meetings held with business experts revealed that Bimbex Ltd was started without a formal business plan. In fact, there was no adequate planning prior to commencement and subsequent expansion of the business. The business needed capitalization if it were to survive.

To overcome the problems, Bimbex Ltd was advised to employ a knowledgeable person in business management to assist them in the planning process. Hamid also decided to inject more capital into the business in form of a loan from Stebo International Bank Ltd.

Required:

- (a) Explain what is meant by the term 'planning'.
(2 marks)
 - (b) Explain to Mr. Hamid why planning is important for business.
(10 marks)
 - (c) Assume Mr. Hamid has approached you for advice, explain to him the steps involved in the formal planning process.
(8 marks)
- (Total 20 marks)**

SECTION B: BUSINESS MANAGEMENT

Question 2

- (a) Identify and explain the different types of organizational structure.
(5 marks)
 - (b) Explain the factors that influence the design of organizational structure.
(10 marks)
- (Total 15 marks)**

Question 3

- (a) Explain the objectives of business organizations.
(7 marks)
 - (b) Why should business organization set and reviews their objectives periodically.
(8 marks)
- (Total 15 marks)**

Question 4

- (a) Identify and explain leadership styles used in today's organizations.
(6 marks)
 - (b) Explain behavioral characteristics a good leader or manager should possess.
(9 marks)
- (Total 15 marks)**

SECTION C: BUSINESS COMPUTING

Question 5

- (a) Distinguish between the following:
- (i) Data and information. (1 mark)
 - (ii) Intranet and extranet. (1 mark)
 - (iii) Utility program and an application program. (1 mark)
 - (iv) Multitasking and multiprocessing. (1 mark)
 - (v) Real time processing and batch processing. (1 mark)
- (b) Define the term 'computer operating system' and describe **four** functions of a computer operating system.

(10 marks)

(Total 15 marks)

Question 6

The management of a company has sought the Board's approval to introduce a computerized business system.

Required:

- (a) Describe the stages of the systems development life cycle that the company has to go through.
- (b) Describe the main considerations in selection of the computer hardware.

(10 marks)

(5 marks)

(Total 15 marks)

Question 7

In this information age, many business establishments are adopting computer networks.

Required:

- (a) Briefly explain what you understand by a computer network. (2 marks)
- (b) Describe **three** different types of computer networks. (3 marks)
- (c) Give **five** advantages of computer networks. (5 marks)
- (d) Give **five** shortcomings of computer networks. (5 marks)

(Total 15 marks)