

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## CPA(U) EXAMINATIONS

### LEVEL ONE

#### BUSINESS MANAGEMENT AND COMPUTING – PAPER 4

**TUESDAY, 14 JUNE 2011**

#### 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, before you attempt any questions.

## SECTION A: BUSINESS MANAGEMENT

### Question 1

#### JOSHI FOODS LTD

Joshi Foods Ltd trades in foodstuffs. The managing director, Mr Patel Joshi, is a very hard working middle-aged man, who manages the company's affairs almost single-handedly. He is an autocratic manager whose mere sight sends chills down the spines of most of his staff, junior and senior alike.

Mr. Joshi hands down directives to his staff to follow. He does not entertain discussions, and does not even consult. His word is law. He often reminds his employees that the company is his and that they only benefit from his investment.

The company supplies mainly maize flour, rice and beans to schools in and around Kampala. This is done during the holidays and at the beginning of school term. His company supplies on credit; payments are expected three weeks after the foodstuffs have been supplied.

Mr. Joshi is a very thorough man. He visits each school to make sure the goods were delivered and then goes back to collect the payment, which he banks himself.

Joshi Foods Ltd recruits only well trained employees in the areas of marketing and accounting, and they are paid handsomely. The company is ranked among the best paying organisations on the market. However, the staff turnover is very high. Staff stay on average six months, with the longest period being only two years. Staff quit almost as soon as they are recruited and they are replaced. This is very easy because staff are not formally appointed. They have no contracts of service, no job descriptions and no terminal benefits.

Recently, Mr. Joshi was approached by two big schools in Jinja, requesting him to supply foodstuffs to their schools. He is considering the offer very seriously, because it will be another opening into a new market area, and therefore more income. However, he is also aware of his limitations. It will mean more work for him and more travelling. He is not sure whether he will live up to the task.

You are one of the company's employees. Mr Joshi confides in you and now seeks advice.

#### Required:

- (a) Explain the meaning of 'autocratic leadership'.  
(2 marks)
- (b) Identify and explain the possible causes of high staff turnover at Joshi Foods Ltd.  
(6 marks)

- (c) Explain what the advantages of delegation would be to Joshi Foods Ltd.  
(8 marks)
- (d) Briefly explain the factors Mr. Joshi should consider before deciding whether to supply the Jinja Schools or not.  
(4 marks)
- (Total 20 marks)

## SECTION B: BUSINESS MANAGEMENT

### Question 2

Explain the importance of control in pursuing an organization's objectives.  
(15 marks)

### Question 3

Explain the:

- (a) steps in the formal planning process.  
(8 marks)
- (b) dangers of operating without a strategic plan.  
(7 marks)
- (Total 15 marks)

### Question 4

Write short notes on the following:

- (a) Non-verbal communication. (3 marks)
- (b) Legitimate power. (4 marks)
- (c) Formal organisations. (4 marks)
- (d) Scientific management. (4 marks)
- (Total 15 marks)

## SECTION C: BUSINESS COMPUTING

### Question 5

Systems developers have adopted the Systems Development Life Cycle in developing and implementing information systems.

**Required:**

- (a) Describe the stages of the Systems Development Life Cycle.  
(10 marks)
- (b) Describe the inter-related tasks carried out during system implementation.  
(5 marks)
- (Total 15 marks)

**Question 6**

As computers are adopted in business processes, information systems are increasingly exposed to a number of risks.

**Required:**

- (a) Describe the potential threats to computer information systems.  
(5 marks)
  - (b) Explain how information systems can be protected from the potential threats.  
(10 marks)
- (Total 15 marks)**

**Question 7**

The internet is increasingly gaining popularity in the business world today.

**Required:**

- (a) Describe the minimum requirements for connecting your organization to the internet.  
(5 marks)
  - (b) Explain how an organization can benefit from the use of the internet.  
(5 marks)
  - (c) Explain the circumstances under which the internet can be disadvantageous to an organization or business.  
(5 marks)
- (Total 15 marks)**