

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

CPA(U) EXAMINATIONS

LEVEL ONE

BUSINESS MANAGEMENT AND COMPUTING – PAPER 4

FRIDAY, 30 NOVEMBER 2012

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. Section **A** has **one** compulsory case study question carrying 20 marks.
3. Section **B** has **three** questions and only **two** are to be attempted. Each question carries 15 marks.
4. Section **C** has **three** questions and only **two** are to be attempted. Each question carries 15 marks.
5. Write your answer to each question on a fresh page in your answer booklet.
6. Please, read further instructions on the booklet, before attempting any question.

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SECTION A

This section has one question compulsory to be attempted.

Question 1

BAACA MEDICAL SERVICES LTD (BMSL)

BMSL commenced operations in Kampala, Uganda, in 1980. Over the period, it has grown from a simple clinic to a hospital of great repute. Way back, it started with a staff of three employees: the owner manager who was at the same time a medical doctor, a nurse and a cleaner. Currently, it is known all-over East Africa for its reputable services. It employs about 25 consultants, other general doctors, clinical officers, nurses, laboratory assistants, and other support staff in its various departments. It also has one of the best training facilities for nurses and midwives in the country.

Two years ago, the founder and director of the hospital Dr. Benon Acaali Candia retired. Before his retirement, management designed a 10 year development plan. The plan spelt out the following plans; providing quality services, partnering with other hospitals in the region, increasing market share, widening the financial resource base, and developing systems and structures. One of the most urgent issues was to develop a cancer treatment department and work on staff remuneration.

The new director, Dr. Houston, on being appointed was thoroughly briefed about the plans. The board of directors (BOD), management and staff wished to see him implement these plans. To their disappointment, the director developed different plans altogether. He hired a private firm to beautify the compound by planting a lot of flowers and redesigning the walkways. His argument was that a hospital compound must look good so that patients can feel good too.

Many staff expectations including salary increment and training opportunities which were clearly spelt out in the plan were disregarded. He surrounded himself with a clique of staff whom he favoured and who fed him with a lot of rumours. When staff meetings were convened, he dictated and talked for many hours without allowing other people to voice their opinions. He largely communicated using threats and subjugated everybody.

Two years since he was hired, some key staff resigned because Dr. Houston insisted that none of his staff should own and/or run a private clinic or work in another medical facility. Much as he secured the endorsement of the BOD on this matter, it did not go down well with the staff. In an effort to bridge the gap, he hired young graduate doctors and yet the customers were used to and trusted the old staff. Everybody wondered why the new director did not study the

strategic plan before implementing his new reforms. It was rumoured that new staff members were recruited and promised better pay as long as they did not operate outside clinics. This affected the morale of the old employees, who complained with no one to offer them an explanation.

On the other hand, the customers got increasingly dissatisfied with the services offered by the hospital. Among the many things, they complained of time wastage by the hospital staff, increase in the costs of drugs and lack of attendants at the CT scan machine.

Required:

- (a) Explain the term 'planning'.
(2 marks)
 - (b) Identify and explain the barriers to planning at BSML.
(8 marks)
 - (c) Explain the importance of planning in an organisation to the BOD and management of BSML.
(10 marks)
- (Total 20 marks)**

SECTION B

Attempt two of the three questions in this section.

Question 2

- (a) Distinguish between management and administration.
(3 marks)
 - (b) Explain the relevance of scientific management theory to business organisations today, using examples.
(12 marks)
- (Total 15 marks)**

Question 3

- (a) Explain the leadership styles used in business organizations, with aid of examples.
(7 marks)
 - (b) Discuss the importance of good leadership in an organisation.
(8 marks)
- (Total 15 marks)**

Question 4

Business organisations today operate as though they were in a global village. Their operations have been made simpler and others complicated as a result of technological advancement.

Required:

Using relevant examples, explain the impact of advancement in technology in business organisations.

(15 marks)

SECTION C

Attempt two of the three questions in this section.

Question 5

Many businesses are critically reliant on their information systems for key business processes and therefore data and information must be secure if they are to be reliable.

Required:

- (a) Describe the risks associated with information systems in business.
(5 marks)
 - (b) Explain the ways in which information systems can be made more secure.
(10 marks)
- (Total 15 marks)**

Question 6

Although many companies have opted for outsourcing their information management operations, it is important for companies to be aware of the dangers of too much dependence on outsourcing suppliers.

Required:

- (a) What do you understand by the term 'outsourcing' in business organizations?
(2 marks)
 - (b) Explain the advantages of outsourcing in business organizations.
(8 marks)
 - (c) What are the shortcomings of outsourcing?
(5 marks)
- (Total 15 marks)**

Question 7

Companies have widely adopted computer networks in the production, distribution and general running of their operations.

Required:

- (a) What is meant by 'computer network'? (2 marks)
 - (b) Describe the various types of computer network. (3 marks)
 - (c) Explain the advantages of computer networks to business. (5 marks)
 - (d) What are the disadvantages of using computer networks in business? (5 marks)
- (Total 15 marks)**