

INTEGRATION OF KNOWLEDGE – PAPER 16

1.0 General Performance

- There was a slight decline in performance; the pass rate was 70.45% compared to 71.76% in the December 2010 examinations diet.
- The exam was fair and diverse. Well prepared candidates passed with good marks.
- There was notable regression in the overall candidates' performance. Most candidates exhibited poor analytical skills. A good number of candidates simply summarised the facts instead of analysing the information and drawing relevant conclusions. The communication skills were also poor.

2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS

- Paper 16 is a case study based examination, which tests all aspects of the CPA (U) course.
- This particular case study was based on Sukari Uganda Ltd (SUL), a listed company, and member of the Sukari Africa Group. The company had initially been a medium-sized, family owned sugar mill. Its operations then served the greater northern Uganda region but were short of country wide reach. Like most agro-processing industries at the time, the company's success was attributable to the strong cooperative movement of the 1960's.
- The company's shares had started trading on the Uganda Securities Exchange (USE) in March 2000. SUL had progressively become one of the leading local companies serving a regional market.
- SUL's agricultural operations accounted for approximately 40% of the 1.4 million tons of sugar per annum. The balance was supplied by out-growers. There were several challenges with the production process including maintenance of machinery and high costs of energy. Other challenges were in the human resource department as well as in the finance operations. The company was in the process of implementing a water recycling project and outsourcing the risk management function.
- Candidates were required to take the role of the head of finance and advise the managing director on the various issues highlighted.
- The questions were grouped into three categories; production and marketing functions, finance and accounting function and general governance issues.

2.1 Production and Marketing Functions

Question A1

- Required candidates to advise management on potential improvements in the relationships with out-growers.
- This question was well attempted.

Question A2

- Required candidates to suggest innovations that could improve the core production operations at SUL.
- The question was fairly well attempted although some candidates discussed issues outside the core production operations.

Question A3

- Required Candidates to discuss appropriate marketing strategies where the company wants to sell sugar directly to consumers.
- The question was not convincingly answered. Most candidates focused on the marketing mix without clearly highlighting the strategy being pursued.

2.2 Finance and Accounting Functions

Question B1

- Required candidates to present the financial aspects of the water recycling project.
- This was a poorly answered question. Most candidates were not imaginative enough to make assumptions on the cost of capital and foreign exchange rates.
- Most candidates did not even appraise the project.

Question B2

- Required candidates to comment on the qualitative aspects of the water recycling project.
- The question was fairly well answered; issues such as training staff, technology availability were well discussed.

Question B3

- Required Candidates to advise on how the project should be financed
- This question was fairly well answered but candidates did not appropriately evaluate the options presented.

Question B4

- Required candidates to suggest potential cost control strategies for SUL.
- The question was well answered.
- No major shortcomings were identified.

2.3 General Governance Issues

Question C1

- Required candidates to present an analysis of the key stakeholder groups
- The question was well attempted.
- No major shortcomings were identified.

Question C2

- Required candidates to discuss the potential improvements in the stated company's strategic intent.
- This was among the worst answered questions. Most candidates did not consider the appropriateness of the company's strategic objectives as given in the case study or even the vision.

Question C3

- Required candidates to discuss the challenges of implementing outsourcing at SUL.
- This question was well answered.
- No major shortcomings were identified.

Question C4

- Require Candidates to identify the key risks faced by SUL and suggest management strategies for the risks.
- The question was well attempted.

Question C5

- Required candidates to outline the terms of reference for the risk management department at SUL.
- This question was fairly well answered.

Question C6

- Required candidates to advise the managing director on the distinction between personnel management and human resource management.
- The question was well attempted.