

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
2019/2020 ACADEMIC YEAR

BAF 2212	COMPANY LAW
BAF 3010	FINANCIAL REPORTING
BAF 3021	MANAGEMENT ACCOUNTING
BAF 4010	AUDIT & ASSURANCE
BAF 4022	ADVANCED FINANCIAL REPORTING
BBM 3020	STRATEGIC SUPPLY CHAIN MANAGEMENT
BBM3345	OPERATIONS RESEARCH AND MANAGEMENT
BBM 3412	MANAGERIAL ECONOMICS
BSM 3115	INTERNATIONAL MARKETING
ECN 1215	INTRODUCTION TO MACROECONOMIC THEORY
GSB 1031	FINANCIAL ACCOUNTING
LTM 4511	TRANSPORTATION MANAGEMENT
TLM 3521	INTRODUCTION TO LOGISTICS
	STRATEGIC COMMUNICATION MANAGEMENT
HRM 4031	STRATEGIC HUMAN RESOURCE MANAGEMENT
HRM 4332	MANAGING EQUITY AND DIVERSITY
SEM 1040	BUSINESS MATHEMATICS AND STATISTICS
SEM 1050	PRINCIPLES OF MANAGEMENT
SEM 2010	ORGANIZATIONAL BEHAVIOR AND LEADERSHIP
SEM 2021	CORPORATE GOVERNANCE AND BUSINESS ETHICS

SEM 4021 ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

SOB 1012 INTRODUCTION TO INFORMATION MANAGEMENT & TECHNOLOGY

SOB 1115 MICROECONOMICS THEORY

SOB 1065 BUSINESS LAW

SOB 2010 FINANCIAL MANAGEMENT

SOB 3004 RESEARCH METHODS

SOB 3011 STRATEGIC MANAGEMENT



The University of Zambia

Graduate School of Business

Company Law

BAF 2212

2020 Academic Year Final Examination

Date: 15 September 2020 Time: 14:00 to 17:00 hours

INSTRUCTIONS:

1. This examination is divided in **Four (4) Parts – A, B, C and D.**
 2. Answer Four (4) questions.
 3. **Part A** is compulsory. Answer one question from Part B, Part C and Part D.
 4. Time allowed: **Three (3) hours plus five (5) minutes** to read through the examination paper.
 5. This examination carries a total of **60 marks.**
 6. Mobile telephones, tablets, watches, clocks or any other form of computing or electronic instruments are **not allowed** into the examination room.
 7. Candidates are permitted to bring the Companies Act No. 10 of 2017 and the Corporate Insolvency Act No. 9 of 2017 into the examination room.
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PART A - COMPULSORY

Question One

Chewe and Cheza were running an animal husbandry business as partners. Chewe owns a 200 hectares farm which he partially used for keeping various animals for the business, while Cheza operated the logistics side of the business using fifteen trucks he owns as a sole trader under the name and style of Cheza Investments. Chewe and Cheza had other businesses which they operated and managed independently. For instance, Chewe is a majority shareholder in a small-scale mining company Crescent Mining Investments Limited ("**CIL**"), while Cheza uses the trucks to transport and supply fertiliser.

Chewe and Cheza decided to combine their experience and resources and incorporated a company called Zed Meat International Limited ("**Zed Meat**") on 19 November 2019. Chewe, Cheza and CIL are the shareholders of Zed Meat, holding 5,000 shares fully paid shares each. The shares have a nominal value of ZMW 1. Chewe and Cheza are the only directors and the articles of association of Zed Meat restricts the business of Zed Meat to that of animal husbandry and the supply of meat.

To leverage the financial position of their respective businesses to source for funding for Zed Meat, CIL signed a corporate guarantee to guarantee the debts of Zed Meat on 10 November 2019. On the same date, Cheza entered into a number of oral agreements for the supply of meat to Shoprite, Pick and Pay and Merlisa in Lusaka. In accordance with the agreement Pick and Pay and Merlisa on 12 November 2019 paid an upfront deposit of 40% of the purchase price with the balance to be settled upon delivery of the meat on 10 January 2020. Cheza also informed Shoprite, Pick and Pay and Merlisa that as he is in the process of incorporating a company and the agreements are for and on behalf of Zed Meat. Upon being informed of this development, Shoprite requested Cheza to sign a Shoprite standard supply contract for and on behalf of Zed Meat which he did on 18 November 2019.

On 20 November 2019, all the movable assets and rights and obligations of their respective businesses were transferred to Zed Meat from the date of incorporation. A formal agreement to effect this was signed between Zed Meat, Chewe and Cheza.

On the basis of the corporate guarantee from CIL, ZED Meat obtained a loan for ZMW 5,000,000 plus interest from Absa Bank Zambia Plc ("**Bank**") Limited for its working capital on 10 December 2020. Unknown to Chewe, Cheza on 11 December 2019 as a director of Zed Meats also entered into a contract with Keda Farms Limited for the supply of fertiliser.

In January 2020, as a result of the outbreak of foot and mouth disease which killed all the cattle, Zed Meat is failing to meet its obligations which include supplying meat to Shoprite, Pick and Pay and Merlisa and making timely loan repayments to the Bank. The Bank is also attempting to enforce the corporate guarantee or alternatively force a sale of the 200 hectares farm to recover the amounts due. Shoprite, Pick and Pay and Merlisa are demanding for the delivery of the meat, while Keda also demanding for the delivery of the fertiliser.

Required

Advise Chewe, Cheza and Zed Meat on their potential personal liability for the debts, liabilities, demands and on any other matters that you feel are relevant.

PART B

Question Two

Chimutengo Limited has three directors, John, Peter and James. They are also shareholders but they do not hold a majority of the shares. They seek your advice, with the aid of appropriate authority, on the legal issues arising out of the following situations which have occurred:

- a) Mulenga, the finance director, caused the company to lose ZMW 100,000 by his practice of signing blank cheques and then passing them to his personal assistant, Chopin, to complete and forward to creditors. Chopin has made certain cheques payable to himself and has used the money to pay off his debts.
- b) Proposed sale of 20 trucks whose value has deteriorated which the company has owned for ten years.
- c) A proposed loan for a sum of ZMW 1,000,000 from Absa Bank Zambia Plc.
- d) To increase the salary of the directors by 10%.
- e) The majority shareholder has written to the company secretary, Chrispine, asking him for advice on the legal position in relation to these matters. Without further reference to the board, Chrispine instructed a law firm to prepare the advice at a cost of ZMW 50,000, which the board is refusing to pay.

Required

Advise the directors.

(14 Marks)

Question Three

In the case of *Kasengele and Others v Zambia National Commercial Bank Limited* (SCZ Judgment No. 11 of 2000) [2000] ZMSC 20, the Supreme Court of Zambia relying on earlier Supreme Court decisions held that:

- (i) Shareholders enjoy as a matter of right overriding authority over company affairs, even over the wishes of the Board of Directors and Managers.

To what extent is the decision of the Supreme Court watertight in light of the provisions of the Companies Act No. 10 of 2017.

(14 Marks)

PART C

The facts below are for question four and five

A friend of yours from South Africa is considering setting up a business in Zambia. Your friend has asked you to draw up a report briefly explaining the following matters with the aid of the provisions of the Companies Act:

Question Four

- (a) The attributes of a private company limited by shares;
- (b) The distinction between a public company and private company; and
- (c) How a company is formed in Zambia.

(14 Marks)

Question Five

- (a) How limited companies are controlled and managed;
- (b) The company can raise finance for its operations; and
- (c) How companies are wound up.

(14 Marks)

PART D

Question Six

- (a) The notion that a company may have limited liability is a myth. To what extent is this assertion water tight?
- (b) The ultra vires doctrine is well and alive in Zambia's company law jurisprudence. To what extent do you agree with this assertion; and
- (c) three duties of directors?

(14 Marks)

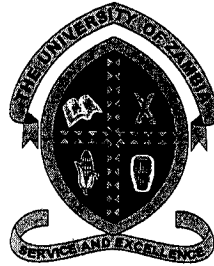
Question Seven

With the aid of the provisions of the Companies and Corporate Insolvency Act, explain:

- (a) the difference between an ordinary share and preference share.
- (b) The types and nature of debentures.
- (c) The existence of a company without articles is not only questionable but also impossible. Justify this statement or otherwise

(14 marks)

End of Examination



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BSc in Accounting & Finance

Thursday 17th September 2020

BAF 3010: FINANCIAL REPORTING

Instructions

Time Allowed: **3 hours**

This paper is divided into two sections:

Section A – ALL questions are compulsory and **MUST** be attempted

Section B – Attempt any **TWO** questions

Enter your student number on the front of the answer booklet. Your name must **NOT** appear anywhere on your answer booklet.

All workings must be done in the answer booklet

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A

ALL questions are compulsory and MUST be attempted.

1. LULU

The following trial balance relates to Lulu, a listed company, at 31 December 2019:

Details	K'000	K'000
Land and buildings – at valuation 1 January 2019 (note (i))	200,000	
Plant – at cost (note (i))	150,000	
Accumulated depreciation of plant at 1 January 2019		38,000
Investments – at fair value through profit and loss (note (i))	26,500	
Investment income		2,200
Cost of sales (note (i))	89,200	
Distribution costs	20,000	
Administrative expenses	15,000	
Loan interest paid	1,000	
Inventory at 31 December 2019	20,000	
Income tax (note (ii))	400	
Trade receivables	59,000	
Revenue		196,800
Equity shares of 50 ngwe each fully paid		80,000
Retained earnings at 31 December 2019		26,000
2% loan note 2022 (note (iii))		100,000
Trade payables		34,700
Revaluation reserve (arising from land and buildings)		60,000
Deferred tax		11,200
Suspense account (note (iv))		24,000
Bank		8,200
Total	581,100	581,100

The following notes are relevant:

- (i) Lulu has a policy of revaluing its land and buildings at each year end. The valuation in the trial balance includes a land element of K30 million. The estimated remaining life

of the buildings at that date (1 January 2019) was 20 years. On 31 December 2019, a professional valuer valued the buildings at K120 million with no change in the value of the land. Depreciation of buildings is charged 60% to cost of sales and 20% each to distribution costs and administrative expenses.

During the year Lulu manufactured an item of plant that it is using as part of its own operating capacity. The details of its cost, which is included in cost of sales in the trial balance, are:

	K'000
Materials cost	6,000
Direct labour cost	4,000
Machine time cost	8,000
Directly attributable overheads	6,000

The manufacture of the plant was completed on 30 June 2019 and the plant was brought into immediate use, but its cost has not yet been capitalised.

All plant is depreciated at 12.5% per annum (time apportioned where relevant) using the reducing balance method and charged to cost of sales.

The fair value of the investments held at fair value through profit and loss at 31 December 2019 was K27.1 million.

- (ii) The balance of income tax in the trial balance represents the under/over provision of the previous year's estimate. The estimated income tax liability for the year ended 31 December 2019 is K17.9 million. At 31 December 2019 there were K40 million of taxable temporary differences. The income tax rate is 25%.

Note: You may assume that the movement in deferred tax should be taken to the statement of profit or loss.

- (iii) The 2% loan note was issued on 1 June 2019 under terms that provide for a large premium on redemption in 2021. The finance department has calculated that the effect of this is that the loan note has an effective interest rate of 6% per annum.
- (iv) The suspense account contains the corresponding credit entry for the proceeds of a rights issue of shares made on 1 October 2019. The terms of the issue were one share

for every four held at 80 ngwe per share. Lulu's share price immediately before the issue was K1. The issue was fully subscribed.

Required:

- (a) A statement of profit or loss and other comprehensive income for the year ended 31 December 2019. (12 marks)**
- (b) A statement of financial position as at 31 December 2019. (13 marks)**
- (c) A calculation of the earnings per share for the year ended 31 December 2019.**

Note: A statement of changes in equity is not required. (5 marks)

(Total: 30 marks)

2. The Conceptual Framework for Financial Reporting

Mr. Kayama is a newly employed Assistant Accountant of your company who approached you for help in understanding the conceptual framework for financial reporting. Mr. Kayama specifically requires your help on the following:

- (a) Description of the five elements of the financial statements and;**
- (b) An explanation of the recognition criteria of the elements of the financial statements.**

Note that you are required to give examples in all of your responses above.

(10 Marks)

3. Chibanje

The following issues have arisen during the preparation of Chibanje's draft financial statements for the year ended 31 March 2020:

- (i) From 1 April 2019, the directors have decided to reclassify research and amortised development costs as administrative expenses rather than its previous classification as cost of sales. They believe that the previous treatment unfairly distorted the company's gross profit margin.
- (ii) Chibanje has two potential liabilities to assess. The first is an outstanding court case concerning a customer claiming damages for losses due to faulty components supplied by Chibanje. The second is the provision required for product warranty claims against 200,000 units of retail goods supplied with a one-year warranty.

The estimated outcomes of the two liabilities are:

<i>Court case</i>	<i>Product warranty claims</i>
10% chance of no damages awarded	70% of sales will have no claim
65% chance of damages of K4 million	20% of sales will require a K25 repair
25% chance of damages of K6 million	10% of sales will require a K120 repair

- (iii) On 1 April 2019, Chibanje received a government grant of K8 million towards the purchase of new plant with a gross cost of K64 million. The plant has an estimated life of 10 years and is depreciated on a straight-line basis. One of the terms of the grant is that the sale of the plant before 31 March 2023 would trigger a repayment on a sliding scale as follows:

<i>Sale in the year ended:</i>	<i>Amount of repayment</i>
31 March 2020	100%
31 March 2021	75%
31 March 2022	50%
31 March 2023	25%

K2 million ($K8 \text{ million} \times 25\%$) being the amount of the grant they believe has been earned in the year to 31 March 2020. Chibanje accounts for government grants as a separate item of deferred credit in its statement of financial position. Chibanje has no intention of selling the plant before the end of its economic life.

Required:

Advise, and quantify where possible, how the above items (i) to (iii) should be treated in Chibanje's financial statements for the year ended 31 March 2020.

The following mark allocation is provided as guidance for this question:

(i) 3 marks

(ii) 4 marks

(iii) 3 marks

(Total: 10 marks)

SECTION B

Attempt any TWO questions in this section

4. ACCOUNTING STANDARDS

(a) Changes in Accounting Policy

Two of the qualitative characteristics of information contained in the IASB's *Conceptual Framework for Financial Reporting* are understandability and comparability.

Required:

Explain the meaning and purpose of the above characteristics in the context of financial reporting and discuss the role of consistency within the characteristic of comparability in relation to changes in accounting policy.

(6 marks)

(b) Kayula

The objective of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* specifies, amongst other things, accounting for and presentation and disclosure of discontinued operations.

Required:

Define a discontinued operation and explain why the disclosure of such information is important to users of financial statements.

(5 marks)

(c) Kayula's sole activity is the operation of hotels all over the world. Due to COVID-19 pandemic, Kayula has experienced decline in profitability, Kayula's directors made the following decisions during the year ended 31 March 2020:

- i) it disposed of all of its hotels in country A
- ii) it refurbished all of its hotels in country B in order to target the holiday and tourism market. The previous target market in country B had been aimed at business clients.

Required:

Treating the two decisions separately, explain whether they meet the criteria for being classified as discontinued operations in the financial statements for the year ended 31 March 2020.

(4 marks)

(d) At a board meeting on 1 July 2019, Monde's directors made the decision to close down one of its factories on 31 March 2020. The factory and its related plant would then be sold.

A formal plan was formulated and the factory's 250 employees were given three months' notice of redundancy on 1 January 2020. Customers and suppliers were also informed of the closure at this date.

The directors of Monde have provided the following information:

Fifty of the employees would be retrained and deployed to other subsidiaries within the group at a cost of K125, 000; the remainder will accept redundancy and be paid an average of K5,000 each.

Factory plant has a carrying amount of K2.2 million, but is only expected to sell for K500,000 incurring K50,000 of selling costs; however, the factory itself is expected to sell for a profit of K1.2 million.

The company rents a number of machines under leases, which have an average of three years to run after 31 March 2020. The present value of these future lease payments (rentals) at 31 March 2020 was K1 million; however, the lessor has said they will accept K850, 000 which would be due for payment on 30 April 2020 for their cancellation as at 31 March 2020.

Penalty payments due to non-completion of supply contracts are estimated at K200, 000.

Required:

Explain and quantify how the closure of the factory should be treated in Monde's financial statements for the year ended 31 March 2020.

Note: The closure of the factory does not meet the criteria of a discontinued operation.

(10 marks)

5. PHIRI

Phiri is a publicly listed company. The statement of cash flows of Phiri is available:

Statement of cash flows of Phiri for the year to 31 December 2019:

Cash flows from operating activities

	K'000	K'000
Profit before tax		440
Adjustments for:		
Depreciation	280	
Loss on disposal of plant and machinery	90	370
Increase in warranty provision		100
Investment income		-60
Finance costs		50
Redemption penalty costs included in administrative expenses		20
		<u>920</u>

Working capital adjustments

Increase in inventories	-400	
Decrease in trade receivables	60	
Increase in trade payables	360	20

Cash generated from operations

Interest paid		-50
Tax refund received		60
Net cash from operating activities		950

Cash flows from investing activities

Purchase of property, plant and equipment	-1440	
Sale of property, plant and equipment	150	
Rental income received from investment property	40	
Net cash used in investing activities		-1250

Cash flows from financing activities

Proceeds from issue of shares	1000	
Repayment of loan notes	-420	
Dividends paid	-150	
Net cash from financing activities		430
Net increase in cash and cash equivalents		130
Cash and cash equivalents at beginning of period		-120
Cash and cash equivalents at end of period		10

The following supporting information is available:

- An item of plant with a carrying amount of K240,000 was sold at a loss of K90,000 during the year. Depreciation of K280,000 was charged (to cost of sales) for property, plant and equipment in the year ended 31 December 2019.

Phiri uses the fair value model in IAS 40 *Investment Property*. There were no purchases or sales of investment property during the year.

- (ii) The 6% loan notes were redeemed early incurring a penalty payment of K20 000 which has been charged as an administrative expense in the statement of profit or loss and other comprehensive income.
- (iii) There was an issue of shares for cash on 1 January 2020. There were no bonus issues of shares during the year.
- (iv) Phiri gives a 12 month warranty on some of the products it sells. The amounts shown in current liabilities as warranty provision are an accurate assessment, based on past experience, of the amount of claims likely to be made in respect of warranties outstanding at each year end. Warranty costs are included in cost of sales.
- (v) A dividend of 3 ngwe per share was paid on 1 March 2019.

Required:

Comment on the cash flow management of Phiri as revealed by the statement of cash flows and the information provided by the above financial statements.

Note: Ratio analysis is not required, and will not be awarded any marks.

(Total: 25 marks)

6. MACHILA

Machila sells jewellery through stores in retail shopping centres throughout Zambia. Over the last two years it has experienced declining profitability and is wondering if this is related to the sector as whole (due to COVID-19 pandemic). It has recently subscribed to an agency that produces average ratios across many businesses. Below are the ratios that have been provided by the agency for Machila's business sector based on a year end of 30 June 2020, as well as some ratios for Machila that have already been completed.

	Sector	Machila
Return on Capital Employed (ROCE)	16.80%	
Net asset (total assets less current liabilities) turnover	1.4 times	1.6 times
Gross profit margin	35%	
Operating profit margin	12.00%	7.50%
Current ratio	1.25 : 1	
Average inventory turnover	3 times	4.5 times
Trade payables' payment period	64 days	
Debt to equity	38%	

The financial statements of Machila for the year ended 30 September 2020 are:

Statement of Profit or Loss

	K'000	K'000
Revenue		56,000
Opening Inventory	8,300	
Purchases	43,900	
	52,200	
Closing Inventory	(10,200)	
Cost of Good Sold		(42,000)
Gross Profit		14,000
Operating Costs		(9,800)
Finance Costs		(800)
Rprofit before tax		3,400
Income Tax Expense		(1,000)
Profit for the Year		2,400

Statement of Financial Position

	K'000	K'000
Assets		
Non-Current Assets		
Property & Fittings		25,600
Deferred development expenditure		<u>5,000</u>
		30,600
Current Assets		
Inventory	10,200	
Bank	<u>1,000</u>	
		<u>11,200</u>
Total Assets		<u>41,800</u>
Equity & Liabilities		
Equity		
Equity shares of K1 each		15,000
Property revaluation reserve		3,000
Retained earnings		<u>8,600</u>
		26,600
Non-current liabilities		
10% loan notes		8,000
Current liabilities		
Trade payables	5,400	
Current tax payable	<u>1,800</u>	
		<u>7,200</u>
Total equity and liabilities		<u>41,800</u>

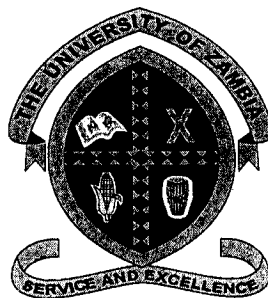
Note: The deferred development expenditure relates to an investment in a process to manufacture artificial precious gems for future sale by Machila in the retail jewellery market.

Required:

- (a) Prepare the missing ratios for Machila. (8 marks)
- (b) Assess the financial and operating performance of Machila in comparison to its sector averages.

(17 marks)

(Total: 25 marks)



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

BSc ACCOUNTING AND FINANCE

FEB AND JULY 2017 COHORTS BLENDED/EVENING

SESSIONAL EXAMINATION

DATE: MONDAY 14TH SEPTEMBER 2020

BAF 3021: MANAGEMENT ACCOUNTING

EXAM TIME: 14:00 HOURS

VENUE: SPORTS HALL

DURATION: THREE (3) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of Five (5) Questions Comprising Sections A and B.
2. Answer a Total of FOUR (4) Questions.
3. Section A is **COMPULSORY**. From Section B Answer **ANY TWO (2)** Questions.
4. Marks Allocation Indicates the Depth of the Answer Expected.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A – COMPULSORY

QUESTION ONE

The Indiana Company produces only two products: a major computer part and cell phones. The company uses a normal cost system and overhead costs are currently allocated using a plant-wide overhead rate based on direct labour hours. Outside cost consultants have recommended, however, that the company use activity-based costing to charge overhead to products.

The company expects to produce 4,000 computer parts and 2,000 cell phones in 2013. Each computer part requires two direct labour hours to produce and each cell phone requires one-half hour to produce. The direct material and direct labour costs included in the two products are as follows:

Item	Computer Part	Cell Phone
	K	K
Direct Material (per unit)	30	17
Direct labour cost per unit	16	4

Budgeted (Estimated) Total Factory Overhead Data For 2019:

Activity	Budgeted Overhead	Estimated Volume Level
Production setups	K80,000	20 setups
Material Handling	K70,000	5,000 kilos
Packaging and shipping	K120,000	6,000 boxes
Total factory overhead	K270,000	

Based on an analysis of the three overhead activities, it was estimated that the two products would require these activities as follows in 2019

Activity	Computer Part	Cell Phone	Total
Production setups	5	15	20
Material handling (kilos)	1000	4000	5000
Packaging and shipping (boxes)	4000	2000	6000

Required

- Calculate the cost of each product using a plant-wide rate based on direct labour hours
(10 Marks)
- Calculate the activity cost rates for (a) setups, (b) material handling and (c) packaging and shipping.
(6 Marks)
- Cost out the two products using an activity-based costing system.
(9 Marks)

QUESTION TWO

- A. A T.V. manufacturing company finds that while it costs to make component X, the same is available in the market at K5.75 each, with all assurance of continued supply. The breakdown of cost is:

	K
Materials	2.75
Labour	1.75
Variable overheads	0.50
Depreciation and other fixed cost	<u>1.25</u>
	<u>6.25</u>

Required

- (a) Should the company make or buy the component? (10 Marks)
- (b) What should be your decision if the supplier offered component at K4.85 each? (5 Marks)

- B. The cost of a manufacturing company for the product is:

	K
Materials	12.00
Labour	9.00
Variable expenses	6.00
Fixed expenses	<u>18.00</u>
Total	<u>45.00</u>

The unit of product is sold for K51.00.

The company's normal capacity is 100,000 units. The figures given above are for 80,000 units. The company has received an offer for 20,000 units @ K36 per unit from a foreign customer.

Required

Advise the manufacturer on whether the order should be accepted. Also give your advice if the order is from a local merchant. (10 Marks)

SECTION B

QUESTION THREE

- A. Activity-based management (ABM) is a system-wide, integrated approach that focuses management's attention on activities with the objectives of improving customer value and the profit achieved by providing this value. ABC is the major source of information for activity-based management. Thus, the activity-based management model has two dimensions, cost dimension and process dimension.

Required

Briefly compare and contrast the two dimensions and highlight the kind of information they provide, how they work and their areas of application. (10 Marks)

- B. Holdup Ltd makes a single product which sells for K20, and for which there is great demand. It has a variable cost of K12, made up as follows.

	K
Direct material	4
Direct labour (2 hrs)	6
Variable overhead	<u>2</u>
	<u>12</u>

The labour force is currently working at full capacity producing a product that earns a contribution of K4 per labour hour. A customer has approached the company with a request for manufacture of a special order for which he is willing to pay K5,500. The costs of the order would be K2,000 for direct materials, and 500 labour hours will be required.

Required

Decide whether the order should be accepted. (15 Marks)

QUESTION FOUR

A packaging company is preparing its budget for the year to 30 April 2019 in respect of fuel consumption. The following data relates to the year ending 30 April 2018.

Month	Machine hours (K'000)	Fuel expense (K'000)		Month	Machine hours (K'000)	Fuel expense (K'000)
May	34	640		Dec	26	500
Jun	30	620		Jan	31	530
Jul	34	620		Feb	35	550
Aug	39	590		Mar	43	580
Sep	42	500		Apr	48	680
Oct	32	530				
Nov	26	500				

The annual total and monthly average figures for the year ending 30 April 2018 were as follows:

	Machine Hours (000)	Fuel expense (000)
Annual total	420	6,840
Monthly average	35	570

Required

- A. Estimate fixed and variable elements of fuel expense from the above data by both the following methods:
- High and low points (4 Marks)
 - Least-square regression analysis and estimate the cost of fuel for periods August and September of 2019. (17 Marks)
- B. Accepting that the coefficient of determination arising from the data given in the question is approximately 0.25, interpret the significant of this fact. (4 Marks)

QUESTION FIVE

The standard material input required for 1,000 kgs. of a finished product are given below:

Material	Quantity (Kg.)	St. Rate per Kg (K)
P	450	20
Q	400	40
R	250	60
	1,100	
Standard loss	100	
Standard output	1,000	

Actual production in a period was 20,000 kg. of finished product for which the actual quantities of material used and the prices paid therefore were as under:

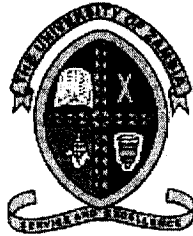
Material	Quantity (Kg.)	Purchase price per Kg. (K)
P	10,000	19
Q	8,500	42
R	4,500	65

Required

Calculate the following variances:

- Material cost variance (5 Marks)
- Material price variance (5 Marks)
- Material usage variance (5 Marks)
- Material yield variance (5 Marks)
- Explain the application of variances in management accounting. (5 Marks)

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

BAF 4010: AUDIT & ASSURANCE
FINAL EXAMINATION

DATE: 20 DECEMBER 2019

Time Allowed: Three (03) Hours

INSTRUCTIONS:

1. This Paper has a total of six (6) questions
2. You are required to answer a total of four (4) questions
3. Section A is compulsory: *Both questions must be attempted*
4. Section B has four (04) questions: *Two (2) questions ONLY to be attempted*
5. Your answers must be legible
6. No cell phones, tablets or other devices are permitted in the examination room

Do not turn this page until you are you are told to do so

SECTION A: Compulsory - Attempt Both Questions

QUESTION ONE:

You are the Audit Manager in Moonze LLP responsible for the audit of Sophie Group of companies, which comprises a parent company and six subsidiaries. The audit of all individual companies' financial statements is almost complete, and you are currently carrying out the audit of the consolidated financial statements. One of the subsidiaries, Simui Co, is audited by another firm, Kankomba & Associates. Your firm has fulfilled the necessary requirements of *ISA 600 Special Considerations – Audits of Group Financial Statements...* and is satisfied as to the competence and independence of Kankomba & Associates.

You have received from Kankomba & Associates the draft audit report on Simui Co's financial statements, an extract from which is shown below:

Basis for Qualified Opinion (excerpt)

The company is facing financial damages of K2 million in respect of an on-going court case, more fully explained in note 12 to the financial statements. Management has not recognised a provision but has disclosed the situation as a contingent liability. Under *International Financial Reporting Standards*, a provision should be made if there is an obligation as a result of a past event, a probable outflow of economic benefit, and a reliable estimate can be made. Audit evidence concludes that these criteria have been met, and it is our opinion that a provision of K2 million should be recognised. Accordingly, net profit and shareholders' equity would have been reduced by K2 million if the provision had been recognised.

Qualified Opinion (excerpt)

In our opinion, except for effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements give a true and fair view of the financial position of Simui Co as at 31 March 2019...

An extract of Note 12 to Simui Co's financial statements is shown below:

Note 12 (excerpt)

The company is the subject of a court case concerning an alleged breach of planning regulations. The plaintiff is claiming compensation of K2 million. The management of Simui Co, after seeking legal advice, believe that there is only a 20% chance of a successful claim being made against the company.

Figures extracted from the draft financial statements for the year ending 31 March 2019 are as follows:

	Sophie Group K'million	Simui Co K'million
Profit before tax	20	4
Total assets	85	20

Required:

- (a) *Explain auditor's responsibility in respect of subsequent events.* [4 marks]
- (b) *Identify and explain the matters that should be considered and recommend actions that should be taken by Moonze LLP in forming an opinion on the consolidated financial statements of the Sophie Group of companies.* [10 marks]
- (c) *With absolute clarity, explain circumstances when each of the three (03) audit opinions is appropriate and when an Emphasis of Matter paragraph would be included in the audit opinion.* [8 marks]
- [Total marks 22]

QUESTION TWO:

You have been recently appointed to the position of Director Internal Audit at Chuma Investments Limited (CIL), an international oil and gas company. A sophisticated operational risk management system is in place which was designed by Mr Gumbi who is revered among his peers as a risk professional. This forms a critical input into your 2019 annual audit plan. When reviewing the company's risk profile, you are surprised that one of the key disclosures that drives share price, annual reporting of oil and gas reserves, does not appear anywhere as a potential risk. Further investigation reveals that Internal Audit – reporting directly to the CEO - has never had any involvement, historically, in reserves auditing. This appears to be carried out by a retired ex-employee known as Mr. Mtonga.

Required:

- (1) Describe, with clarity, the procedures that you would take. [11 marks]
- (2) Discuss how operational audits can improve CIL's operations. [7 marks]
- [Total marks 18]

SECTION B: Two Questions ONLY to be Attempted

QUESTION THREE:

Part I: Thonga Limited

The following is an extract from the statement of financial position for Thonga Limited's for the FYE December 2018:

Cost or valuation	L+B K'000	PPE K'000	F + F K'000	Total K'000
At 1 Jan, 2018	2,000	2,600	600	5,200
Additions	500	1,000	-	1,500
Revaluation surplus	350	-	-	350
Assets written off	-	-400	-	-400
Disposals	-700	-	-	-700
At Dec, 2018	2,150	3,200	600	5,950
Depreciation				
At 1 Jan, 2018	400	1,760	180	2,340
Charge for the year	538	640	180	1,358
At 31 Dec, 2018	938	2,400	360	3,698
Net book values				
At Dec, 2018	1,213	800	240	2,253

Required:

What substantive audit procedures would you perform on each area?

- a) Additions. [4 marks]
- b) Disposals. [4 marks]
- c) Write offs. [4 marks]

Part II: Erica Limited

Erica Limited sells garden sheds and furniture from 15 retail outlets. The directors of Erica Limited indicate that the company has had a difficult year but are pleased to present some acceptable results to the members.

Statement of Comprehensive Income:

	FYE Dec 2018 K'000	FYE Dec 2017 K'000
Revenue	7,482	6,364
Cost of sales	-3,520	-4,253
Gross profit	3,962	2,111
Operating expenses:		
Administration	-1,235	-1,320
Selling and distribution	-981	-689
Interest payable	-101	-105
Investment income	145	-
Profit/(loss) before tax	1,790	-3

Required:

(1) As part of your risk assessment procedures for Erica Limited, identify and provide a possible explanation for unusual changes in the income statement. [5 marks]

(2) Explain the procedures necessary to obtain a bank confirmation letter from Erica Limited's bankers. [3 marks]

[Total marks 20]

An extract from the Statement of Financial Position showed:

Cash & bank	253	-950
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QUESTION FOUR:

Referring to the new auditor reporting requirements, Tony Gates – Head of Audit – KPMG UK, is quoted as saying:

“...Its about moving beyond the binary opinion, to lift the lid, explain what you saw as the issues and what you did about them.”

Required:

- (a) In practical terms, explain the meaning of expectations gap and how this has evolved over the years. [4 marks]*
 - (b) Discuss the impact of the new auditor reporting requirements on an audit opinion and how these narrow the expectations gap. [8 marks]*
 - (c) Clearly explain the meaning of the term professional scepticism and its role in detecting fraud risk. [8 marks]*
- [Total marks 20]**

QUESTION FIVE:

You have recently been appointed as Auditor-in-Charge (AIC) to the audit of Cypriano Limited employing over 200 employees. The principal business activity for the company is manufacturing of flasks, glasses, and jugs. These products are mostly sold to Shoprite direct sales to local retailers account for a paltry 17%. The items supplied to Shoprite are custom made and carry the 'rite' brand.

The Company has a small accounting function which consists of the Finance Manager Mr. Mwansa who reports directly to the Managing Director Mr. Chilinda and an Accounts Clerk Ms. Roselyn. The company's accounting system is computer based and Roselyn enters invoices into the computer and maintains the manual cash book. The Finance Manager is in charge of preparing management accounts and the payroll on a monthly basis. Mr. Chilinda also controls purchasing and sales, although he has an assistant Ms Lydia who produces paperwork and liaises with Ms. Roselyn in Accounts Department.

The previous Auditors, Asa & Associates did not offer themselves for re-election during the just ended AGM due to disputes with Mr. Chilinda but have stated that they are aware of no ethical reasons which bar your firm from acting. They have passed over some salient working papers to your firm and have met with you to provide some insight on the audit. They mentioned, inter alia, that their assessment of internal controls was poor.

Required:

- (a) *Define audit risk with all its components.* [3 marks]
- (b) *From the scenario given above, identify the key business and audit risks.* [7 marks]
- (c) *Discuss the audit strategy you would adopt in the audit of Cypriano Limited and reasons why this strategy should be used.* [10 marks]

QUESTION SIX:

Part I:

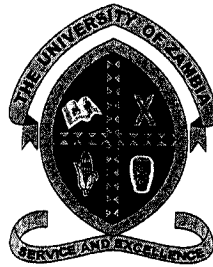
Benny is a new ACCA graduate employed by Deloitte as an Audit Assistant. He approaches you, an A+ student in Audit & Assurance at the University of Zambia, for assistance on the application of *International Standards on Auditing*. Respond to parts (a) – (e) below:

- (a) In accordance with ISA 580 *Written representations*, the auditor may seek written representations from management to support other audit evidence, especially in areas where knowledge of the facts is confined to management or where the matter is principally one of judgement. *Explain why management is sometimes unwilling to provide written representations and describe the actions an external auditor can take if management refuses to provide them.* [5 marks]
- (b) *ISA 210 Terms of Audit Engagements explains the content and use of engagement letters. State six (06) items that should be included in an engagement letter.* [3 marks]
- (c) *ISA 500 Audit Evidence requires audit evidence to be reliable. List four (04) factors that influence the reliability of audit evidence.* [2 marks]
- (d) With reference to ISA 520 *Analytical Procedures* and ISA 315 *Identifying and assessing the risks of material misstatement through understanding the entity and its environment explain the different types of analytical procedures available to the auditor and state when they can be used.* [3 marks]
- (e) Auditors have various duties to perform, for example, to assess the truth and fairness of the financial statements. *State three rights that enable auditors to carry out their duties and what would happen if these rights were infringed upon.* [3 marks]

Part II:

- (f) Febby is a new CA (ZICA) graduate and is recruited by BDO an audit firm. She approaches you, as Senior Manager Assurance for one of the big four for advice on how to effectively audit accounts receivable. *With absolute clarity, explain how you would go about auditing Vintage's receivables balance of K600,000 as at 31 December 2019, a client she is working on.* [4 marks]

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BSc in Accounting & Finance

Thursday 24th September 2020

BAF 4022: ADVANCED FINANCIAL REPORTING

Instructions

Time Allowed: **3 hours**

This paper is divided into two sections:

Section A – ALL questions are compulsory and **MUST** be attempted

Section B – Attempt any **TWO** questions

Enter your student number on the front of the answer booklet. Your name must **NOT** appear anywhere on your answer booklet.

All workings must be done in the answer booklet

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A

ALL questions are compulsory and **MUST** be attempted.

1. Safuna

Patukani, a public limited company, has investments in Safuna and Shupiwe. All three companies prepare their financial statements in accordance with International Financial Reporting Standards. The presentation currency of the group is the Kwacha (K). Shupiwe's functional currency is the Franc (FR). The draft statements of profit or loss for the year ended 30 April 2020 are presented below:

	Patukani K'm	Safuna K'm	Shupiwe FR'm
Revenue	143	68	210
Cost of sales	(61)	(42)	(126)
Gross Profit	82	26	84
Distribution Costs	(10)	(6)	(14)
Administrative Expenses	(23)	(10)	(29)
Operating Profit	49	10	41
Investment Income	1	2	0
Finance Costs	(2)	(4)	(3)
Profit Before Tax	48	8	38
Taxation	(11)	(2)	(8)
Profit for the Period	37	6	30

The following notes are relevant to the preparation of the consolidated financial statements:

1. Patukani acquired 70% of Safuna's one million K1 ordinary shares for K6 million many years ago. At the acquisition date, the carrying value of Safuna's net assets was K5 million, and this was deemed to be the same as their fair value. The non-controlling interest was measured using the proportion of net assets method. Goodwill arising on the acquisition of Safuna has never been impaired. On 31 October 2019, Patukani sold 300,000 of its shares in Safuna for K6.5 million. The fair value of the interest retained was K9.5 million. The retained earnings of Safuna were K9 million as at 30 April 2019.

The only entry posted in Patukani's individual financial statements is to record the cash received and to credit these proceeds to a suspense account.

2. On 1 May 2019, Patukani purchased 60% of Shupiwe's one million FR1 ordinary shares for FR71 million. The non-controlling interest at acquisition was valued at FR29 million using the fair value method. At 1 May 2019, the carrying value of Shupiwe's net assets was FR60 million but the fair value was FR70 million. The excess in fair value was due to an unrecognised brand with a remaining useful economic life of five years at the acquisition date.

At 30 April 2020, it was determined that goodwill arising on the acquisition of Shupiwe was impaired by FR4 million.

The following exchange rates are relevant:

	FR: K1
1 May 2019	5.0
30 April 2020	4.0
Average for year ended 30 April 2020	4.6

3 On 1 May 2018, Patukani signed a lease to use an item of machinery. The useful economic life of the machine and the lease term were both five years. Lease payments are due annually in advance. The lease payment for the first year was K1.2 million. Patukani's rate of borrowing is 10%. The present value of the lease payments, excluding the payment made on 1 May 2018, was K3.8 million.

Lease payments increase annually by the rate of inflation over the previous 12 months. On 1 May 2019, inflation for the prior 12 months was 8%.

The lease was correctly accounted for in accordance with IFRS 16 *Leases* in the year ended 30 April 2019. The only entry made in the current year is to record the cash payment made to the lessor within cost of sales.

Required:

(a)

- (i) Discuss, with calculations, how Patukani should account for Safuna in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 April 2020.

- (ii) Discuss, with calculations, how Patukani should account for Shupiwe in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 April 2020.
- (iii) Explain how the lease agreement should be accounted for in the consolidated financial statements for the year ended 30 April 2020. Show the adjusting entries required.

Related party relationships are a particularly key concern when preparing financial statements for group entities. The objective of IAS 24 *Related Party Disclosures* is to ensure that financial statements contain the necessary disclosures to make users aware of the possibility that financial statements may have been affected by the existence of related parties.

Required:

- (b) Describe the main circumstances that give rise to related parties and explain why the disclosure of related party relationships and transactions is important.

(10 marks)

(Total: 50 marks)

SECTION B

Attempt any **TWO** questions in this section.

2. RIYAZ

Riyaz is a public listed company with a reporting date of 31 December 2019. It owns and operates various online businesses. Its customers order goods through Riyaz's websites, and these goods are delivered by third party couriers. At 31 December 2019, the finance director owns 15% of Riyaz's ordinary shares and the operations director owns 10%. The rest of the shares are owned by numerous other shareholders. All ordinary shares carry equal voting rights. At the most recent annual general meeting, some of the shareholders expressed dis-satisfaction with the financial performance of Riyaz. They also complained that the directors were overpaid and were not demonstrating effective stewardship of the company's assets. The accountant of Riyaz started her employment during the year ended 31 December 2019 and has encountered a number of issues.

On 1 January 2018, a share-based payment scheme was introduced for Riyaz's six directors. The directors are entitled to 600,000 share options each if they remain employed by the company until 31 December 2020. The fair value of each share option was K10 at 1 January 2018 and K15 at 31 December 2019. At 1 January 2018 it was estimated that none of the directors would leave before the end of three years but, as at 31 December 2019, the estimated number of leavers was revised to two (2). The finance director has told the accountant that no entries or disclosures are required for this scheme in the current year's financial statements because it has not yet vested.

The wife of the finance director is the sales director of Riyaz. Their son Mabvuto, is undertaking an internship with Riyaz and receives a salary of K30, 000 per month, which is in line with market rates. The finance director has ordered the accountant to omit any reference to his son's salary from the financial statements.

At the start of the current year, Riyaz purchased the trade and assets of a fashion retail chain that operates a number of shops in large towns and cities. The chain did not sell its products online. The press were critical of Riyaz's decision, accusing them of over-paying for the chain and of expanding into a sector in which they lack experience and expertise.

The performance of the shops, which is monitored internally by Riyaz's chief operating decision makers, has been poor. When reviewing the operating segment disclosure note

prepared by the finance director the accountant noticed that the new retail business has been aggregated with the rest of Riyaz's trading operations and disclosed as a single reportable segment. The gross profit margins made from the retail outlets are much lower than those made from Riyaz's online operations. From overhearing conversations, the accountant is aware that Riyaz's finance director is a good friend of the former owner of the retail chain.

Required:

Discuss the accounting and ethical implications of the above from the perspective of the Accountant.

[25 Marks]

3. IAS 33

Earnings per share (EPS) is generally regarded as a key accounting ratio for use by investors and others. Like all accounting ratios, however, it has its limitations. You have been asked to make a brief presentation to Graduate School of Business students on the topic.

Requirements

- (a) Explain why EPS is regarded as so important that the IASB has issued an accounting standard on its calculation;
(5 marks)
- (b) Explain the general limitations of the EPS accounting ratio and its specific limitations for investors who are comparing the performance of different entities.
(8 marks)
- (c) BANDA, a listed entity, has 1,000,000 ordinary shares in issue throughout 2018. The profits after tax for the period total K800, 000. The entity has two convertible financial instruments in issue:
- (i) K500,000 10% loan stock, each K1,000 of stock having the right to convert into 2,000 ordinary shares.
 - (ii) 400,000 convertible K1 non-equity shares, paying a dividend of 10 ngwe per share. Each preference share is convertible to 2 ordinary shares.

Requirement

Calculate the basic and diluted earnings per share for BANDA assuming a tax rate of 30%.

(6 marks)

- (d) IMRAN, another listed entity, has earnings per share in 2017 of 25 ngwe per share. IMRAN has 4,000,000 ordinary shares in issue throughout 2017. In 2018 1,500,000 ordinary shares were issued by way of a capitalisation (bonus) issue. The profits after tax for the year were K1, 200,000.

Requirement

Calculate the EPS for 2018 and the restated eps for 2017 that will be included in the 2018 financial statements.

(6 marks)

[25 Marks]

4. MACHILA

Machila sells jewellery through stores in retail shopping centres throughout Zambia. Over the last two years it has experienced declining profitability and is wondering if this is related to the sector as whole (due to COVID-19 pandemic). It has recently subscribed to an agency that produces average ratios across many businesses. Below are the ratios that have been provided by the agency for Machila's business sector based on a year end of 30 June 2020, as well as some ratios for Machila that have already been completed.

	Sector	Machila
Return on Capital Employed (ROCE)	16.80%	
Net asset (total assets less current liabilities) turnover	1.4 times	1.6 times
Gross profit margin	35%	
Operating profit margin	12.00%	7.50%
Current ratio	1.25 : 1	
Average inventory turnover	3 times	4.5 times
Trade payables' payment period	64 days	
Debt to equity	38%	

The financial statements of Machila for the year ended 30 September 2020 are:

Statement of Profit or Loss

	K'000	K'000
Revenue		56,000
Opening Inventory	8,300	
Purchases	43,900	
	52,200	
Closing Inventory	(10,200)	
Cost of Good Sold		(42,000)
Gross Profit		14,000
Operating Costs		(9,800)
Finance Costs		(800)
Rprofit before tax		3,400
Income Tax Expense		(1,000)
Profit for the Year		2,400

Statement of Financial Position

	K'000	K'000
Assets		
Non-Current Assets		
Property & Fittings		25,600
Deferred development expenditure		<u>5,000</u>
		30,600
Current Assets		
Inventory	10,200	
Bank	<u>1,000</u>	
		<u>11,200</u>
Total Assets		<u>41,800</u>
Equity & Liabilities		
Equity		
Equity shares of K1 each		15,000
Property revaluation reserve		3,000
Retained earnings		<u>8,600</u>
		26,600
Non-current liabilities		
10% loan notes		8,000
Current liabilities		
Trade payables	5,400	
Current tax payable	<u>1,800</u>	
		<u>7,200</u>
Total equity and liabilities		<u>41,800</u>

Note: The deferred development expenditure relates to an investment in a process to manufacture artificial precious gems for future sale by Machila in the retail jewellery market.

Required:

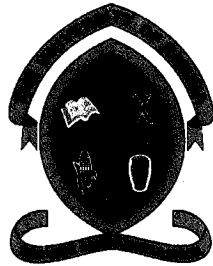
(a) Prepare the missing ratios for Machila.

(8 marks)

(b) Assess the financial and operating performance of Machila in comparison to its sector averages.

(17 marks)

(Total: 25 marks)



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BBM/BBA Sessional Examination

Tuesday 22nd September 2020

BBM 3020/ BBA 3031: STRATEGIC SUPPLY CHAIN MANAGEMENT

INSTRUCTIONS

DURATION: 3 HOURS

- a) Ensure that you thoroughly read through the questions
- b) Mobile (Cell) phones are not allowed
- c) Scientific calculators are permitted
- d) There are **Six (6)** Questions in this paper
- e) Answer Question **One (1) (compulsory)** and any other **Three (3)** questions with clear illustrations and diagrams where necessary
- f) All **Four (4)** questions carry equal marks

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

(a) s]

You the Purchasing specialist together with the Management Accountant have been tasked by the senior management to analyse the purchasing options for the capital equipment, so as to make informed purchasing decisions. After reviewing company's financial records it is established that the cost of capital is 15% when considering the buying decision between two mutually exclusive Capital equipment "A" & "B". The details of which are:

		Equipment A	Equipment B
Investment		120,000	120,000
Cash inflow	Year 1	60,000	40,000
	Year 2	70,000	40,000
	Year 3	50,000	60,000
	Year 4	70,000	50,000
	Year 5	30,000	40,000

- (a) Calculate (i) Fake Payback Period (ii) Payback Period (iii) Net Present Value (NPV) (iv) Profitability Index (PI) [10 Marks]
(b) Deduce the Internal Rate of Return (IRR) [10 Marks]
(c) Which Equipment will you recommend to buy & Why? [5 Marks]

QUESTION TWO

Supply Chain Management is an all encompassing discipline that ensures transformation of materials (inputs) into finished goods and services (outputs);

- (a) State and describe **Five (5)** typical components of Strategic Supply Chain Management (SSCM), [5 Marks]
(b) What is Strategy as it pertains to Strategic Supply Chain Management (SSCM)? Identify and describe **Four (4)** main Growth strategies and their salient tactics (Sub strategies) that are adopted to increase the levels of operations for any given SSCM organization [10 Marks]
(c) State the classical definition of Purchasing and identify and describe **Eight (8)** Pricing strategies that a Supplier may choose to sell goods, by highlighting the suitable scenarios in which these pricing profiles may be suitable [10 Marks]

QUESTION THREE

The company's annual stock inventory is 80,000 units. The cost of holding one unit in stock for a year is ZMW 80 and an order costs of ZMW 1400

- (b) Derive the EOQ formula and calculate the Economic Order Quantity (EOQ), the Economic Review Period (Cycle) (ERC or R) and the Maximum Stock Level (MSL or S) for the Firm. *Hint: Lead Time (L) = 1 Month, $R=12/r$ (in Months), $k=2$ (VSL of 97.7 %) and $\sigma=30\%$* [10 Marks]
(c) You as Procurement Manager is required to determine a lot size for Breakfast Mellie Meal that has a steady demand of 300 bags/day. The production rate is 1900 bags/day, the annual demand is 105,000 bags, Set up cost is K2000,

annual holding cost is K2.10, and the Milling plant operates 350 days/year. Derive the Production Order Quantity (POQ) formula and Calculate Production Order Quantity (POQ) for plant optimal utilization and customer satisfaction

[10 Marks]

- (d) Calculate the the annual Total Cost of Stock Inventory for this company and the Re-Order Leve (ROL)

[5 Marks]

QUESTION FOUR

Quality is one of the most important performance objectives for most Supply Chain Organizations. Elucidate the following;

- (a) Quality is believed to have evolved from Japan, yet its origins are in the United States of America (USA). Briefly explain such a phenomenon by also highlighting at least **Six (6)** Quality Gurus that are behind the development of Quality Management and their espoused theories or philosophies [10 Marks]
- (b) Total Quality Management (TQM) is anchored on **Three (3)** principles, what are they? And what are their main features that aim at having TQM succeed in Global Operation Organisations? Describe the EFQM Excellence Model and state at least **Four (4)** Quality awards that incentivize Quality compliance in Global Operation Organisations [10 Marks]
- (c) State, define and briefly describe, **Lean Thinking Philosophy** by also stating its **Five (5)** Principles and **Seven plus One (7+ 1)** Wastes that are identified from Lean Philosophy point of view . [5 Marks]

QUESTION FIVE

Purchasing and New Product Development (NPD) require Early Buyer Involvement (EBI), Early Supplier Involvement (ESI) and use of models as enablers for efficiency and effectiveness;

- (a) Briefly define and explain the **Early Buyer Involvement (EBI)** and **Early Supplier Involvement (ESI)** as they pertain to Purchasing [5 Marks]
- (b) What are the advantages and disadvantages of **Early Buyer Involvement (EBI)** and **Early Supplier Involvement (ESI)** as drivers of effectiveness and efficiency in Purchasing? [10 Marks]
- (c) Briefly describe the **Wynstra** and **Pierick's Supplier Involvement Portfolio Matrix** and the **Kyoryokyu Kai** models as applied in the Purchasing and Supplier Development. Explain the Purchasing Orientation and Involvement of Suppliers by outlining the **Six (6) Wynstra** Topological possible configurations of Purchasing participation in product development, the **Nine (9)**

steps of Supplier Development and the **Ten (10)** Aims and Objectives of **Kyoryokyu Kai** (Supplier Associations). **[10 Marks]**

QUESTION SIX

You as a Buyer for your organization has been requested to make recommendations on whether to make or buy a capital machine component. You have analysed the performance history of the company concerning the Purchase price, fixed and variable costs and have realized that the purchase price and variable costs are in the order of 0.26% and 0.24% respectively of the value of fixed costs. Below listed are the fixed costs and their related cost centres;

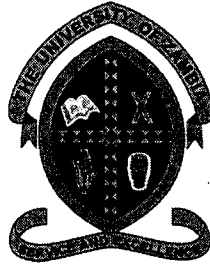
Cost centres	Costs (ZMW)
Workshop	1, 800,000
Administration offices	1, 600,000
Office equipment	1,400,000
Staff wages	2,400,000
Security & Miscellaneous	800,000

- (a) At what volume will the company be indifferent between buying and making a Capital machine component? **[10 Marks]**
- (b) If you decided not to buy or make the capital component but instead considered the option of leasing the entire capital machine on a monthly leasing cost of ZMW 800,000 with the fixed costs remaining the same. In how many months will the Break-even point be reached? **[10 Marks]**
- (c) What are opportunity costs and why are they relevant as subject of analysis when consideration capital equipment purchasing options? **[5 Marks]**

END OF THE EXAMINATION

Period	Discount Rate															Period
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091	0.9009	0.8929	0.8850	0.8772	0.8696	1
2	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264	0.8116	0.7972	0.7831	0.7695	0.7561	2
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513	0.7312	0.7118	0.6931	0.6750	0.6575	3
4	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830	0.6587	0.6355	0.6133	0.5921	0.5718	4
5	0.9515	0.9028	0.8626	0.8219	0.7835	0.7473	0.7130	0.6808	0.6499	0.6209	0.5935	0.5674	0.5428	0.5194	0.4972	5
6	0.0161	0.0176	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645	0.5346	0.5066	0.4803	0.4556	0.4323	6
7	0.9327	0.0096	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132	0.4817	0.4523	0.4251	0.3996	0.3759	7
8	0.9235	0.0053	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665	0.4339	0.4039	0.3762	0.3506	0.3269	8
9	0.9143	0.7477	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241	0.3909	0.3606	0.3329	0.3075	0.2843	9
10	0.9053	0.8401	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855	0.3522	0.3220	0.2946	0.2697	0.2472	10
11	0.8963	0.9004	0.7224	0.6496	0.5847	0.5268	0.4751	0.4289	0.3875	0.3505	0.3173	0.2875	0.2607	0.2366	0.2149	11
12	0.8874	0.7885	0.7014	0.6246	0.5568	0.4970	0.4440	0.3971	0.3555	0.3186	0.2858	0.2567	0.2307	0.2076	0.1869	12
13	0.8787	0.7730	0.6810	0.6006	0.5303	0.4688	0.4150	0.3677	0.3262	0.2897	0.2575	0.2292	0.2042	0.1821	0.1625	13
14	0.8700	0.7579	0.6611	0.5775	0.5051	0.4423	0.3878	0.3405	0.2992	0.2633	0.2320	0.2046	0.1807	0.1597	0.1413	14
15	0.8613	0.7430	0.6419	0.5553	0.4810	0.4173	0.3624	0.3152	0.2745	0.2394	0.2090	0.1827	0.1599	0.1401	0.1229	15
16	0.8528	0.7284	0.6232	0.5339	0.4581	0.3936	0.3387	0.2919	0.2519	0.2176	0.1883	0.1631	0.1415	0.1229	0.1069	16
17	0.8444	0.7142	0.6050	0.5134	0.4363	0.3714	0.3166	0.2703	0.2311	0.1978	0.1696	0.1456	0.1252	0.1078	0.0929	17
18	0.8360	0.7002	0.5874	0.4936	0.4155	0.3503	0.2959	0.2502	0.2120	0.1799	0.1528	0.1300	0.1108	0.0946	0.0808	18
19	0.8277	0.6864	0.5703	0.4746	0.3957	0.3305	0.2765	0.2317	0.1945	0.1635	0.1377	0.1161	0.0981	0.0829	0.0703	19
20	0.8195	0.6730	0.5537	0.4564	0.3769	0.3118	0.2584	0.2145	0.1784	0.1486	0.1240	0.1037	0.0868	0.0728	0.0611	20
21	0.8114	0.6598	0.5375	0.4388	0.3589	0.2942	0.2415	0.1987	0.1637	0.1351	0.1117	0.0926	0.0768	0.0638	0.0531	21
22	0.8034	0.6468	0.5219	0.4220	0.3418	0.2775	0.2257	0.1839	0.1502	0.1228	0.1007	0.0826	0.0680	0.0560	0.0462	22
23	0.7954	0.6342	0.5067	0.4057	0.3256	0.2618	0.2109	0.1703	0.1378	0.1117	0.0907	0.0736	0.0601	0.0491	0.0402	23
24	0.7876	0.6217	0.4919	0.3901	0.3101	0.2470	0.1971	0.1577	0.1284	0.1015	0.0817	0.0659	0.0532	0.0431	0.0349	24
25	0.7798	0.6095	0.4776	0.3751	0.2953	0.2330	0.1842	0.1460	0.1160	0.0923	0.0736	0.0588	0.0471	0.0378	0.0304	25
26	0.7720	0.5976	0.4637	0.3607	0.2812	0.2198	0.1722	0.1352	0.1064	0.0839	0.0663	0.0525	0.0417	0.0331	0.0264	26
27	0.7644	0.5859	0.4502	0.3468	0.2678	0.2074	0.1609	0.1252	0.0976	0.0763	0.0597	0.0469	0.0369	0.0291	0.0230	27
28	0.7568	0.5744	0.4371	0.3335	0.2551	0.1956	0.1504	0.1159	0.0895	0.0693	0.0538	0.0419	0.0326	0.0255	0.0200	28
29	0.7493	0.5631	0.4243	0.3207	0.2429	0.1846	0.1406	0.1073	0.0822	0.0630	0.0485	0.0374	0.0289	0.0224	0.0174	29
30	0.7419	0.5521	0.4120	0.3083	0.2314	0.1741	0.1314	0.0994	0.0754	0.0573	0.0437	0.0334	0.0256	0.0196	0.0151	30

Discount Rate																
Period	16%	17%	18%	19%	20%	25%	30%	35%	40%	45%	50%	60%	70%	80%	90%	Period
1	0.8621	0.8547	0.8475	0.8403	0.8333	0.8000	0.7692	0.7407	0.7143	0.6897	0.6667	0.6250	0.5882	0.5556	0.5263	1
2	0.7432	0.7305	0.7182	0.7062	0.6944	0.6400	0.5917	0.5487	0.5102	0.4756	0.4444	0.3906	0.3460	0.3086	0.2770	2
3	0.6407	0.6244	0.6086	0.5934	0.5787	0.5120	0.4552	0.4064	0.3644	0.3280	0.2963	0.2441	0.2035	0.1715	0.1458	3
4	0.5523	0.5337	0.5158	0.4987	0.4823	0.4096	0.3501	0.3011	0.2603	0.2262	0.1975	0.1526	0.1197	0.0953	0.0767	4
5	0.4761	0.4561	0.4371	0.4190	0.4019	0.3277	0.2693	0.2230	0.1859	0.1560	0.1317	0.0954	0.0704	0.0529	0.0404	5
6	0.4104	0.3898	0.3704	0.3521	0.3349	0.2621	0.2072	0.1652	0.1328	0.1076	0.0878	0.0596	0.0414	0.0294	0.0213	6
7	0.3538	0.3332	0.3139	0.2959	0.2791	0.2097	0.1594	0.1224	0.0949	0.0742	0.0585	0.0373	0.0244	0.0163	0.0112	7
8	0.3050	0.2848	0.2660	0.2487	0.2326	0.1678	0.1226	0.0906	0.0678	0.0512	0.0390	0.0233	0.0143	0.0091	0.0059	8
9	0.2630	0.2434	0.2255	0.2090	0.1938	0.1342	0.0943	0.0671	0.0484	0.0353	0.0260	0.0146	0.0084	0.0050	0.0031	9
10	0.2267	0.2080	0.1911	0.1756	0.1615	0.1074	0.0725	0.0497	0.0346	0.0243	0.0173	0.0091	0.0050	0.0028	0.0016	10
11	0.1954	0.1778	0.1619	0.1476	0.1346	0.0859	0.0558	0.0368	0.0247	0.0168	0.0116	0.0057	0.0029	0.0016	0.0009	11
12	0.1685	0.1520	0.1372	0.1240	0.1122	0.0687	0.0429	0.0273	0.0176	0.0116	0.0077	0.0036	0.0017	0.0009	0.0005	12
13	0.1452	0.1299	0.1163	0.1042	0.0935	0.0550	0.0330	0.0202	0.0126	0.0080	0.0051	0.0022	0.0010	0.0005	0.0002	13
14	0.1252	0.1110	0.0985	0.0876	0.0779	0.0440	0.0254	0.0150	0.0090	0.0055	0.0034	0.0014	0.0006	0.0003	0.0001	14
15	0.1079	0.0949	0.0835	0.0736	0.0649	0.0352	0.0195	0.0111	0.0064	0.0038	0.0023	0.0009	0.0003	0.0001	0.0001	15
16	0.0930	0.0811	0.0708	0.0618	0.0541	0.0281	0.0150	0.0082	0.0046	0.0026	0.0015	0.0005	0.0002	0.0001	0.0000	16
17	0.0802	0.0693	0.0600	0.0520	0.0451	0.0225	0.0116	0.0061	0.0033	0.0018	0.0010	0.0003	0.0001	0.0000	0.0000	17
18	0.0691	0.0592	0.0508	0.0437	0.0376	0.0180	0.0089	0.0045	0.0023	0.0012	0.0007	0.0002	0.0001	0.0000	0.0000	18
19	0.0596	0.0506	0.0431	0.0367	0.0313	0.0144	0.0068	0.0033	0.0017	0.0009	0.0005	0.0001	0.0000	0.0000	0.0000	19
20	0.0514	0.0433	0.0365	0.0308	0.0261	0.0115	0.0053	0.0025	0.0012	0.0006	0.0003	0.0001	0.0000	0.0000	0.0000	20
21	0.0443	0.0370	0.0309	0.0259	0.0217	0.0092	0.0040	0.0018	0.0009	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000	21
22	0.0382	0.0316	0.0262	0.0218	0.0181	0.0074	0.0031	0.0014	0.0006	0.0003	0.0001	0.0000	0.0000	0.0000	0.0000	22
23	0.0329	0.0270	0.0222	0.0183	0.0151	0.0059	0.0024	0.0010	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	23
24	0.0284	0.0231	0.0188	0.0154	0.0126	0.0047	0.0018	0.0007	0.0003	0.0001	0.0001	0.0000	0.0000	0.0000	0.0000	24
25	0.0245	0.0197	0.0160	0.0129	0.0105	0.0038	0.0014	0.0006	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	25
26	0.0211	0.0169	0.0135	0.0109	0.0087	0.0030	0.0011	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	26
27	0.0182	0.0144	0.0115	0.0091	0.0073	0.0024	0.0008	0.0003	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	27
28	0.0157	0.0123	0.0097	0.0077	0.0061	0.0019	0.0006	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	28
29	0.0135	0.0105	0.0082	0.0064	0.0051	0.0015	0.0005	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	29
30	0.0116	0.0090	0.0070	0.0054	0.0042	0.0012	0.0004	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	30



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

**Undergraduate Sessional Examination
FRIDAY, 18TH SEPTEMBER 2020**

BBM3345 – OPERATIONS RESEARCH AND MANAGEMENT

Information for Candidates

1. Time Allowed: **3 hours**
2. Total Marks: 100
3. Special Requirements: - A non-programmable scientific calculator

Instructions to candidates

1. Answer Question ONE and Choose ANY TWO other Questions
2. Start the answer to each full question on a fresh page of the answer booklet.
3. Questions may be written in any order, but must be legibly numbered.
4. Write neatly and legibly, showing ALL your workings where necessary
5. You are to use **different case studies** as much as possible to earn full credits.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question One**[Total 50 Marks] – Compulsory**

(a) A company is involved in the production of two artefacts (Mortar and Steel). The resources need to produce the artefacts are twofold, namely machine time for automatic processing and craftsman time for hand finishing. The table below gives the number of minutes required for each item:

	Machine time	Craftsman time
Mortar	13	20
Steel	19	29

The company has 40 hours of machine time available in the next working week but only 35 hours of craftsman time.

Machine time is costed at K100 per hour worked and craftsman time is costed at K20 per hour worked. Both machine and craftsman idle times incur no costs. The revenue received for each artefact item produced (all production is sold) is K200 for the Mortar ones and K300 for Steel. The company has a specific contract to produce 10 items of Mortar per week for a particular customer.

Defining all notation and terms, formulate the problem of deciding how much to produce per week as a linear program. [7 marks]

(b) Answer the questions related to the model below:

Maximise $3x_1 + 2x_2$

Subject to:

$$2x_1 + 2x_2 \leq 5$$

$$2x_1 + x_2 \leq 4$$

$$x_1 + 2x_2 \leq 4$$

$$x_1, x_2 \geq 0$$

(i) Use the graphical solution technique [in your answer booklet] to find the optimal solution to the model. [10 marks]

(ii) Present the above problem in canonical form for solving using a simplex tableau. [4 marks]

(iii) Describing each step you take, perform the first two iterations for a simplex procedure and present the results. [8 marks]

(c) Outline the importance of intangible resources under the resource-based view (RBV) of the firm's operations strategy. [5 marks]

(d) ISO 9001 sets out the criteria for a quality management system and is the only standard in the family that can be certified to (although this is not a requirement). It can be used by any organization, large or small, regardless of its field of activity. In fact, there are over one million companies and organizations in over 170 countries certified to ISO 9001.

This standard is based on a number of quality management principles including a **strong customer focus, the motivation and implication of top management, the process approach and continual improvement**. These principles are explained in more detail in ISO's quality management principles. Using ISO 9001 helps ensure that customers get consistent, good-quality products and services, which in turn brings many business benefits.

Source: <https://www.iso.org/iso-9001-quality-management.html>

For a company of your choice outline how the adoption of any ONE quality improvement model could address the quality principles highlighted above [in **bold font**] or other known principles.
[16 marks]

Question Two [Total 25 Marks]

(i) in light of the Covid-19 discuss the key considerations and challenges that may be encountered in the operations of a University. [7 marks]

(ii) Describe the meanings of the following terms and highlight how an organisation of your choice may implement them

- visibility
- Market-requirements-based strategy [8 marks]

(iii) Describe and design a Process Analysis in the case of Multiple Jobs of a typical referral hospital in Zambia. [10 marks]

Question Three [Total 25 Marks]

(i) Based on a typical manufacturing assembly discuss the following issues pertaining to capacity planning.

(a) Wandering bottlenecks. [4 marks]

(b) Options for de-bottlenecking. [4 marks]

(ii) Consider the case of a regional government office that deals with passport applications involving the checking of applications and issuing the documents.

You are given the following information.

- The number of applications to be processed is 1,600 per week and the time available to process the applications is 40 hours per week.
- The total work content of all the activities that make up the total task of checking, processing and issuing a passport is, on average, 30 minutes.
- The passport office has a 'clear desk' policy that means that all desks must be clear of work by the end of the day based on a 7.5-hour (450-minute) working day.

Determine the following:

- (a) The required cycle time for the process. [4 marks]
- (b) The number of personnel needed to meet demand. [4 marks]
- (c) The number of applications to be loaded onto the process in the morning in order to ensure that every one is completed and desks are clear by the end of the day. [4 marks]
- (iii) Using the above two cases, outline some of the salient differences between capacity planning and de-bottlenecking in manufacturing and service organizations. [5 marks]

Question Four

[Total 25 Marks]

- (a) Outline the assumptions of Operations Research (OR) [4 marks]
- (b) A freight plane has three large compartments to carry cargo. Weight and volume limitations of these compartments are:

Compartment	Weight (Tons)	Volume (m3)
Front	10	6800
Center	16	8700
Rear	8	5300

There are four cargos waiting to be loaded in this plane. Properties of these cargos are shown on the table below:

Cargo	Total Weight (Tons)	Total Volume (m3)	Profit (TL/ton)
C1	18	8640	310
C2	15	9750	380
C3	23	13340	350
C4	12	4680	285

Furthermore, the weight of the cargo in the respective compartments must be the same proportion of that compartment's weight capacity to maintain the balance of the plane. Any proportion of these cargoes can be accepted.

Formulate a linear programming model to maximize the profit by choosing how many tons of which cargo to load on the plane under these circumstances. [7 marks]

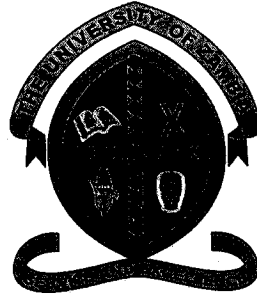
(i) Define production planning and control (PPC) and use examples to explain its relationship with any two other named functional departments within an organisation of your choice. [6 marks]

(ii) Discuss the key considerations and challenges that may be encountered in the design and location of the following two projects.

(a) a steel manufacturing plant [4 marks]

(b) a beef cattle abattoir [4 marks]

*****END OF EXAMINATION*****



**THE UNIVERSITY OF ZAMBIA
THE GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE FINAL EXAMINATION**

DATE: 24th September, 2020

BBM 3412: Managerial Economics

INSTRUCTIONS TO CANDIDATES:

1. Answer ANY FOUR (4) Questions in this paper.
2. DURATION: 3 Hours.
3. ALL Students should have Scientific Calculators.

QUESTION ONE**(15 marks)**

- (a) Moses spends K120,000 per year on rentals and wages for his workers. He recently quit his job at ZANACO Bank, paying a wage of 8,000 per month, in order to start operating his GYM in Kabulonga. During the first month of operations; Moses made K25,000 from membership fees and K5,000 from selling water and drinks. He paid K3,000 towards the cleaning company and also K2,000 towards utility bills.
- (i) What is his monthly accounting profit? (2.0)
 - (ii) What is his monthly economic profit? (2.0)
 - (iii) Was his decision to quit his job worthwhile? (2.0)
- (b) State and Explain the THREE (3) types of rivalry found in market transactions. (3.0)
- (c) How much would you pay for an asset which generates an income of K25,000 at the end of each of 5 years if the opportunity cost of using capital is 11 percent? (2.0)
- (d) Consider the game below and find the dominant and Nash equilibrium solutions (4.0)

	Movie	football
Movie	(3,1)	(0,0)
football	(0,0)	(1,3)

QUESTION TWO**(15 Marks)**

- (a) The following non-linear demand function is for Television sets in Lusaka:

$$Q_x^d = P_x^{0.4} P_y^{2.5} M^{0.2}$$

- (i) Transform the demand function into its logarithmic form. (1.0)
 - (ii) What is the price elasticity of demand and the cross-price elasticity of demand? (4.0)
 - (iii) Would you consider television sets to be a normal good? Please explain. (3.0)
 - (iv) How would a 20 percent increase in M affect the demand? (2.0)
- (b) The University of Zambia is planning to host an Auction sale for some of its assets in order to fundraise for various financing needs in the University. Briefly identify and

explain the advantages and disadvantages of the types of Auctions which can be used.
Please use a table to state the advantages and disadvantages for each type of auctions.
(5.0)

QUESTION THREE

(15 Marks)

(a) Consider the following demand function:

$$P = 80 - 0.25Q$$

. If the firms have a constant marginal cost of 10, answer the following:

- (i) What is the perfectly competitive optimal output and price? (2.0)
 - (ii) Find the optimal price and Output assuming the firm is a monopoly. (2.0)
 - (iii) Show that a monopoly earns more profits as compared to a perfectly competitive firm? (3.0)
 - (iv) How would a firm with insignificant product differentiation compare with the solutions above? (3.0)
- (b) Two firms, A and B, are playing a price setting game in which each player has the option of setting a high or low price. If both firms set a low price, they earn only normal profits and if both set a high price, the dominant firm, firm A, earns \$30,000 while the other firm earns \$20,000. If the firms decide to use different strategies, the one which sets a high price will make losses of \$15,000 while the other will earn \$60,000 if it is firm A and \$40,000 if it is firm B which is less dominant.
- (a) Represent this game using normal form. (2.0)
 - (b) Are there any dominant strategies in this game? (2.0)
 - (c) Is the Nash equilibrium of the game equivalent to the secure strategy equilibrium? (1.0)

QUESTION FOUR

(15 Marks)

- (a) A managerial economist has reviewed the pricing strategies used by business managers at Manda Hill shopping Mall and East park mall. Identify which pricing strategy each of the following are referring to: (10.0)
- (i) Food lover's Market charges K14 for their medium smoothie (250 mls) and K25 for the larger one (500 mls).
 - (ii) Mahak Restaurant has very good prices for main meals but charges twice as much on drinks.

- (iii) Ster Kinekor recently introduced a student rate on movie tickets. Students from UNZA and other universities pay 25% less for the movie as long as they present their valid student id card.
 - (iv) During Christmas period, Pick n Pay usually sells packages containing different types of goods at a discounted price.
 - (v) Mud Boutique is selling one of its latest dresses at different prices each particular day of the week.
 - (vi) The iStore Shop at East Park mall is selling phone accessories at almost 50% higher than market price but yet customers don't seem to mind.
 - (vii) It is very common to find oranges being sold in packs of 9 in Shoprite store. They sell for K20 in a pack while one unpacked orange will cost you K4.
 - (viii) Giordano luxury clothing shop and BBC One have placed a disclaimer at their shops that they promise to reduce their price if any other store is selling a similar quality of wear at a lower price.
 - (ix) Builders Store is a subsidiary of East Park Mall, it sells its building equipment and materials at a discounted price to East Park Mall Management whenever there is a need for expansion or rehabilitation.
 - (x) Home Essentials is selling a particular pillow set at whatever price a customer feels they can manage to pay as long as it is greater than K30.
- (b) Compare and Contrast a perfectly competitive market and a monopoly in terms of characteristics and market performance. Which market structure is better in terms of consumer and producer surplus? (5.0)

QUESTION FIVE

(15 Marks)

- (a) An economist estimated that the cost function of a single-product firm is:

$$C(Q) = 100 + 35Q - 20Q^2 + 5Q^3$$

Based on this information, determine:

- (i) The fixed cost of producing 5 units of output. (1.0)
- (ii) The variable cost of producing 5 units of output. (1.0)
- (iii) The total cost of producing 5 units of output. (1.0)
- (iv) The average fixed cost of producing 5 units of output. (1.0)
- (v) The average total cost of producing 5 units of output. (1.0)

(vi) The marginal cost when $Q = 5$

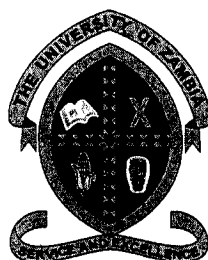
(1.0)

- (b) Appleway Industries produces apple juice and sells it in a competitive market. The firm's manager must determine how much juice to produce before he knows what the market (competitive) price will be. Economists estimate that there is a 20 percent chance the market price will be \$3 per gallon, a 50 percent chance it will be \$2 per gallon and a 30 percent chance that it be \$1 per gallon when the juice hits the market. If the firm's cost function is

$$C = 200 + 0.0005Q^2$$

- (i) What is the expected price of the juice? (2.0)
- (ii) What are the expected profits of Appleway Industries? (2.0)
- (c) Highlight the prospects and challenges faced by managerial Economists owing to Globalization and technology computerization. (5.0)

END OF EXAMINATON



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

September 2020

BSM 3115: INTERNATIONAL MARKETING

Instructions

Time Allowed: **3 hours**

There are **seven (7)** questions in this paper

You are required to answer **five (5)** questions

Section A is compulsory

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: ANSWER ALL QUESTIONS

Levi Strauss Goes Local

It's been a tough few years for Levi Strauss, the iconic manufacturer of blue jeans. The company, whose 501 jeans became the global symbol of the baby boom generation and were sold in more than 100 countries, saw its sales drop from a peak of \$7.1 billion in 1996 to just \$4.0 billion in 2004. Fashion trends had moved on, its critics charged, and Levi Strauss, hamstrung by high costs and a stagnant product line, was looking more faded than a well-worn pair of 501s. Perhaps so, but 2005-2010 brought signs that a turnaround was in progress. Sales increased for the first time in eight years, and after a string of losses the company started to register profits again. There were three parts to this turnaround.

First, there were cost reductions at home. Levi Strauss closed its last remaining American factories and moved production offshore where jeans could be produced more cheaply. Second, the company broadened its product line, introducing the Levi's Signature brand that could be sold through lower-priced outlets in markets that were more competitive, including the core American market where Walmart had driven down prices. Third, there was a decision in the late 1990s to give more responsibility to national managers, allowing them to better tailor the product offering and marketing mix to local conditions. Before this, Levi Strauss had basically sold the same product worldwide, often using the same advertising message. The old strategy was designed to enable the company to realize economies of scale in production and advertising, but it wasn't working.

Under the new strategy, variations between national markets have become more pronounced. Jeans have been tailored to different body types. In Asia, shorter leg lengths are common, whereas in South Africa, more room is needed for the backside of women's jeans, so Levi Strauss has customized the product offering to account for these physical differences. Then there are sociocultural differences: In Japan, tight-fitting black jeans are popular; in Islamic countries, women are discouraged from wearing tight-fitting jeans, so Levi Strauss offerings in countries such as Turkey are roomier. Climate also has an effect on product design. In northern Europe, standard-weight jeans are sold, whereas in hotter countries lighter denim is used, along with brighter colors that are not washed out by the tropical sun. Levi's ads, which used to be global, have also been tailored to regional differences. In Europe, the ads now talk about the cool fit. In

Asia, they talk about the rebirth of an original. In the United States, the ads show real people who are themselves originals: ranchers, surfers, great musicians.

There are also differences in distribution channels and pricing strategy. In the fiercely competitive American market, prices are as low as \$25 and Levi's are sold through mass-market discount retailers, such as Walmart. In India, strong sales growth is being driven by Levi's low-priced Signature brand. In Spain, jeans are seen as higher fashion items and are being sold for \$50 in higher-quality outlets. In the United Kingdom too, prices for 501s are much higher than in the United States, reflecting a more benign competitive environment. This variation in marketing mix seems to be reaping dividends; although demand in the United States and Europe remains sluggish, growth in many other countries is strong. Turkey, South Korea, and South Africa all recorded growth rates in excess of 20 percent a year following the introduction of this strategy in 2005. Looking forward, Levi Strauss expects 60 percent of its growth to come from emerging markets.

Question One

- a) What marketing strategy was Levi Strauss using until the early 2000s? Why did this strategy appear to work for decades? Why was it not working by the 2000s?
(15 marks)
- b) How would you characterize Levi Strauss's current marketing strategy? (5 marks)
- c) What are the benefits of the company's new marketing strategy? Is there a downside?
(10 marks)

Question Two

Explain the risks associated with using secondary data sources in foreign markets. (10 marks)

Total: 40 marks

SECTION B: ANSWER ANY THREE (3) QUESTIONS

Question Three

- a) Explain any three factors that have led to the increased growth in international marketing in recent decades. (12 marks)
- b) Describe any two modes of entry in international markets. (8 marks)

Total: 20 marks

Question Four

Procter & Gamble had problems advertising the Pert Plus shampoo in Saudi Arabia, where only veiled women can be shown in TV commercials. The company had to show the face of a veiled woman, and the hair of another from the back.

- a) Explain the concept of standardization Vs adaptation in advertising. (10 marks)
- b) Identify the challenges of advertng in international markets. (5 marks)
- c) Outline any another two (2) methods that a firm can use to communicate the product attributes in international markets. (5 marks)

Total: 20 marks

Question Five

Once a company decides to go international, it also has to decide on the degree of marketing involvement and commitment, which can range from; no direct foreign marketing; infrequent foreign marketing; regular foreign International marketing; and Global marketing.

- a) Explain each of these stages of involvement in international marketing. (10 marks)
- b) Explain the steps that must be taken to avoid SRC (self-reference criterion) in international marketing. (10 marks)

Total: 20 marks

Question Six

- a) Outline the benefits and risks associated with a firm's involvement in international markets. (12 marks)
- b) Explain what you understand by the following terms as they relate to international marketing
 - i) Penetration pricing (2 marks)
 - ii) Parallel imports (2 marks)
 - iii) Product buyback (2 marks)
 - iv) Personal selling (2 marks)

Total: 20 marks

Question Seven

- a) The social/cultural environment is one of the most important considerations for international marketing. With reference to this environment, explain any five (5) cultural elements that may have an influence in marketing products and services in international markets. (15 marks)
- b) Outline the sources of multinational sales personnel (5 marks)

Total: 20 marks

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
FINAL EXAMINATION
INTRODUCTION TO MACROECONOMIC THEORY (ECN 1215)
23RD SEPTEMBER 2020

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS TO THE CANDIDATE

1. *Enter your GSB number on the answer booklet. Do NOT write your name.*
2. *You must not start writing your answers in the booklet until you are told to do so by the invigilator*
3. *Attempt all questions*
4. *Candidates should show calculations and well labelled graphs where appropriate*

SECTION A: MULTIPLE CHOICE

1. Which of the following describes the circular flow diagram;
 - A. It shows how real GDP is differs from nominal GDP.
 - B. It shows how the prices of factors are determined.
 - C. It shows the effects of inflation in the whole economy.
 - D. It shows the flows between different sectors of the economy.
2. In the circular flow model of a closed economy with no government sector, households,
 - A. receive income from buyers of goods and services.
 - B. receive income from the sale of factors in the goods market.
 - C. pay taxes to the government and receive public goods and services.
 - D. receive income for the sale of factors in the factor market.
3. Injections in the circular flow are;
 - A. investment spending, government spending and exports.
 - B. taxes, imports and investment spending.
 - C. investment spending, government spending and imports.
 - D. consumption expenditure, investment spending and taxes.
4. The most direct way in which money eliminates the need for double coincidence of wants is through its use as a;
 - A. medium of exchange.
 - B. store of value.
 - C. standard of deferred payment.
 - D. unit of account.
5. Money is
 - A. the same as income.
 - B. anything that is generally accepted as a medium of exchange.
 - C. the value of all coins and currency in circulation at any time.
 - D. the same as wealth.
6. The demand for money for speculative purpose is related to the function of money as a;
 - A. medium of exchange.
 - B. store of value.
 - C. unit of account.
 - D. generally acceptable means of payment
7. In terms of the demand for money, the interest rate represents;
 - A. the price borrowing money.
 - B. the rate at which current consumption can be exchanged for future consumption.
 - C. the return on money that is saved for the future.
 - D. the opportunity cost of holding money.

8. In an open market purchase, the Reserve bank.....government bonds which.....commercial banks' reserve.
 - A. buys, increases
 - B. buys, decreases
 - C. buys, maintains
 - D. d sells, increases
9. In the circular flow of income and spending.
 - A. investment results in a decrease in the volume of the income flow.
 - B. taxes result in an increase in the volume of income flow.
 - C. imports result in an increase in the volume of income flow.
 - D. savings result in a decrease in the volume of income flow.
10. If the central bank wants to pursue a contractionary monetary policy, the bank should;
 - A. raise interest rates and sell securities
 - B. lower interest rates and sell securities.
 - C. raise interest rates and buy securities.
 - D. lower interest rates and buy securities.
11. If the cash reserve ratio is increased, the credit multiplier
 - A. will decrease.
 - B. will decrease, as long as banks hold no excess reserves.
 - C. could either increase or decrease.
 - D. will increase.
12. The notion that countries stand to gain more if they trade in the commodity of their lowest opportunity cost is referred to as;
 - A. international trade.
 - B. comparative advantage.
 - C. absolute advantage.
 - D. equal advantage.
13. If the kwacha appreciates against other currencies in the exchange rate market, this will;
 - A. have no effect on the Zambian current account.
 - B. worsen the Zambian current account.
 - C. improve the Zambian current account.
 - D. have an effect depending on the other currencies in the market.
14. Which one of the following correctly explains or defines real GDP?
 - A. Real GDP is nominal GDP adjusted for changes in the price level.
 - B. Real GDP is also called nominal GDP.
 - C. Real GDP measures GDP less depreciation of capital.
 - D. Real GDP will always change when prices change.
15. The CPI for all urban areas in a hypothetical economy was 111.7 at the end of 2018 and 117.3 at the end of 2019, the inflation rate over these two years was?
 - A. 7.1%
 - B. 5.4%
 - C. 4.4%
 - D. 5.0

16. The terms of trade measure
- A. the income of one country compared to another.
 - B. the quantity of exports of one country compared to another.
 - C. export prices relative to import prices.
 - D. the difference between the value of exports and that of imports.
17. When the Gross Domestic Product is measured
- A. the total value of final services is subtracted from the value of final goods.
 - B. the total value of locally produced intermediate goods and services is measured in a given period.
 - C. the total value of all final locally produced goods and services is measured in a given period.
 - D. the sum of the values added at each stage of production is lower than the spending on final goods and services.
18. The consumption function relates the consumption expenditure decisions of households to
- A. investment decisions of firms.
 - B. savings decisions of households.
 - C. the level of disposable income.
 - D. the nominal interest rates.
19. As disposable income increases, consumption expenditure
- A. increases by the same amount.
 - B. increases by a smaller amount.
 - C. increases by a larger amount.
 - D. remains constant.
20. The value of marginal propensity to consume is
- A. between -1 and +1
 - B. between zero percent and one percent.
 - C. between 0 and +1.
 - D. between 1 and 10
21. A form of expenditure that does NOT depend on Real GDP or income is called
- A. equilibrium expenditure.
 - B. induced expenditure.
 - C. autonomous expenditure.
 - D. aggregate expenditure.
22. Assume the marginal propensity to consume 0.8, in a closed economy without government. When
- A. consumption increases by K5, investment increases by K1
 - B. consumption increases by K5, savings increase by K1.
 - C. investment increases by K1, income increases by K1, income increases by K5.
 - D. investment increases by K1, consumption increases by K5.
23. If the inflation rate was 10% last year and is now 6% for this year, it means
- A. prices are falling.
 - B. prices are unchanged.
 - C. prices are falling at a slower rate.
 - D. prices are increasing at a slower rate.

24. The Philips curve shows a negative relationship between;
- unemployment and employment.
 - employment and prices.
 - unemployment and inflation.
 - employment and inflation.
25. The.....demand for money arises out of the need to hold money as a medium of exchange. This demand for money is a function of.....
- precautionary; interest rates
 - transactions; national income.
 - speculative; interest rates.
 - precautionary; national income.
 - transactions; interest rates.
26. A tax is progressive if;
- the marginal tax rate decreases as income increases.
 - the average tax rate remains the same for all income levels.
 - the marginal tax rate increases as income increases.
 - only the average tax increases as the income increases.
27. Which one of the following identities is correct
- GDP at market price + taxes on products-subsidies on products=GDP at basic prices.
 - GDP at basic prices+ taxes on production-subsidies on products= GDP at factor cost.
 - GDP at factor cost+ taxes on products- subsidies on products=GDP at basic prices.
 - GDP at market price + taxes on production- subsidies on products=GDP at factor cost.
28. The marginal propensity to import
- increases as income increases
 - decreases as income increases
 - remains constant as income increases.
29. Given the import function $Z=300+2/3Y$
- the marginal propensity to save is $1/3$
 - the induced component is 300
 - imports are seen as autonomous
 - $2/3$ is the proportion of any increase in income that is spent on imports.
30. Aggregate demand will increase if
- consumption falls
 - investment falls
 - export falls
 - import falls
31. Stagflation is a combination of
- low inflation and low unemployment
 - high unemployment and high inflation
 - high inflation and low unemployment
 - low inflation and high unemployment
32. If people are made unemployed because of a fall in aggregate demand, this is known as.
- frictional unemployment
 - Seasonal unemployment
 - cyclical unemployment

- D. structural unemployment
- 33. The labour force is made up of
 - A. the number of people employed minus the number of people unemployed
 - B. the number of people employed plus the number of people unemployed
 - C. the number of people employed only
 - D. the whole population in a country
- 34. Economic growth can be illustrated by an outward shift of the
 - A. aggregate supply curve
 - B. production possibility curve
 - C. Philips curve
 - D. aggregate expenditure curve
- 35. Demand management policy measures tend to affect
 - A. output and level of employment in opposite directions
 - B. output and the price level in opposite directions
 - C. the level of employment and the price level in opposite directions
 - D. the price level and the level of unemployment in opposite directions
- 36. An increase in deficit spending by the government that is financed by domestic borrowing would most likely
 - A. increase aggregate demand, but at the expense of lower investment spending
 - B. decrease aggregate demand, but stimulate investment spending
 - C. increase aggregate demand, and stimulate investment spending
 - D. decrease aggregate demand, as well as investment spending
- 37. A decrease in the rate of inflation
 - A. causes the nominal interest rate to increase
 - B. causes the real interest rate to decrease
 - C. causes the real interest rate to increase
 - D. has no effect on either the real or nominal interest rate
- 38. If the inflation rate was 10% last year and is now 6% for this year, it means
 - A. prices are falling
 - B. prices are unchanged
 - C. prices are falling at a slower rate
 - D. prices are increasing at a slower rate
- 39. Available data indicate that the level of real GDP will continue to decrease over the next few months. This suggests that the amount of unemployment will be
 - A. structural, decreasing
 - B. frictional, increasing
 - C. cyclical, increasing
 - D. seasonal, increasing
- 40. The problem of scarcity in economics:
 - A. exists only in economies which rely on the market mechanism.
 - B. could be eliminated if prices are forced to fall.
 - C. means that there are shortages of some goods.
 - D. exists because there are insufficient resources to satisfy human wants.

SECTION B

Indicate whether each of the following statements is **TRUE, FALSE or UNCERTAIN** and **DO NOT JUSTIFY** your answer

- 1) Exogenous variable is a variable whose value is determined inside the model and factor to be explained in the model
- 2) Consumption function can never be a relationship between consumption (C) and interest rate (r).
- 3) Consumption (C) and interest rate (r) are positively related.
- 4) National income Y received by households, by definition, is either invested I OR consumed C.
- 5) Actual expenditure is the amount individuals, firms and the government spend on goods and services (GDP).
- 6) An increase in government purchases of DG raises planned expenditure by that amount for any given level of income.
- 7) When there is excess supply, i.e., planned output > planned expenditure, firms will reduce output to restore equilibrium
- 8) When there is excess demand, i.e., planned expenditure > planned output, firms will increase output to restore equilibrium
- 9) Autonomous Consumption C' exists even if there is no income. This can be done by dis-saving, i.e., using the past saving
- 10) Saving will be negative when income is zero
- 11) Marginal Propensity to Consume (MPC) is defined as the ratio of total consumption C to total income Y
- 12) Autonomous Investment I' is investment that is related to the income level and is determined by forces outside the model, like interest rate.
- 13) Average Propensity to Save (APS) is defined as the change in saving per unit change in disposable income Yd OR income Y (in a 2-sector model)
- 14) "Thriftiness (the desire to save), while a virtue for the economy, is disastrous for an individual"
- 15) The larger the marginal propensity to spend, the smaller the induced change in spending
- 16) Exports add to aggregate demand and imports reduce aggregate demand and these changes are impacted by the multiplier
- 17) Exogenous Variable is a variable whose value is determined by forces outside the model
- 18) A proportional tax is one where everyone pays a fixed portion of their income.
- 19) When the government spends more than it receives, it runs a deficit.
- 20) The government can influence the circular flow of income through taxes (T), a withdrawal from the circular flow of income, or through government expenditure (G), an injection into the circular flow.

SECTION C:

QUESTION ONE

- List five (5) main functions of the Bank of Zambia
- Explain the three (3) functions of money
- Give an account of the three (3) monetary policy instruments the central bank uses to influence money supply and interest rates. Clearly explain both expansionary and contractionary monetary policy.
- Explain how the government can increase the level of economic activity using fiscal policy if the economy has low economic activity

QUESTION TWO

- List and briefly explain the four (4) types of unemployment
- Use the following data for two different years for an economy that produces and consumes bicycles and books to answer the questions.

	Year 2001	Year 2013
Price of a bicycle	K750	K1500
Price of a book	K25	K40
Number of bicycles produced	300	250
Number of books produced	4000	3500

- What is the nominal GDP in year 2001?
 - If year 2001 is used as the base year, what is the real GDP in 2013?
 - There are a number of problems associated with fixed-weight price indexes. Please state and briefly discuss at least two of these problems.
 - What are the differences between CPI and GDP deflator?
- c) The following is the information from national income accounts for the economy of Dundumwezi for the year 2019 measured in millions of dollars.

GNP at basic prices.....	12000
Consumption.....	7000
Investment.....	550
Consumption of fixed capital.....	85
Imports.....	1200
Indirect taxes	220
Government purchases.....	2800
Factor payments from abroad.....	1200
Factor payments to abroad.....	1950

Based on the information given above for Dundumwezi, compute the following;

- Gross National Product at market prices
- Gross Domestic Product at market prices
- Net export
- Exports
- Net National Product at Market prices
- National Income

QUESTION THREE

You are given the following data for a hypothetical simple closed economy:

$$C = 250 + 0.85Y$$

$$I = 150$$

$$G = 200$$

where C is consumer expenditure, Y is national income, G is government expenditure on goods and services and I is investment expenditure. All amounts are in K million.

- i. Derive a savings function using the information for this hypothetical economy
- ii. Calculate the value of the multiplier
- iii. Calculate the autonomous spending for this hypothetical economy
- iv. Calculate the equilibrium level of national income
- v. Calculate consumer savings at the equilibrium level of national income
- vi. Calculate the value of injections at the equilibrium level of national income
- vii. Calculate the new level of national income if government expenditure increased by K10 million

QUESTION FOUR

- a) The following information about a Keynesian model of a closed economy without a government is given;

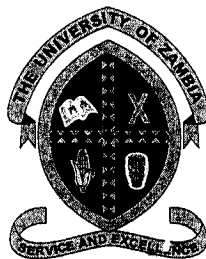
$$\text{Autonomous Consumption (A)} = 20$$

$$\text{At equilibrium, consumption spending} = 80 \text{ and investment spending is } = 40$$

Draw a diagram of the model and clearly indicate the values of total autonomous expenditure and the equilibrium level of income.

- b) Use a well labelled diagram to illustrate the effect of an increase in proportional income tax on the equilibrium level of income in a simple Keynesian model of a closed economy
- c) Illustrate the linkages between the foreign sector and the government, households and firms using the circular flow model of income and spending.
- d) List the five (5) effects of inflation

END OF FINAL EXAMINATION



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE
JULY 2018 BLENDED
SESSIONAL EXAMINATION
DATE: 14th SEPTEMBER, 2020
GSB 1031: FINANCIAL ACCOUNTING

EXAM TIME: 09:00 HOURS

DURATION: THREE (3) HOURS

INSTRUCTIONS:

1. Read Each and Every Question **CAREFULLY** and **UNDERSTAND** the Information Given.
2. The Paper has a Total Number of Five (5) Questions.
3. Answer a Total of **FOUR (4)** Questions. Question **ONE (1)** is Compulsory.
4. The Paper Carries a Total of 100 Marks
5. Marks Allocation Indicates the Depth of the Answer Expected.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

M'hango makes agricultural machinery, for sale to major suppliers in the industry. The following figures are extracted from his trial balance as at 31 December 2018.

	<i>K'000</i>
Sales	22,000
Purchases of parts	6,500
Carriage inwards	400
Carriage outwards	1,000
Returns inwards	800
Returns outwards	600
Manufacturing labour	2,000
Factory supervisory labour	750
Office salaries	1,080
Other costs	
Heating and lighting	1,650
Rent and insurance	1,220
Factory machinery at cost	10,000
Accumulated depreciation of factory machinery	4,000
Delivery vehicles at cost	3,000
Accumulated depreciation of vehicles	1,000
Office machinery at cost	1,200
Accumulated depreciation of office machinery	800
Opening inventories	
Raw materials	1,750
Work in progress	4,250
Finished goods	1,150
Capital	1,580

At the end of the year, the following information is also available:

(a)

	<i>K'000</i>
Closing inventories	
Raw materials	1,470
Work in progress	3,920
Finished goods	1,380

(b)

	K'000
Heat and light accrued	150
Rent prepaid	220

- (c) Seventy-five per cent of heat, light, rent and insurance is considered to be applicable to the manufacturing processes.
- (d) Depreciation is to be calculated as follows:
- factory machinery, 10 per cent, straight line;
 - delivery vehicles, 20 per cent, reducing balance;
 - office machinery, 25 per cent, reducing balance.
- (e) Delivery vehicles are used entirely for the delivery of finished goods.
- (f) Office machinery is used 25 per cent for the operation of factory information systems.

Required

- A. Prepare the manufacturing income statement for the ended 31 December 2018
(20 Marks)
- B. Prepare the manufacturing statement of financial position as at 31 December 2018
(5 Marks)

QUESTION 2

Record the following transactions in the Three Column Cash Book of Cindy Agencies and balance the same.
(25 Marks)

2017 July 1 Cash in hand K40,000

2 He opened a current account with a bank K36,000

3 Purchased goods for cash K600 and by cheque K1500

5 Sold goods for cash K800

6 Sold goods to Mohan and received a cheque for the same K1200

- 8 Deposited Mohan's cheque in the bank
- 9 Purchased stationeries by cheque K200
- 10 Cash sales K2000
- 11 Issued cheque for cash purchase of furniture to Woodland K2500
- 12 Deposited cash in the bank K3000
- 13 Shera paid directly into bank account K1000
- 15 Received from Madhu K1000 cash and K1400 cheque allowed him discount of K50
- 16 Paid to Ray K500 in cash and a cheque of K2500 Received discount K40
- 17 Received a cheque from Joseph K1500 5% discount
- 18 Withdrew cash from the bank for office use K1500
- 20 Cindy paid her son's college fees in cash K400
- 22 Paid Subhan & Co. by cheque K1000 2 % discount
- 24 Joseph's cheque returned dishonoured K1500
- 25 Received a cheque from Gagan. It was endorsed to Ram K700
- 26 Withdrew from bank for personal use K1600
- 27 Issued cheque for purchase of machinery K40000
- 28 Paid sundry expenses in cash K200
- 30 Paid rent by cheque K600

QUESTION 3

Show the journal entries necessary to correct the following errors:

- (a) A sale of goods K412 to T More had been entered in T Mone's account.
- (b) The purchase of a machine on credit from J Frank for K619 had been completely omitted from our books.
- (c) The purchase of a computer for K550 had been entered in error in the Office Expenses account.
- (d) A sale of K120 to B Wood had been entered in the books, both debit and credit, as K102.
- (e) Commission received K164 had been entered in error in the Sales account.
- (f) A receipt of cash from T Blair K68 had been entered on the credit side of the cash book and the debit side of T Blair's account.
- (g) A purchase of goods K372 had been entered in error on the debit side of the Drawings account.
- (h) Discounts Allowed K48 had been entered in error on the debit side of the Discounts Received account.

(25 Marks)

QUESTION 4

Briefly explain the Accounting Concepts.

(25 Marks)

QUESTION 5:

- a) Enter the following in the personal accounts (i.e. the creditor and debtor accounts) only. Do *not* write up the other accounts. Balance off each personal account at the end of the month. After completing this, state which of the balances represent debtors and which represent creditors. **(15 Marks)**

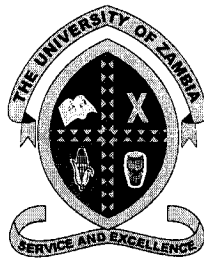
20X8

September	1 Sales on credit to J Bee £520; T Day £630; J Soul £240.
"	2 Purchases on credit D Blue £390; F Rise £510; P Lee £280.
"	8 Sales on credit to T Day £640; L Hope £418.
"	10 Purchases on credit from F Rise £92; R James £870.
"	12 Returns inwards from J Soul £25; T Day £190.
"	17 We returned goods to F Rise £12; R James £84.
"	20 We paid D Blue by cheque £390.
"	24 J Bee paid us by cheque £400.
"	26 We paid R James by cheque £766.
"	28 J Bee paid us by cash £80.
"	30 L Hope pays us by cheque £418.

- b) You are to enter the following items in the purchases book, sales book, purchase returns book, sales return book, post to personal accounts, and show the transfers to the General Ledger. **(10 Marks)**

20X9

July	1 Credit purchases from: K Hill £380; M Norman £500; N Senior £106.
"	3 Credit sales to: E Rigby £510; E Phillips £246; F Thompson £356.
"	5 Credit purchases from: R Morton £200; J Cook £180; D Edwards £410; C Davies £66.
"	8 Credit sales to: A Green £307; H George £250; J Ferguson £185.
"	12 Returns outwards to: M Norman £30; N Senior £16.
"	14 Returns inwards from: E Phillips £18; F Thompson £22.
"	20 Credit sales to: E Phillips £188; F Powell £310; E Lee £420.
"	24 Credit purchases from: C Ferguson £550; K Ennevor £900.
"	31 Returns inwards from: E Phillips £27; E Rigby £30.
"	31 Returns outwards to: J Cook £13; C Davies £11.



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

BSc - LTM Sessional Examination

Wednesday 16th September, 2020

LTM 4511: TRANSPORTATION MANAGEMENT

INSTRUCTIONS TO CANDIDATES

1. Time Allowed: **3 hours**
2. There are TWO (2) Sections in this paper.
3. Section A is Compulsory
4. Section B has SIX (6) questions, and you are required to any FIVE (5) questions
5. Write your Examination Number and National Registration Card Number on the answer booklet.
6. Use pencils and graph papers (provided) for drawings
7. Cell phones and programmable calculators are not allowed in the examination room.
8. Maximum marks obtainable are one hundred (100).
9. Each question carries equal marks

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY

QUESTION 1

- a) Define Transportation Management. [2 marks]
- b) Explain two [2] major purposes of transportation. [4 marks]
- c) UBZ carriers is contracted by FRA to ferry truckloads of grains from the farmers as indicated in the table below to the 4 warehouses, A, B, C and D. The loads, demand and cost of transportation in kwacha are as shown in the table below:

FARMERS	WAREHOUSE				STOCK
	A	B	C	D	
ABS INVESTMENTS	180	110	130	290	14
CHAKWA FARMS	190	250	150	280	16
MG AGRICLTURISTS	240	270	190	120	20
DEMAND	11	15	14	10	50

Using the North western corner rule and Vogel's Approximation Model, suggest a suitable transportation plan, by justifying your choice. [14 marks]

[Total: 20 marks]

SECTION B

ATTEMPT ANY OTHER FOUR QUESTIONS IN SECTION B

QUESTION 2

- a) Identify the roles of four [4] participants in making transportation decisions. [4 marks]
- b) Outline four [4] elements which affect carrier decisions. [4 marks]
- c) Explain three [3] factors which influence the success of the transportation strategy. [6 marks]
- d) Discuss the communication problems a transport company may experience, and how such problems may be overcome. [6 marks]

[Total: 20 marks]

QUESTION 3

- a) Explain three [3] factors which determine the choice of a route. [3 marks]
 - b) Discuss two [2] Modes of transportation. [6 marks]
 - c) Suggest four [4] ways in which the Zambian Government can make the in-land water transport an attractive mode for carrying passengers. [4 marks]
 - d) With reference to an example of your choice, identify possible conflicts between the need for security at an international transport terminal and the need to facilitate passenger flows, and assess the ways in which management can resolve this conflict. [7 marks]
- [Total: 20 marks]

QUESTION 4

- a) Mention three [3] factors which influence transport economics. [3 marks]
- b) Describe three [3] Documents in Transport decision making. [6 marks]
- c) In order to satisfy demand for the company's services, a further carrying unit is required. On the basis of the figures below calculate the pay-back period for the two options and choose the one most appropriate to the company's vehicle acquisition policy. [7 marks]

Project	Volvo (K'000)	Mitsubishi (K'000)
Initial cost	18	22
Net cashflows		
Year 1	7.0	6.5
Year 2	11.0	7.0
Year 3	11.3	8.5
Year 4	11.5	12.8
Year 5	11.9	14.3

- d) Transport organizations should put in place appropriate human resource policies that should offer guidance in the management of people in the working environment. Mention four [4] human resource policies of your choice which an organization may put in place. [4 marks]
- [Total: 20 marks]

QUESTION 5

- a) Explain the following investment appraisal methods used by logistics organisations:
 - i. Payback. [2 marks]
 - ii. Net present value. [2 marks]
- b) Asset leasing by transport businesses rather than purchase is becoming increasingly popular.
 - i. Why should this be? [2 marks]
 - ii. How does this practice affect cashflow and profitability of the company? [4 marks]

- c) The two main fundamental principles in transportation management and operations are economy of scale and economy of distance. Distinguish these principles. [4 marks]
 - d) Describe changes to local public transport that have benefited those people with mobility difficulties. And consider how this will affect another equality group and what this means for an operator. [6 marks]
- [Total: 20 marks]**

QUESTION 6

- a) You are a senior manager within a large transport company. Indicate how you would ensure that there was an adequate succession plan to meet the company's needs in times of expansion, development and restructuring. [5 marks]
 - b) Outline the transportation management process. [6 marks]
 - c) Show the relationship between load factor and service frequency in designing a commercial passenger transport service. [4 marks]
 - d) With relevant examples, discuss how a passenger transport operator can take advantage of the economies of high load factors without losing market share. [5 marks]
- [Total: 20 marks]**

QUESTION 7

- a) Identify the impact of Information and Communication Technology (ICT) on transport. [4 marks]
 - b) Discuss the travelling characteristics and needs of the old, young, women, rich, poor, and disabled. [7 marks]
 - c) Referring to your response in [b], how does government ensure that there is equal access of transport to all? [3 marks]
 - d) Identify the reason[s] why sole trader type of business is common in the road passenger transport mode in Zambia, stating the advantages and disadvantages of sole trader business entity and the effect the entity has on industrial relations issues. [6 marks]
- [Total: 20 marks]**

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS (GSB)

Final Examination

Introduction to Logistics / Logistics and Transport Fundamentals

TLM 3521 / BLTM 2132

Semester 1, 2020

Duration: 3 Hours
Date: 24th Sep 2020
Time: 14:00 – 17:00
Venue: SPORTS HALL

***Special Instructions:**

This is a **CLOSED** book exam, therefore **NO** books or any study materials can be used; answer booklets will be provided.



Section A (20 Marks) Answer all questions

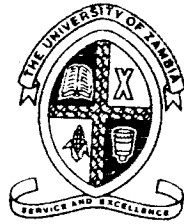
Short paragraph questions

1. What do you understand by the term “Logistic Channel”? List an example of two logistics channels: **(5 marks)**.
2. What is Logistics? In your explanation include the perspective of inflow and outflow, the mission and brief history **(5 marks)**.
3. In the area of distribution logistics, the term material management is common, Explain your understanding of the term “**Material Management**” MM, **(5 Marks)**.
4. In import and export Logistics, the word incoterm is critical, what is your understanding on the term “Incoterms” **(5 Marks)**.

Section B (30 Marks) Attempt two questions

Discussion questions.

1. One of the new terms in contemporary logistics is “**Reverse Logistics**”, What is your understanding of the term reverse Logistics? Please explain in detail and narrate all the factors. **(15 marks)**
2. Using a practical example of your choice, discuss your understanding of the term “Supply Chain” Include New trends, challenges and Solutions. **(15 Marks)**
3. A company who offers any kind of service must first know the kind of products that they are going to handle and transport, the “**Seven Rs**” are key in handling any logistics related venture, list and explain the Seven Rs. **(15 Marks)**



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

22 FEB 2019 EXAMINATIONS

STRATEGIC COMMUNICATION MANAGEMENT

TIME: THREE HOURS

INSTRUCTIONS: ANSWER ALL QUESTIONS IN SECTION A

Answer any TWO Questions in Section B

WRITE LEGIBLY

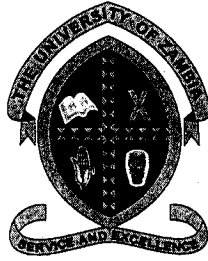
SECTION A: ANSWER ALL QUESTIONS FROM THIS SECTION

1. What are the major weaknesses of a **Bureaucracy**? How can you as a professional communication expert avoid those weaknesses by using some aspects of **Strategic Communication Management** approaches? Give specific examples
(10 marks)
2. Discuss the main premises of **Agenda Setting Theory** in strategic communications
(10 marks)
3. Briefly describe the utility of the following in Strategic Communication Management
(10 marks)
 - Interpersonal Communication
 - Lateral communication
 - Dyadic Communication
 - Group Communication
 - Organisational Communication
4. Define the concept of '**Prosumer**' within the Social Media arena and outline how you would utilise that understanding in strategically positioning your company as a communication expert
(20 marks)

SECTION B: ANSWER ANY TWO AMONG THE FOLLOWING QUESTIONS

1. Imagine that the **National Water Supply and Sanitation Council (NWASCO)** request you to develop its new **Social Media Strategy**, how would you go about it? What steps would you follow before, during and after the development of the new communications strategy? - (25 marks)
2. Scholar scholar **Carl Botan** argues that ... *"traditional approaches to PR relegate publics to secondary role, making them instruments for meeting organisational policy or marketing needs; whereas dialogue elevates publics to status of communication equal with the organisation"*
Thoroughly critique **Botan's** statement with specific examples from the **Zambian** scene – (25 marks).
3. Discuss and contrast **Monologic** and **Dialogic** communication campaigns. How are they used? What are their strengths and weaknesses? – (25 marks)
4. Describe in detail the **THREE** distinctive characteristics the separate a professional public relations practitioner from a non-professional. – (25 Marks)

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

September 2020

HRM 4031: STRATEGIC HUMAN RESOURCE MANAGEMENT

Instructions

Time Allowed: 3 hours

There are six (6) questions in this paper

You are required to answer four (4) questions

Section A is compulsory

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY

Workforce planning to meet strategic objectives

Patel and Yule Construction is a medium size engineering contracting company specialising in earthquake strengthening of commercial buildings and apartment complexes in New Zealand, where they have focused on the Christchurch and Wellington markets. In recent years it has seen very strong growth with the sales revenues generated from its commercial activities – in line with strategic objectives. This strong growth is anticipated to continue well into the medium term if suitable sources of finance can be found and recruitment needs fulfilled. On the human resources side of the business, two issues need to be addressed. Firstly, to take advantage of the anticipated growth opportunities, highly skilled engineers need to be recruited in a very tight labour market where experienced engineers are difficult to find and command very large salaries. This shortage of skilled engineers is not anticipated to ease in the foreseeable future. Olivia Chrisp, who heads the workforce planning team in the human resources department at Patel and Yule construction, believes that by offering more flexible employment conditions and contracts, including the option of portfolio working (employees who work for several companies at the same time), the company may find a competitive advantage in attracting engineers the firm requires. In addition, either an additional two construction crews will need to be employed directly by the company or a reliable construction firm will need to be found who have the ability to take on board some technically challenging outsourced (subcontracted) projects. Miss Chrisp has outlined to senior management the advantages and disadvantages to both of these options, and a careful analysis of the company's strategic objectives is necessary to determine which option the firm should ultimately pursue.

Question One

- a) Explain the following terms from the case study.
 - i) human resource management (3 marks)
 - ii) recruitment (3 marks)
 - iii) competitive advantage (3 marks)
- b) Explain what is meant by “more flexible employment conditions and contracts”. (6 marks)
- c) Analyse the arguments for and against the possible outsourcing (subcontracting) of construction work to another firm. (10 marks)

- d) Evaluate how workforce planning may help businesses meet their strategic objectives.
(10 marks)

Question Two

How can HR be seen as a strategic partner? Use the concept of strategic fit in your discussion.
(15 marks)

Total: 50 marks

SECTION B: ANSWER ANY TWO (2) QUESTIONS

Question Three

- a) Michael Porter identified three (3) generic competitive strategies; cost leadership, differentiation and focus. What do you think of the argument that each type of competitive strategy requires a different HR strategy? (15 marks)
- b) Describe any two (2) the models / approaches that led to the development of strategic human resource management. (10 marks)

Total: 25 marks

Question Four

- a) Outline any four (4) changes that are likely to influence the supply of labour. And any four (4) factors that are likely to influence the demand for labour. (12 marks)
- b) Describe the four approaches to employee relations in an organization. (13 marks)

Total: 25 marks

Question Five

- a) Explain any four (4) objectives of an effective reward strategy. Give examples of any two (2) types of rewards. (16 marks)
- b) Explain the term HR Strategy evaluation. Identify and explain any two (2) approaches that may be used to evaluate HR strategies? (9 marks)

Total: 25 marks

Question Six

Explain the following

- a) Outsourcing of human resource management (5 marks)
- b) Retention strategies (7 marks)
- c) The human side of mergers and acquisitions (5 marks)
- d) Recruitment and selection strategy (8 marks)

Total: 25 marks



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

HRM 4332 : MANAGING EQUITY AND DIVERSITY

FINAL EXAMINATIONS

Instructions

Answer any **FOUR** questions

Each question is 25 marks

Three hours time allocation

Questions

1. Freud (1923) saw personality structured into three parts (i.e., tripartite), the id, ego, and superego (also known as the psyche), all developing at different stages in our lives. Sometimes the ego would have to resort to defensive tactics that Freud referred to as defensive mechanisms.
 - a) Explain the tripartite theory of personality. (15 marks)
 - b) Identify and explain five (5) defence mechanisms. (10 marks)
2. Over the past two decades a solid body of research has shown that women's under-representation in occupational areas and in leadership roles is the result of a vast array of barriers.
 - a) List and explain the barriers to the advancement of women. (15 marks)
 - b) What are the advantages and disadvantages of affirmative action? (10 marks)
3. In recent years, several paradigms have been offered for diversity management that underscore its unique characteristics and purpose.
 - a) Elucidate the two prominent diversity management paradigms. (15 marks)
 - b) Discuss the validity of the business case for equity and diversity. (10 marks)

4. Dispute resolution is a way for two or more parties to find a peaceful solution to a disagreement among them. The disagreement may be personal, financial, political, or emotional.
 - a) Compare and contrast formal and alternative dispute resolution. (15 marks)
 - b) List and explain commonly used alternative dispute resolution (ADR) practices. (10 marks)

5. Workplace harassment, whether it happens in person or online, is an issue impacting several businesses, both big and small.
 - a) You have been tasked to develop a sexual harassment policy by your superiors. List and explain the clauses that you will include in the sexual harassment policy. (15 marks)
 - b) What factors contribute to workplace bullying? (10 marks)

End of examination

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
2019-2020 ACADEMIC YEAR
JULY 2019 COHORT
END OF YEAR FINAL EXAMINATION

SEM 1040: BUSINESS MATHEMATICS AND STATISTICS

TIME: THREE (3) HOURS

INSTRUCTIONS: ANSWER *THREE QUESTIONS* IN TOTAL. *SECTION A IS COMPULSORY*, AND CHOOSE ANY *TWO QUESTIONS FROM SECTION B*. SHOW ALL YOUR WORK TO EARN MAXIMUM POINTS

SECTION A (COMPULSORY)

Question One

State whether the following statements are true, false, or uncertain.

1. The formula for the binomial probability distribution takes into account both the probability of success as well as the probability of failure.
2. Regardless of whether the data is arranged in ascending or descending order, the medium remains unaffected?
3. The Binomial distribution is deeply rooted into the Geometric distribution?
4. A permutation is a product of the number of combinations of choosing N objects taking r objects at a time and r factorial.
5. Under a hypergeometric distribution, the probability of failure is unaffected by the preceding trial?
6. There is a proportionate cost sharing mechanism under the free alongside ship arrangement.
7. A parameter is a specific characteristic of the sample?
8. A series discount will always be beneficial to the buyer when compared to a single discount.
9. All normal distributions have a mean equal to zero.
10. The breakeven point is always nonnegative.

11. In the standard normal distribution, the mean is always 0 while the standard deviation may vary.
12. A continuous probability distribution allows the variable to be measured to any degree of precision.
13. The Z value for a particular outcome is equal to the difference between the outcome and the expected outcome measured in terms of standard deviations.
14. The hypergeometric distribution uses sampling "with replacement."
15. An example of a Bernoulli distribution is a student guessing the answer for a multiple choice question in an exam.
16. If we have two different normal curves, one standard deviation from the mean in each of these curves covers the same area.
17. Given a binomial variable with $n = 40$ and the probability of a success on any given trial of 0.80, the expected number of successes per 40 trials would be 0.4.
18. The lagrangian function is not an unconstrained optimization problem.
19. In a binomial experiment the probability of success is always greater than or equal to the probability of failure.
20. A percentile divides the sample into two clusters.
21. The series discount 20/10 instead of a single discount of 30% relatively benefits the buyer.
22. The probability of failure is unaffected by the preceding probability of success under a hypergeometric distribution.
23. At the breakeven point, the firm always makes positive profits.
24. The standard normal distribution can be used to find probabilities of an asymmetrical normal distribution.
25. The trade discount and cash discount are simultaneously calculated.
26. A probability is an unweighted average measure.
27. Normal probability distribution is asymmetrical around a vertical line erected at the mean.
28. Mean of normal distribution lies at the tail of the normal curve, which is also the median and mode of the distribution.
29. Approximately 95.5 per cent of the values of a random variable in a normally distributed population lie within $\pm 3\sigma$ standard deviation from the mean.
30. Z-score values cannot be negative or zero.
31. The mark-up is the subset of the selling price.

32. The probability of any event is always positive.
33. The mean value is directly proportional to the value of the outlier.
34. A seller can have a negative mark-up.
35. In some cases, the list price is equal to the net cost.
36. The breakeven point is the summation of the operating loss and reduced selling price.
37. A 20% mark-up on selling price selling price is equivalent to a 25% mark-up on cost.
38. A zero reduced selling price is possible.
39. Marking goods 20% above the cost price while allowing a 30% cash discount results in a net loss of 16%.
40. Descriptive statistics can be used to transform data to information?

SECTION B (CHOOSE ANY TWO QUESTIONS)

Question One

- a. Briefly define Central Measures of Spread/Variability
- b. Given the following datasets (a) 12, 6, 7, 3, 15, 10, 18, 5 and (b) 9, 3, 8, 8, 9, 8, 9, 18.
 - i. Find the range
 - ii. Calculate the standard deviation.
- c. Briefly define the concept of correlation

Question Two

Solve the following

- a. $\frac{1}{x-1} - \frac{x}{3} = 0$
- b. A small manufacturer produces two kinds of good, A and B, for which demand exceeds capacity. The production costs for A and B are K6 and K3 respectively. In addition, the transport costs are K0.2 and K0.3 for each good of type A and B respectively. The conditions of a bank loan limit the manufacturer to maximum weekly production costs of K2700 and maximum weekly transport costs of K120. Find the optimal levels to be produced for both goods.

Question Three

- a. Suppose a seller sells laptops at a list price of K2100 with series discount of 40/10/5. Find
 - i. The amount of the discount
 - ii. The single equivalent rate of discount

- b. Suppose the laptops were bought at a net cost of K477.36 each after a series discount of 15/10/4. Calculate the list price
- c. Fill in the blanks for the following categories

	Series Discounts	List Price	Net Cost	Single Equivalent Discount (SED)
1	10/15	105.6	?	?
2	33.33333333/ 5/7	?	54.74	?
3	25/10/10/5	?	15.25	?

- d. Determine the payment needed to settle an invoice with a net amount of K950 dated 22nd September, with terms 2/10, n/30 if the invoice is paid on
 - i. 10th October
 - ii. 1st October

Question Four

Joseph runs a shop in Matero and paid K115.24 for a set of kitchen utensils. Operating expenses are 0.18 of the selling price and the required profit is 15% of the selling price. During the sale of the inventories, the set of the kitchen utensils were marked down 30%.

- a. What was the regular selling price?
- b. What was the sale price?
- c. What was the operating loss or profit?
- d. Suppose Joseph had earlier purchased another shop in Matero for \$57.75 from friend that was marked up 45% of the regular selling price. The outlet's overhead expenses were 28% of the regular selling price. When operations were discontinued, the shop was marked down 40%.
 - i. What was the sale price of shop?
 - ii. How much was the operating profit or loss as a result of the sale?

Question Five

Trade Kings Zambia limited is trying to maximize its output $Q = 12K^{0.4}L^{0.4}$ subject to the budget constraint $40K + 5L = 800$.

- a. Formulate the Lagrangian function for the above problem
- b. Find the optimal levels of K^* and L^*
- c. Derive the value of the Lagrange multiplier, λ .

Question Six

Briefly define the following;

- i. Central Measures of Location/Tendency
- ii. Skewness
- iii. Kurtosis
- iv. Random Variable
- v. Probability Density Function

Question Seven

- a. State and explain the axioms of probability
- b. Define mutually exclusive and independent events
- c. Let us consider the performance of students in SEM1040 in the table below

	Male	Female
Passed	30	30
Fail	60	20

Find the probability that

- i. The student passed the course given that the student is male.
- ii. The student failed the course given that the student is female.
- iii. Given that the student failed the course, what is the probability that the student is male.

Question Eight

- a. Define the following
 - i. Law of total probability
 - ii. Bayes Theorem
- b. Let us assume we are looking at the pass rate of GSB students in Business Mathematics and Statistics. John's pass rate assessment suggests that GSB students majoring in Accounting and Finance, Banking and Finance, and Human Resource

have pass rate of 70%, 50%, and 20% respectively. However, Andrew is sceptical about John's assessment. Therefore, to evaluate John's assessment, Andrew selects 30%, 50%, and 20% of the students majoring in Accounting and Finance, Banking and Finance, and Human Resource respectively. Thereafter, Andrew mixes the students from the three majors/programmes and picks one student at random.

- i. What is the probability that picked student passed Business Mathematics and Statistics?
- ii. Assuming that the student that Andrew picks passes, what is the probability that the picked student is majoring in Accounting and Finance?

Question Nine

Briefly define the following and give examples;

- i. Stratified Sampling
- ii. Cluster Sampling
- iii. Systematic Sampling
- iv. Judgement Sampling
- v. Convenience Sampling
- vi. Snowball Sampling

Question 10

- a. Define Central Limit Theorem
- b. State and explain in detail the following properties of estimators
 - i. Unbiased
 - ii. Efficiency
 - iii. Consistency

Question Eleven

The probability that a defective pen is drawn from a box of pens is 0.1. If a sample of 6 pens is taken, find the probability that it will contain:

- a. No defectives pens
- b. 5 or 6 defective pens
- c. Atmost 1 defective
- d. At least 1 defective

Question Twelve

The average number of days an GSB student will be absent for SEM1040 class is 5 days per month. Find the probability that a student will be absent for

- a. 4 days in a month
- b. 4 and 6 days in two and three months respectively.
- c. 4 and 6 days in two and three months.
- d. 4 and 6 days in two or three months

Question Thirteen

Suppose a random variable X has the following probability density function

$$f(x) = \begin{cases} x, & 0 < x < 1 \\ 2 - x, & 1 \leq x < 2 \\ 0, & \text{elsewhere} \end{cases}$$

Find:

- 1) $P(-1 < x < 0.5)$
- 2) $P(X \leq 1.5)$
- 3) $P(X > 2.5)$
- 4) $P(0.25 < x < 1.5)$

Question Fourteen

- a. Define continuous random variable
- b. State the properties of the standard normal distribution
- c. Engineers at TOYOTA have a new steel belt radial tire, and have estimated the mean tire mileage at $\mu = 36500$ miles and the standard deviation at $\sigma = 5000$ miles. Besides this, the data collected indicate that a normal distribution is a reasonable assumption. What percentage of the tires can be expected to last more than 40000 miles?

Question Fifteen

Compare and contrast a sinking fund with an annuity and provide two business-related examples of the use of the sinking fund. For what purposes would an individual or business set up an annuity and a sinking fund? Would those purposes differ and, if so, explain in detail why?

Question Sixteen

Consider a Waste Management Programme with the following annual net expected cash flows. If the cost of capital is 10%, what is the IRR? Is the investment worthwhile undertaking?

Year	Cash Flow
0	(20,000)
1	8,000
2	10,000
3	6,000
4	4,000

Question Seventeen

Karen has an opportunity to invest in a new high-speed computer that costs K50,000. Karen expects that the computer will generate cash flows (from cost savings) of K25,000, K20,000, and K15,000 in years 1, 2, and 3 respectively. Thereafter, the computer will be worthless and thus no additional cash flows will be generated. Karen has determined that the appropriate discount rate is 7% for the computer investment. Should Karen invest in the new high speed computer?

Question Eighteen

- Cheza wishes to withdraw K5000 and K6000 at the end of five years and six years respectively leaving a zero balance in the account after the last withdrawal. Assuming Cheza can earn 5% on the account balances, how much should Cheza deposit today in order to satisfy the future cash withdrawals?
- While in the US pursuing his internship, Cheza purchased a ticket in a state lottery and subsequently discovered that he was the lucky winner of the \$30 million prize state lottery, and was given two options to collect his prize money;
Option one – 30 payments of \$1million per year effective today, or
Option two – \$15 million paid today.
Assuming a discount rate of 8%, which option should Cheza take? Please explain
- Cheza has always believed that he will forever be young and flourishing. However, upon turning 33 years old and after deep prayer and fasting as well as well witnessing

the diminishing prospects of immortality and sustained handsomeness, he decided to plan seriously for his retirement. He vowed that on each birthday, beginning in the subsequent year and ending when he turns 63, he will save K10000 with FNB. Assuming the account earns 10% per year, how much will Cheza have saved at age 63?

- d. Suppose Cheza anticipates his salary to increase each year after the internship and consequently believes that he will be able to increase his savings by 5% per year. Assuming he still earns 10% per year, what is the present value of his planned savings and how much will Cheza have saved at age 63?

Question Nineteen

- a. Suppose a perpetuity will pay a coupon of K1000 per year, beginning five years after the perpetuity is procured. Calculate the present value of this perpetuity on the date that it is bought assuming that the discount rate is 4%.
- b. Sammy recently bought a plot worth K250000 using a 20-year loan facility offered by Stanbic Bank at an interest rate of 6% per year. Calculate the annual loan payment that Sammy must make to Stanbic Bank.
- c. Sammy is also interested in buying a brand new automobile costing \$35 000. A car dealership offers Portico a special discount rate of 6% for 48 months because of his good standing in society. Assuming Sammy finds the car dealer's financing deal attractive and takes it, calculate Sammy's monthly car payments.

Question Twenty

Define following and provide practical related examples

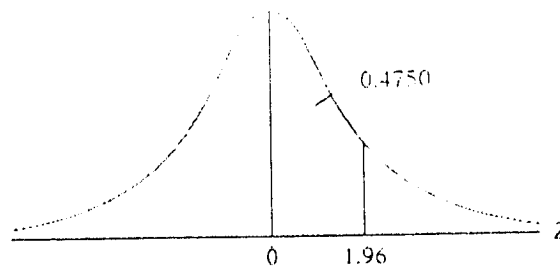
- a. Annuity and perpetuity
- b. Compounding
- c. Sinking Fund and Amortization
- d. Discounting

END OF FINAL EXAMINATION

Example

$$\Pr(0 \leq Z \leq 1.96) = 0.4750$$

$$\Pr(Z \leq 1.96) = 0.5 + 0.4750 = 0.9750$$



Z	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09
0.0	.0000	.0040	.0080	.0120	.0160	.0199	.0239	.0279	.0319	.0359
0.1	.0398	.0438	.0478	.0517	.0557	.0596	.0636	.0675	.0714	.0753
0.2	.0793	.0832	.0871	.0910	.0948	.0987	.1026	.1064	.1103	.1141
0.3	.1179	.1217	.1255	.1293	.1331	.1368	.1406	.1443	.1480	.1517
0.4	.1554	.1591	.1628	.1664	.1700	.1736	.1772	.1808	.1844	.1879
0.5	.1915	.1950	.1985	.2019	.2054	.2088	.2123	.2157	.2190	.2224
0.6	.2257	.2291	.2324	.2357	.2389	.2422	.2454	.2486	.2517	.2549
0.7	.2580	.2611	.2642	.2673	.2704	.2734	.2764	.2794	.2823	.2852
0.8	.2881	.2910	.2939	.2967	.2995	.3023	.3051	.3078	.3106	.3133
0.9	.3159	.3186	.3212	.3238	.3264	.3289	.3315	.3340	.3365	.3389
1.0	.3413	.3438	.3461	.3485	.3508	.3531	.3554	.3577	.3599	.3621
1.1	.3643	.3665	.3686	.3708	.3729	.3749	.3770	.3790	.3810	.3830
1.2	.3849	.3869	.3888	.3907	.3925	.3944	.3962	.3980	.3997	.4015
1.3	.4032	.4049	.4066	.4082	.4099	.4115	.4131	.4147	.4162	.4177
1.4	.4192	.4207	.4222	.4236	.4251	.4265	.4279	.4292	.4306	.4319
1.5	.4332	.4345	.4357	.4370	.4382	.4394	.4406	.4418	.4429	.4441
1.6	.4452	.4463	.4474	.4484	.4495	.4505	.4515	.4525	.4535	.4545
1.7	.4554	.4564	.4573	.4582	.4591	.4599	.4608	.4616	.4625	.4633
1.8	.4641	.4649	.4656	.4664	.4671	.4678	.4686	.4693	.4699	.4706
1.9	.4713	.4719	.4726	.4732	.4738	.4744	.4750	.4756	.4761	.4767
2.0	.4772	.4778	.4783	.4788	.4793	.4798	.4803	.4808	.4812	.4817
2.1	.4821	.4826	.4830	.4834	.4838	.4842	.4846	.4850	.4854	.4857
2.2	.4861	.4864	.4868	.4871	.4875	.4878	.4881	.4884	.4887	.4890
2.3	.4893	.4896	.4898	.4901	.4904	.4906	.4909	.4911	.4913	.4916
2.4	.4918	.4920	.4922	.4925	.4927	.4929	.4931	.4932	.4934	.4936
2.5	.4938	.4940	.4941	.4943	.4945	.4946	.4948	.4949	.4951	.4952
2.6	.4953	.4955	.4956	.4957	.4959	.4960	.4961	.4962	.4963	.4964
2.7	.4965	.4966	.4967	.4968	.4969	.4970	.4971	.4972	.4973	.4974
2.8	.4974	.4975	.4976	.4977	.4977	.4978	.4979	.4979	.4980	.4981
2.9	.4981	.4982	.4982	.4983	.4984	.4984	.4985	.4985	.4986	.4986
3.0	.4987	.4987	.4987	.4988	.4988	.4989	.4989	.4989	.4990	.4990
3.1	.4990	.4991	.4991	.4991	.4992	.4992	.4992	.4992	.4993	.4993
3.2	.4993	.4993	.4994	.4994	.4994	.4994	.4994	.4995	.4995	.4995

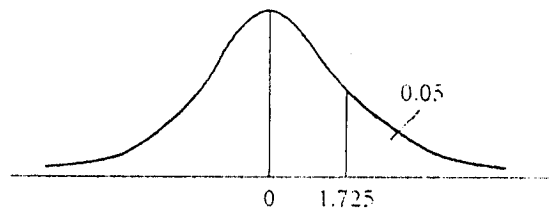
PERCENTAGE POINTS OF THE t DISTRIBUTION

Example

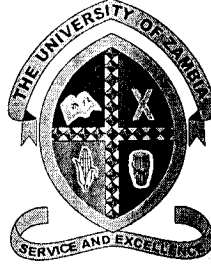
$$\Pr(t > 2.086) = 0.025$$

$$\Pr(t > 1.725) = 0.05 \quad \text{for } df = 20$$

$$\Pr(|t| > 1.725) = 0.10$$



df	Upper-tail probability p								
	0.2500	0.1000	0.0500	0.0250	0.0100	0.0050	0.0025	0.0010	0.0005
1	1.000	3.078	6.314	12.706	31.821	63.66	127.3	318.3	636.6
2	0.816	1.886	2.920	4.303	6.965	9.925	14.09	22.33	31.60
3	0.765	1.638	2.353	3.182	4.541	5.841	7.453	10.21	12.92
4	0.741	1.533	2.132	2.776	3.747	4.604	5.598	7.173	8.610
5	0.727	1.476	2.015	2.571	3.365	4.032	4.773	5.893	6.869
6	0.718	1.440	1.943	2.447	3.143	3.707	4.317	5.208	5.959
7	0.711	1.415	1.895	2.365	2.998	3.499	4.029	4.785	5.408
8	0.706	1.397	1.860	2.306	2.896	3.355	3.833	4.501	5.041
9	0.703	1.383	1.833	2.262	2.821	3.250	3.690	4.297	4.781
10	0.700	1.372	1.812	2.228	2.764	3.169	3.581	4.144	4.587
11	0.697	1.363	1.796	2.201	2.718	3.106	3.497	4.025	4.437
12	0.695	1.356	1.782	2.179	2.681	3.055	3.428	3.930	4.318
13	0.694	1.350	1.771	2.160	2.650	3.012	3.372	3.852	4.221
14	0.692	1.345	1.761	2.145	2.624	2.977	3.326	3.787	4.140
15	0.691	1.341	1.753	2.131	2.602	2.947	3.286	3.733	4.073
16	0.690	1.337	1.746	2.120	2.583	2.921	3.252	3.686	4.015
17	0.689	1.333	1.740	2.110	2.567	2.898	3.222	3.646	3.965
18	0.688	1.330	1.734	2.101	2.552	2.878	3.197	3.610	3.922
19	0.688	1.328	1.729	2.093	2.539	2.861	3.174	3.579	3.883
20	0.687	1.325	1.725	2.086	2.528	2.845	3.153	3.552	3.850
21	0.686	1.323	1.721	2.080	2.518	2.831	3.135	3.527	3.819
22	0.686	1.321	1.717	2.074	2.508	2.819	3.119	3.505	3.792
23	0.685	1.319	1.714	2.069	2.500	2.807	3.104	3.485	3.768
24	0.685	1.318	1.711	2.064	2.492	2.797	3.091	3.467	3.745
25	0.684	1.316	1.708	2.060	2.485	2.787	3.078	3.450	3.725
26	0.684	1.315	1.706	2.056	2.479	2.779	3.067	3.435	3.707
27	0.684	1.314	1.703	2.052	2.473	2.771	3.057	3.421	3.690
28	0.683	1.313	1.701	2.048	2.467	2.763	3.047	3.408	3.674
29	0.683	1.311	1.699	2.045	2.462	2.756	3.038	3.396	3.659
30	0.683	1.310	1.697	2.042	2.457	2.750	3.030	3.385	3.646
40	0.681	1.303	1.684	2.021	2.423	2.704	2.971	3.307	3.551
60	0.679	1.296	1.671	2.000	2.390	2.660	2.915	3.232	3.460
90	0.677	1.291	1.662	1.987	2.368	2.632	2.878	3.183	3.402
120	0.677	1.289	1.658	1.980	2.358	2.617	2.860	3.160	3.373
∞	0.675	1.282	1.645	1.960	2.327	2.576	2.808	3.091	3.291



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

Final Examination

Monday 21st September 2020

SEM1050: PRINCIPLES OF MANAGEMENT

Time Allowed: **3 hours**

There are six questions in this Examination Paper

SECTION A and B are Compulsory and Answer any two from SECTION C

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Multiple choice- Write your answer in the answer booklet

1. According to Frederick Taylor, who was to blame for the inefficiency in organisations?
 - (a) The unions
 - (b) The managers.
 - (c) The organisation as a whole.
 - (d) The workers
2. Line organization is also known as _____ organization.
 - (a) Scalar
 - (b) Chain
 - (c) Matrix
 - (d) Project
3. An advantage of the matrix structure is said to be –
 - (a) Because product lines can be identified as cost centres, it facilitates financial control
 - (b) Top management has more time to devote to long term strategic issues
 - (c) It is easily understood by the people involved
 - (d) Improved lateral communications.
4. Organizational structure is made up of key elements. Which of the following is not one of these elements?
 - (a) Centralisation
 - (b) Coordination
 - (c) Decentralisation
 - (d) Span of control
5. Which type of issues are first level managers routinely influenced by?
 - a) long range issues
 - b) short range issues
 - c) strategic issues
 - d) shareholder issues
6. Which management principle does matrix organization violate?
 - (a) Unity of command
 - (b) Unity of Direction
 - (c) Espirit de corps
 - (d) Centralization
7. A concern having textile, chemicals, plastics fertilizers follow departmentation based on
 - (a) Process
 - (b) Product
 - (c) Functions
 - (d) Geographical areas

8. The act of entrusting subordinates with the same power that are of the superior is termed
- (a) Decentralization
 - (b) Centralization
 - (c) Delegation
 - (d) Departmentation
9. According to Herzberg's motivation hygiene theory, the opposite of satisfaction is, _____
- (a) Dissatisfaction
 - (b) No satisfaction
 - (c) No dissatisfaction
 - (d) All of the above
10. Decentralisation is a disadvantage due to
- (a) Growth and diversification
 - (b) Lack of uniformity
 - (c) Executive development
 - (d) All of the above
11. Which of the following DOES refer to the ability of an individual to analyse complex situations and to rationally interpret the available information?
- (a) Individual skills
 - (b) Technical skills
 - (c) Conceptual skills
 - (d) Human Skills
12. Which of the following concepts refer to the system of matching the available resources, either internally or externally, with the demand that the organization expects to have over a period of time?
- (a) Human Resource Process
 - (b) Human Resource Performance
 - (c) Human Resource Planning
 - (d) Human Resource Information System
13. Which of the following approaches to Human Resource Management suggests that treating employees with respect would improve employee satisfaction and help in achieving higher productivity?
- (a) Scientific Management Approach
 - (b) Human Resource Approach
 - (c) Human Accounting Approach
 - (d) Human Relations Approach
14. Choose the best option that fits the meaning of the word 'benchmarking'?
- (a) Setting targets to be achieved.
 - (b) Setting goals and measuring performance
 - (c) Setting goals and measuring productivity based on the best industry practices
 - (d) All of the above.

15. You are directed to study the factors that are close to the company that affect its ability to serve its customers the company, suppliers, marketing intermediaries, customer markets, competitors, and publics. What are you studying?
- (a) The macro environment
 - (b) The global environment
 - (c) The microenvironment
 - (d) The national environment
16. PESTEL analysis is:
- (a) broad framework to help managers understand the environment in which their business operates
 - (b) Checklist to ask how political, economic, strategic or technological development influence an industry and a company
 - (c) a checklist for forecasting political economic strategic or technological factors
 - (d) a framework for strategic analysis of internal and external environment
17. The main disadvantage of a general partnership is:
- (a) The unlimited liability of the partners
 - (b) Disagreements amongst partners
 - (c) Shared management
 - (d) Difficulty of termination
18. A _____ partner is an owner who has unlimited liability and is active in managing the firm:
- (a) Senior partner
 - (b) General partner
 - (c) Silent partner
 - (d) Limited partner
19. The interest of shareholders in an organization arises from which of the following?
- (a) Wage levels, costs and prices
 - (b) Profit levels, dividend payments and share price
 - (c) Value of contracts and their profit margin
 - (d) Interest paid, corporation tax and VAT
20. Therole, identified by Mintzberg includes the specific roles of entrepreneur, disturbance handler, resource allocator and negotiator.
- (a) Decisional.
 - (b) Interpersonal
 - (c) Informational.
 - (d) Administrative
21. According to Herzberg are job content factors which lead to job dis-satisfaction :
- (a) Motivators.
 - (b) Hygiene factors.
 - (c) Context factors.
 - (d) Psychological factors
22. Self-actualisation and esteem needs in Maslow's theory correspond to..... ..factor in Herzberg's theory :

- (a) Interpersonal relations.
 - (b) Working conditions.
 - (c) Challenging work.
 - (d) Quality of supervision.
23. Henry Mintzberg classified the managerial roles of recipient, disseminator and spokesperson as.....
- (a) Interpersonal roles.
 - (b) Informational roles
 - (c) Decisional roles.
 - (d) Intelligence roles.
24. refers to the number of subordinates a superior can supervise efficiently and effectively.
- (a) Span of authority
 - (b) Span of control
 - (c) Span of direction
 - (d) Span of power.
25. Which of the following is not an external environment?
- (a) Political.
 - (b) Social.
 - (c) Organisational policies.
 - (d) Technology.

(25 Marks)

SECTION B (COMPULSORY)

QUESTION TWO

Audrey is an incredible cake maker and would like to go into business for herself, but she needs some money to get started. Her two friends want to help her get her feet on the ground and start her business. They agree to invest in her business; however, they don't want to be involved in any part of the business. Audrey asks your company supervisor for advice on how to organize her business. The task is assigned to you.

- a. What business form would suit the needs of Audrey?
- b. Give five (5) advantages of this form of business.
- c. Which kind of production method do you think will favour Audrey's line of business and why?
- d. What advantages would she enjoy if she operated as a licenced franchisee?

(25 Marks)

QUESTION THREE

Describe the main aspects of F. W. Taylor's Scientific Management Theory giving its relevance in today's organizations.

(25 Marks)

QUESTION FOUR

Location decisions are usually pretty important – to both large and small businesses. The location decision has a direct effect on an operation's costs as well as its ability to serve customers. Explain the demand and supply factors affecting choice of location.

(25 Marks)

QUESTION FIVE

Explain the product life cycle and what strategies can be used by manager to market the product at each a marketing stage.

(25 Marks)

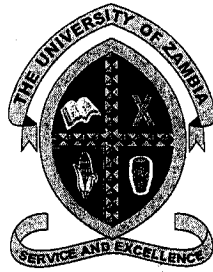
QUESTION SIX

Write brief notes on the following:

- a) Industrial Inertia
- b) Marketing Mix
- c) Differences between Job and Batch Production
- d) PESTEL analysis
- e) Purchasing mix

(25 Marks)

END OF EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

Undergraduate Examination

Monday 21st September 2020

SEM 2010: ORGANIZATIONAL BEHAVIOR AND LEADERSHIP

Instructions

Time Allowed: **3 hours**

There **six (6)** questions in this paper

You are required to answer **four (4)** questions

Section A is **compulsory**

Any two questions from Section B

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: ANSWER ALL QUESTIONS

Question One (compulsory)

Following the outbreak of Covid- 19 Pandemic, the Government of the Republic of Zambia encouraged employers to make use of virtual working arrangements in order to contain the spread of the virus. Some of this arrangements included working from home, rotational work arrangement, Online Meetings etc.

- a) In your view, mention at least five challenges that could have been experienced with these virtual arrangements. Use practical examples [15 marks]
- b) What are the advantages virtual teams? [4 marks]
- c) Other than virtual teams, describe any other three (3) types of teams [6 marks]

(25 marks)

Question Two (compulsory)

- a) Describe the stages in the Decision Making Process [15 marks]
- b) Identify the any five barriers to effective decision making [10 marks]

Total: 50 marks

SECTION B: ANSWER ANY TWO (2) QUESTIONS

Question Three

- a) List and explain five causes of stress in an Organisation [10 marks]
- b) Explain the effects of stress on an organisation [10 marks]
- c) Distinguish between Episodic Stress and Chronic Stress [5 marks]

Total: 25 marks

Question Four

Change can be seen as an opportunity to identify good ideas, however, individuals and organisations still resist change.

- a) Describe the three phases in the Change Process. [15 marks]
- b) Identify and explain any five (5) ways through which organizations can manage change. [10 marks]

Total: 25 marks

Question Five

- (a) Describe Herzberg's Two Factor Theory of Motivation. [16 marks]
- (b) Victor Vroom defines motivation as a process that governs our choices among alternative forms of voluntary behaviour. Explain, according to Vroom the key expectancy theory variables. [9 marks]

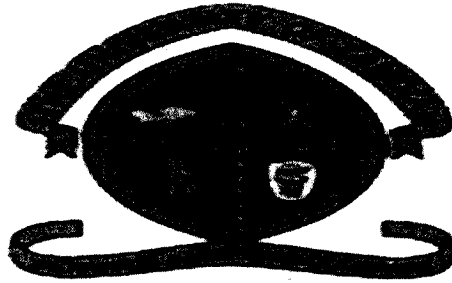
Total: 25 marks

Question Six

- a) Organisational Culture is defined as "a pattern of basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems." Edgar Schein, 1992
 - i) What four (4) factors are essential to the creation of organisational culture? [8 marks]
 - ii) Explain in detail the four classifications of culture. [12 marks]
- b) Outline any five (5) methods that can be used to deal with conflict in an Organisation [5 marks]

Total: 25 marks

End of exam!



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS STUDIES

SEM2021: CORPORATE GOVERNANCE AND BUSINESS ETHICS

SEPTEMBER 2020 FINAL EXAMINATIONS

TUESDAY, 21st SEPTEMBER 2020

TIME: 09:00 - 12:00 HOURS

INSTRUCTIONS TO CANDIDATES

1. This paper is divided into **TWO** sections:

Section A: Two (2) Compulsory Questions.

Section B: Three (3) Optional Questions. Attempt any two (2) questions.

2. Enter your student number on the front of the answer booklet. Your name must **NOT** appear anywhere on your answer booklet.
3. Do **NOT** write in pencil (except for graphs and diagrams).
4. The marks shown against the requirement(s) for each question should be taken as an indication of the expected length and depth of the answer.
5. Do not turn this paper until you are told to do so.
6. The Total marks are **100**.

Section A – These TWO questions are compulsory, and MUST be attempted

QUESTION 1

The World Bank Group's Worldwide Governance Indicators (WGIs) reports on six dimensions of governance: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption. It defines governance as consisting of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced (voice and accountability; political stability and absence of violence); the capacity of the government to effectively formulate and implement sound policies (government effectiveness; regulatory quality); and the respect of citizens and the state for the institutions that govern economic and social interactions among them (rule of law; and control of corruption).

Required

- (a) Using WGI six dimensions of governance, briefly explain the perceptions each of these indicators capture. (6 marks)
- (b) The table below shows the percentile rank from 2016 to 2018 in Zambia (ranges from 0 (lowest) to 100 (highest) rank). Comment on the trend for each of the dimension and provide relevant explanation for the overall performance of the country in these dimensions. (10 marks)

GOVERNANCE INDICATORS	RANKING		
	2016	2017	2018
Voice and accountability	35.96	35.96	35.96
Political stability and absence of violence	51.43	52.38	53.33
Government effectiveness	27.40	28.85	80.29
Regulatory quality	32.69	33.65	35.10
Rule of law	43.27	41.35	40.87
Control of corruption	41.35	34.62	27.88

Source: WGI, 2019

- (c) Recommend **TWO (2)** ways of how Zambia can improve in the ranking for each of the dimension (9 marks)

[Total = 25 Marks]



QUESTION 2

Unethical behavior in business are actions that don't conform to the acceptable standards of business operations, failing to do what is right in every situation. Unethical behavior is defined as behavior that contravenes rules designed to maintain the fairness and morality of a situation. In some cases, it may be an individual within a business who is unethical in the course of his or her job and at other times, we're talking about corporate culture, where the whole business is corrupt from the top down, with disastrous results for society. It's important to realize that what is unethical may not always be illegal (though sometimes it is both). There are many instances where businesses may act within the law, but their actions hurt society and are generally considered to be unethical. In the recent past, Zambia has seen the rise in corporate unethical behaviors.

Required

With the help of relevant examples, identify and elaborate on the **FIVE (5)** unethical corporate behaviors and propose ways of addressing them. [25 Marks]

Section B – Attempt any TWO questions from this section

QUESTION 3

Distinguish the following and provide relevant examples:



- (i) Anglo-US vs Japanese models of corporate governance; (5 marks)
- (ii) Stakeholder vs. Shareholder theories of corporate governance; (5 marks)
- (iii) Code of ethics vs. Code of conduct; (5 marks)
- (iv) Agency cost vs. Agency problem in corporate governance; (5 marks)
- (v) Teleological vs. Deontological theories of business ethics (5 marks)

[Total = 25 marks]

QUESTION 4

- (a) Internal control has been defined as the process designed and effected by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations designed and implemented to address identified business risks, financial risks, compliance risks, operational risks and other risks that threaten the achievement of any of the objectives. However, there are inherent weaknesses that could jeopardize their effectiveness.

Required

With the help of relevant examples, identify and elaborate on the **FIVE (5)** limitations of internal controls to achieve their objectives. (10 marks)

- (b) Stakeholders are any person, group or possibly non-human entity that can affect or be affected by the achievements of an organization's objectives. It is a bi-directional relationship. Each stakeholder group has different expectations about what it wants and different claims upon the organization.

Required

Identify and elaborate on the **FIVE (5)** possible stakeholder conflict of Zambia Sugar Company and propose **ONE (1)** way of addressing the conflicts. (15 marks)

[25 Marks]

QUESTION 5

- (a) Organizational culture relates to ways of acting, talking, thinking, behaving, understanding and evaluating that are shared by a group of people. Referring to it as: 'The way we do things round here. It can include shared: values, beliefs, behaviors and taken for granted assumptions.

Required

Critically evaluate the **FOUR (4)** corporate cultures as propounded by Charles Handy. (15 marks)

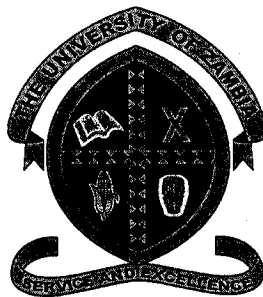
- (b) A concept that organizations, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations is referred to Corporate Social Responsibility (CSR). Trade Kings wondered really as to whether the expenditure on CSR is a necessary evil.

Required

Discuss with relevant examples as to whether a company like Trade Kings is justified to really undertake CSR.

(10 marks)

[25 Marks]



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE**

JULY 2020/FEBRUARY 2019 COHORT

SESSIONAL EXAMINATION

DATE: 24TH SEPTEMBER, 2020

**SEM 4021: ENTREPRENEURSHIP AND SMALL
BUSINESS MANAGEMENT**

TIME: THREE (3) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of Five (5) Questions.**
 - 2. Answer all questions in section**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Section A (CASE STUDY)

AN ASSESSMENT OF THE INVESTMENT CLIMATE IN ZAMBIA

In spite of broad economic reforms, Zambia today confronts the challenge of diversifying its economy and accelerating private-led growth to address the poverty of its people. Until recently, the people of Zambia were becoming ever poorer. Economic reforms in the late 1990s brought some tangible benefits, with a greater focus on fiscal discipline, better governance and promoting private-led economic growth. As the new policies were put into effect, the economy responded favourably, producing four consecutive years of solid growth, with real GDP rising 3.7 percent per annum between 1999 and 2002.

However, the failure to complete the reform process left the economy vulnerable to circumstances, such as drought and a secular decline in copper prices, which together slowed the economy. Although, recently, copper prices have improved and rains have fallen, Zambia must confront the challenge of the long-term decline in the contribution of copper to the economy, by creating the macro- and microeconomic conditions for private sector-led growth in a more diversified economy.

Zambia's future does not lie in the government selecting sectors to promote, but in creating policies and institutions that encourage investors to productively and creatively employ its resources and its people. As is now well known, economic growth is critical to poverty reduction – the central objective of the Government.

To increase employment and wages, productivity must increase. Both productivity and growth are achieved primarily through the development of the private sector, in the context of an enabling and competitive investment climate. The challenge is to continually improve conditions over a sustained period in a logical sequence of reforms that improves Zambia's competitive position as a host for investment, while maximizing the benefit of this growth for its people through appropriate investments in people.

The Zambia Investment Climate Assessment (ICA) forms part of World Bank Group global initiative to systematically analyse conditions for private investment and enterprise

growth. Improving the investment climate is recognized as a key pillar of developing countries' path to promote economic growth and reduce poverty. Investment Climate Assessments provide a standardized way of measuring and comparing investment climate conditions in a country, highlighting the microeconomic and institutional conditions inhibiting constraining productive investment.

They help to identify priority problems whose improvement would yield the greatest and most immediate gains, looking in detail at impediments (including policy, regulatory and institutional factors) that constrain the effective functioning of product markets, financial and non-financial factor markets, and infrastructure services. The ICA compliments and amplifies a series of diagnostic work on this issue being undertaken by the World Bank Group in collaboration with the Government of Zambia.

The Zambia Investment Climate Assessment (ICA) is also part of a broader, inter-regional program of investment climate studies of the World Bank Group. Throughout this report, empirical results showing the relative position of Zambia versus potential competitors will be presented. To understand the quality of investment climate in Zambia from the perspective of the private sector, the report draws on the results of a firm survey conducted in 2003, covering a sample of more than 200 service and manufacturing firms, large and small, located in different parts of Zambia.

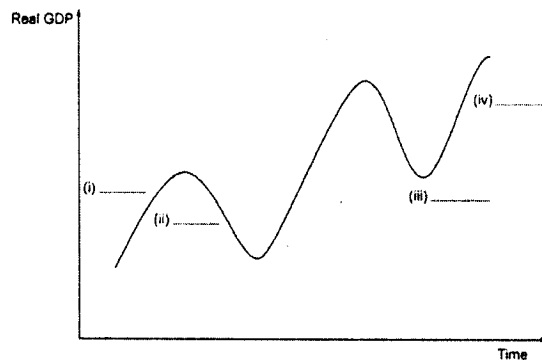
(Source: World Bank, 2004)

Question one (scenario based)

- a) **TakeltAll** is an international business organisation that is interested in investing in Zambia, however, given this report, they are reluctant. As a business environment student, make a presentation to **TakeltAll** highlighting any 5 economic variables that that would influence this organisation's decision to invest in Zambia. [10 mark]
- b) From the case study, it can be stated that the Zambian government has been promoting policies that would result in Zambia adopting a free market economic system. Discuss the pros and cons of such an economic system. [10 marks]
- c) With practical illustrations, provide an analysis on how diversification of the Zambian economy and accelerating private led sector would reduce poverty.

QUESTION TWO

- (a) Consider the business cycle below.



- (i) Explain the difference between stages (ii) and (iv) of the business cycle. [5 marks]
 - (ii) Distinguish between the terms Fiscal policy and monetary policy and effect on the business [5 marks]
- (b) Discuss the key characteristics that make-up the 'DNA' of an Entrepreneurs. What are the key entrepreneurial abilities and skills that are required to underpin successful business launch and development? Use any relevant examples to support your discussion. [5 marks]
- (c) State two (2) main reasons why Business Managers should consider strategic allies as critical elements of the external environment. [5 marks]

SECTION B

QUESTION ONE

- (a) Describe four (4) main characteristics of a partnership and list three (3) advantages and three (3) disadvantages of establishing this form of business. **[10 marks]**
- (b) Ulabeja Yebo Enterprises operates successfully as a sole trader and the owner has a plan of turning the business into a limited company. As a business consultant advise the owner on the benefits of implementing the plan. **[10 marks]**

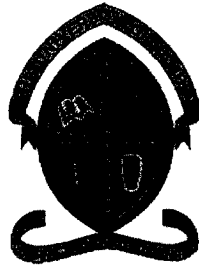
QUESTION TWO

- (a) Explain what is meant by corporate personality and state its implications on shareholders. **[5 marks]**
- (b) Why do you think that some successful entrepreneurs have had difficulties in managing their companies beyond the start-up stage? **[5 Marks]**
- (C) Explain what is meant by the micro environment and state at least four constituent elements of this environment. **[10 Marks]**

QUESTION THREE

The failure rate of a number business has been attributed to such businesses not examining the demographic variables that affect the performance of their businesses. With clear illustrations, justify this statement by explaining the impact of any five (5) demographic variables on the performance of a business organization. **[10 Marks]**

End of examination



THE UNIVERSITY OF ZAMBIA

Graduate School of Business

SOB1012 – Introduction to Information Management & Technology

2020 FINAL EXAM

Date : Friday 18th September 2020
Venue : SPORTS HALL
Time : 09:00 – 12:00 hrs.
Duration : 3 Hours

Instructions

1. This exam has **six (6)** questions.
2. Answer any **five (5)** questions.
3. Write **ALL** your answers on the answer sheet provided.

QUESTION 1 [20 marks]

1. Shores is a supermarket chain. Each supermarket has several Electronic Point of Sale (EPOS) terminals.
- a) Most products have a barcode on the packaging.
- State the name of the device used to input data automatically from the barcode. **[1 mark]**
 - Explain two benefits to the supermarket of using the barcode. **[4 marks]**
 - Some products, such as loose items of fruit, do not have barcodes. The operator uses a screen to select an image of the product and also input the quantity bought. State the type of screen used. **[1 mark]**
- b) Some of the EPOS terminals are self-service. At these terminals customers input the barcode data themselves. Explain one benefit to the supermarket of having self-service terminals. **[2 marks]**
- c) The EPOS terminals are connected to the central server of Shores. The data collected from sales is used as part of the stock control system. Complete the table, with the numbers 2–6, to give the correct order of steps in the stock control system. **[3 marks]**

Barcode input	1
Current stock calculated	
Item identified	
Current stock compared to reorder level	
One item deducted from current stock	
Information sent to database	
Order placed for new stock	7

- d) Shores operates a loyalty card scheme. Customers join the scheme by registering their personal information with Shores. Shores has a legal requirement to ensure that stored personal information is accurate and up-to-date.
- i. Give three methods Shores can use to ensure that the personal information it stores is accurate and up-to-date **[3 marks]**
 - ii. State three other legal requirements that Shores must follow when storing the personal information of customers. **[3 marks]**
- e) State the difference between general-purpose and special-purpose computers. **[3 marks]**

QUESTION 2 [20 marks]

1. Regina shares a home network with other members of her family. The home network is connected to the internet.
- a) State the hardware device that is necessary to connect the network to the internet. **[1 mark]**
 - b) The family uses a range of devices to access the home network.
State one piece of information that identifies a device connected to the network. **[1 mark]**
 - c) Regina connects her laptop to the network wirelessly.
 - i. Give **two** advantages of using a wireless rather than a wired connection to connect her laptop to the network. **[2 marks]**
 - ii. Give two disadvantages of using a wireless rather than a wired connection to connect her laptop to the network. **[2 marks]**
 - iii. Regina would like to use her laptop to play video games. She has been advised that having a large amount of RAM would enhance her gaming experience. Explain why having a large amount of RAM would enhance Regina's gaming experience. **[4 marks]**
 - iv. Regina would like to watch videos on her laptop using an online service. She can choose to download or stream the videos. Discuss the advantages and disadvantages of downloading rather than streaming videos. **[6 marks]**

- v. The amount of information available online is growing on a daily basis. Discuss the positive and negative impacts of the increased availability of information online.

[4 marks]

QUESTION 3 [20 marks]

Zedtoy is a toy retailer with stores around the Lusaka. Goods can be bought in store or from the company website.

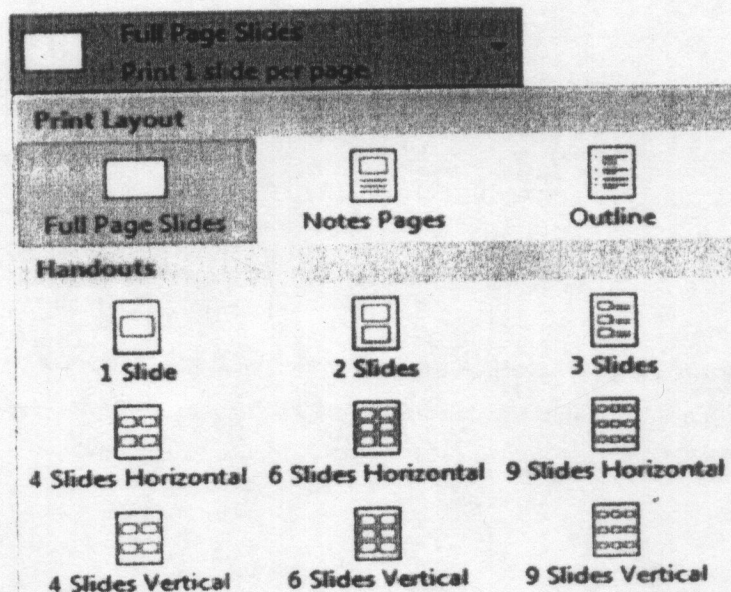
- a) Mandy visits her local store to buy toys for her son. One reason why she does this is that she is concerned about the security of her personal information when she buys goods online. State three other reasons why Mandy may prefer to buy goods in store rather than online **[3 marks]**
- b) Graham finds it difficult to travel to his local store. He prefers to buy toys for his daughter online
-) State three other reasons why Graham may prefer to buy online rather than in his local store. **[3 marks]**
 - Explain two precautions Graham could take to reduce the risks of misuse of his personal information before buying goods online. **[4 marks]**
- c) Graham has a visual impairment. He has used system settings to enable narrator and speech recognition facilities. This makes his computer easier to use. Identify two other system settings that could be adjusted to make a computer easier to use for someone with a visual impairment. **[2 marks]**
- d) Graham takes regular breaks to reduce the likelihood of headaches. Identify two other health problems that might arise from using a computer for long periods of time. For each health problem, state how, **other than by taking regular breaks**, the problem can be reduced. **[4 marks]**
- e) What four components enable communication to take place? **[2 marks]**
- f) What are some negative effects of insufficient bandwidth for residential networks and professional business networks? **[2 marks]**

QUESTION 4 [20 marks]

1. Give 2 advantages and 2 disadvantages of cloud computing? [4 marks]
2. Highlight the differences between the **Internet** and **WWW**. [2 marks]
3. Give, citing examples, 4 kinds of wireless technologies that are used in a home or business setup. [4 kinds]
4. What is Digital Media? [2 marks]
5. Draw a table showing 3 examples of audio file formats including their descriptions [6 marks]
6. Explain the difference between bit-mapped graphics and vector graphics. [2 marks]

QUESTION 5 [20 marks]

1. PRL Training provides courses for industry.
 - a) Trainers deliver the content for face-to-face courses using presentation software. Trainers and learners are given printouts to use during the courses.



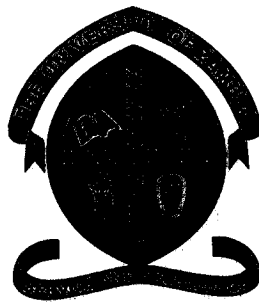
The figure above shows a screenshot of the formats that could be used for the printouts. Identify the most appropriate formats to use for the trainers and the learners. For each format give a reason for your choice. **[4 marks]**

- b) PRL Training also delivers online courses.
- Identify two advantages to learners of courses delivered online rather than face-to-face **[2 marks]**
 - Issues may arise for learners using technology to access online courses. Identify two practical issues for learners. **[2 marks]**
 - Explain why the learning experience may be better on a course delivered face-to-face rather than online **[2 marks]**
- c) PRL Training produces videos to support the courses.
The videos can be accessed via the internet. Arun is a learner on one of the courses. He would like to view a training video. He can choose to download or stream the video.
- Identify three advantages of downloading rather than streaming the video. **[3 marks]**
 - Identify three disadvantages of downloading rather than streaming the video. **[3 marks]**
- d) State the 3 kinds of relations types that exist in relation databases. **[3 marks]**
- e) What is a primary key? **[1 mark]**

QUESTION 6 [20 marks]

- Identify the main components of an information system. What is a mission-critical system? **[4 marks]**
- How would you define the term "database"? How would you define the term "database management system"? **[3 marks]**
- Why is it better to store data in multiple related tables, rather than one big table? **[4 marks]**
- Describe the characteristics of a relational database model. **[4 marks]**
- Why is a database a necessary component of a computer system? Why is the selection of DBMS software so important to organizations? **[5 marks]**

- END -



**THE UNIVERSITY OF ZAMBIA
THE GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE FINAL EXAMINATION**

23rd September, 2020

SOB 1115 : Microeconomics Theory

INSTRUCTIONS TO CANDIDATES:

1. Answer ALL questions in SECTION A and Any TWO (2) questions in SECTION B.
2. DURATION: 3 Hours.
3. Scientific Calculators are ALLOWED.

SECTION A (Compulsory)

QUESTION ONE (15 Marks)

State and justify whether the following characteristics, implications and outcomes of markets are mostly associated with **perfect competition**, **monopoly** or **both**.

- (a) The price is equal to the marginal revenue and average revenue.
- (b) Consumers have imperfect information about the cost of production or price.
- (c) There is limited consumer surplus due to the firm(s) price-setting behaviour.
- (d) The commodity being produced is unique and has no perfect substitutes.
- (e) The firm(s) only earn break-even level of profits in the long-run.
- (f) It is extremely easy to enter and exit the market.
- (g) The market demand curve facing the firm(s) is downward sloping.
- (h) The firm(s) take the price as given by the market.
- (i) The firm(s) can earn supernormal profits in the short-run.
- (j) Optimization occurs where the price is equal to the marginal cost
- (k) The marginal cost schedule is u-shaped and cuts the average cost at its minimum.
- (l) The average revenue schedule is equal to the demand curve.
- (m) There is a split between the average revenue and the marginal revenue.
- (n) The product being produced is not heterogeneous.
- (o) There is a large number of consumers in the market.

QUESTION TWO (15 Marks)

- (a) Consider the demand and supply of cinematic movies at Manda hall shopping mall.
Draw the market demand and supply situation depicting equilibrium. What would happen to the equilibrium situation after the following changes? Please explain using clearly labelled diagrams.
 - (i) There is an increase in ZESCO load-shading to the cinema. (2 marks)
 - (ii) There is a sudden outbreak of COVID-19 in Zambia. (2 marks)
 - (iii) A new cinema is opened at a nearby shopping mall. (2 marks)
 - (iv) The cinema increases the price of popcorns and drinks. (2 marks)
 - (v) The government implements tax cuts on Lusaka residents. (2 marks)
- (b) Explain the major differences between the cardinal and ordinal approaches to consumer theory. How does a consumer optimize under each theory? (5 marks)

SECTION B (Answer in Two (2) Questions)

QUESTION THREE (15 Marks)

Consider the table below and answer the questions which follow:

Number of Workers	Total Product	Average Product	Marginal Product
1	10		
2	25		
3	45		
4	55		
5	60		
6	65		
7	63		
8	58		

- (a) Without using the numbers above, draw the Total product curve and explain its stages. (6 marks)
- (b) Complete the table by filling in the figures for Average Product and Marginal Product. (2 marks)
- (c) What is the Maximum number of workers the firms should employ in order to produce where there are increasing returns? (2 marks)
- (d) What is the Maximum number of workers the firms should employ in order to produce where there are decreasing returns? (2 marks)
- (e) Explain why firms are expected to produce where there are decreasing returns to scale in the real world. (3 marks)

QUESTION FOUR (15 Marks)

- (a) Draw the TFC, TVC and TC on the same graph. (4 Marks)
- (a) Draw the ATC, AVC and MC on the same graph. (4 Marks)
- (b) Show that the gap between the ATC and AVC is equal to the AFC. (3 Marks)
- (c) Consider the table below and copy it into your answer booklet.

Output	TFC	TVC	TC	MC	AFC	AVC	ATC
0	300						
1		80					
2			400				
3		130					
4			500				

Fill in the table with values for Total Fixed cost (TFC), Total Variable Cost (TVC), Total Cost (TC), Marginal Cost (MC), Average Fixed Cost (AFC), Average Variable Cost (AVC) and Average Total Cost (ATC). (4 Marks)

QUESTION FIVE (15 marks)

- (a) Explain the difference between economies of scale and returns to scale. (5 marks)
- (b) Price elasticity is defined as the responsiveness of quantity demanded to changes in the price of a commodity. Discuss the determinants of price elasticity. (5 marks)
- (c) Is it possible for a monopoly to make losses in the long-run? Draw a diagram depicting a monopoly making losses. (5 marks)

END OF EXAMINATION



The University of Zambia

Graduate School of Business

Business Law *SOB 1065*

2020 Academic Year Final Examination

Date: 22 September 2020 Time: 14:00 to 17:00 hours

INSTRUCTIONS:

1. This examination is divided in **Four (4) Parts – A, B, C and D.**
2. Answer Four (4) questions.
3. **Part A** is compulsory. Answer one question from Part B, Part C and Part D.
4. Time allowed: **Three (3) hours** plus **five (5) minutes** to read through the examination paper.
5. This examination carries a total of **60 marks.**
6. Mobile telephones, tablets, watches, clocks or any other form of computing or electronic instruments are **not allowed** into the examination room.
7. Candidates are permitted to bring the Sale of Goods Act of 1893 into the examination room.

Part A (Compulsory Question)

Question 1

On 10 February 2020, Mulenga advertised the sale of a vitange 1982 Toyota Land Cruiser FJ in various local newspapers of nation circulation in Zambia. The advert in part states:

"For sale, 1982 Toyota Land Cruiser FJ at USD 35,000, Contact 0966xxxxxxx for all correspondences"

The following day Chitalu called and informed Mulenga that he is ready to buy the car for USD20 ,000. Mulenga advised Chitalu that he is unable to sale the car at that price. In response to the rejection, Chitalu requested for the "last price" which Mulenga would accept. Mulenga replied stating that the "last price" he is willing to accept is USD 32,000. Chitalu advised that he will be in touch once he has organized the funds.

On 13 February, Jane saw the advert and forwarded it to her boyfriend Mumbi who immediately called Mulenga and expressed his interest to buy the car at USD 35,000. Unfortunately, Mulenga's phone was off. To ensure that he does not miss out on this deal, Mumbi sent an email to Mulenga confirming that he will buy the car for USD 35,000. Later that evening, Mulenga met Cleopatra a long time acquaintance of Mulenga during a social gathering and she expressed her interest to buy the car at USD 25,000. Mulenga indicated to her that he is willing to sale the car to her but would get back to her the following day with full details regarding the sale.

At the same gathering, Ernest Mulenga's uncle after overhearing Mulenga's conversation with Cleopatra, expressed interest to buy the car as a gift for his wife. Mulenga agreed to sale the car to Ernest, in consideration of all the help Mulenga received from Ernest towards his education and a small sum of USD 5,000.

On 14 May Cleopatra transferred the sum of USD 15,000 as the first installment with a promise to pay the balance on 15 February. On the same day, Mulenga received communication from: (a) Chitalu indicating that he is ready to transfer the sum of USD 32,000 and to collect the car; (b) Ernest advising that he will paid the sum of USD 5,000 upon collection of the car on 17 February; and (c) Mumbi requesting when he can pay and collect the car.

On 14 February an advert published by the Daily Mail indicated that a Mr. Musonda is looking for a 1982 Toyota Land Cruiser FJ to buy for a reasonable price of between USD 50,000 to USD 100,000. Upon reading the advert in the Daily Mail, Mulenga has changed his mind and does not want to sale the car.

Required:

With the aid of appropriate legal authorities' advise Mulenga.

Total Marks: 18

Part B (Law of contract and vitiating factors in a contract)

Question 2

Using your knowledge of law of contract and any decided cases, explain the following:

- (a) the circumstances under which a valid contract may be brought to an end; **(8 Marks)** and
- (b) three remedies available to an innocent/injured party to the contract **(6 Marks)**.

Total Marks: 14

Question 3

For there to be a valid contract, there must be an agreement, intention to create legal relations, consideration and contractual capacity. Discuss the key principles underlying the concept of intention to create legal relations and consideration.

Total Marks: 14

Part C (Partnership and Agency)

Question 4

- (a) Explain the circumstances in which one member of the partnership can make fellow members liable in contract or in tort; **(8 Marks)** and
- (b) Explain the three (3) requisites for partnership formation. **(6 Marks)**

Total Marks: 14

Question 5

With the aid of decided cases, explain the different ways in which an agent can acquire authority to bind a principal to a contract with a third party.

Total Marks: 14

Part D (Sale of Goods and Negligence)

Question 6

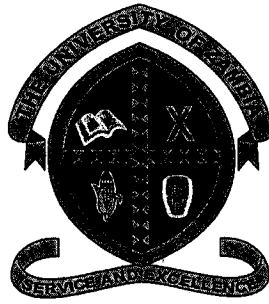
- (a) Mulenga's bicycle chain broke and he went with it to the Bike Auto-shop which stocked spare parts for bicycles. Mr. Patel looked at the chain once and told Mulenga that it would cost him fifty kwacha. Mulenga paid and a packed chain was delivered to him. But when he tried to mount the chain on the bicycle, it could not fit because it was too short. He returned it to the shop where he was shown a disclaimer at the back of the receipt that 'goods once sold, are not returnable'. State three (3) conditions that the seller (Mr. Patel) may have breached. **(6 Marks)**
- (b) With the aid of decided cases, explain the matters which need to be proved in order to establish that the tort of negligence has been committed. **(8 Marks)**

Total Marks: 14

Question 7

- (a) Explain the extent to which liability in negligence can be reduced or extinguished. **(6 Marks)**
- (b) With the aid of appropriate legal provisions, work out who will own the goods in the following **(8 Marks)**:
- i. A has agreed that B can borrow his bicycle while A goes on holiday. Without permission or authority B sells the bicycle to C who believes that B is the owner of the bicycle. A did not know B well and made no attempt to check whether or not he was honest.
 - ii. An art dealer who often sells paintings on behalf of clients is asked to renovate a painting by K, so that K can sell it at auction. L visits the art dealer's shop while the art dealer is having lunch and the art dealer's shop assistant sells the painting to L.
 - iii. N visits an art dealer's shop and examines a painting for some considerable time. Later N phones the shop and makes a definite agreement to buy the painting for ZMW 20,000. The shop dealer is to deliver the painting to N's house the following day. Later by mistake a shop assistant sells the same painting to Z who takes it away.
 - iv. P buys a machine from Q for ZMW 40,000. Ownership is not to pass to P until the full price has been paid. P takes possession of the machine and without Q's permission or knowledge sells the machine to R. P has now become solvent.

Total Marks: 14



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
JULY 2018 COHORT BLENDED/EVENING**

SESSIONAL EXAMINATION

DATE: 25TH SEPTEMBER, 2020

SOB 2010

~~MAF 5022~~: FINANCIAL MANAGEMENT

EXAM TIME: 09:00 – 12:00 HOURS

DURATION: THREE (3) HOURS

VENUE: SPORTS HALL

INSTRUCTIONS:

1. The Paper has a Total Number of Six (6) Questions Comprising Sections A and B.
2. Answer a Total of FOUR (4) Questions.
3. Section A is **COMPULSORY**. From Section B Answer **ANY TWO (2)** Questions.
4. Marks Allocation Indicates the Depth of the Answer Expected.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A

QUESTION ONE

The following were the results for Chikuse Limited for the years 2017, 2018 and 2019

Chikuse Limited Balance Sheet: Years Ended December 31, 2017, 2018 and 2019

	2019 K'000	2018 K'000	2017 K'000
Non-Current Assets:			
Property, plant and equipment	209,310	200,010	198,500
Goodwill	<u>7,440</u>	<u>6,500</u>	<u>6,200</u>
	216,750	206,510	204,700
Current Assets:			
Inventory	49,095	40,012	39,022
Receivables	45,030	42,441	40,225
Bank	<u>1,470</u>	<u>1,210</u>	<u>1,100</u>
	95,595	83,663	80,347
Total Assets	<u>312,345</u>	<u>290,173</u>	<u>285,047</u>
Financed by:			
Share capital	143,551	148,425	189,909
Reserves	<u>78,224</u>	<u>72,820</u>	<u>21,048</u>
	221,775	221,245	210,957
Long-term liabilities @ 15% loan:	<u>48,000</u>	<u>28,000</u>	<u>38,000</u>
Current Liabilities:			
Trade payables	27,510	26,908	26,010
Income tax	<u>15,060</u>	<u>14,020</u>	<u>10,080</u>
	42,570	40,928	36,090
Total Capital	<u>312,345</u>	<u>290,173</u>	<u>285,047</u>

Chikuse Limited Statement of Income: Years Ended December 31, 2017, 2018 and 2019

	2019 K'000	2018 K'000	2017 K'000
Sales revenue	316,806	294,500	142,548
Cost of sales	<u>140,803</u>	<u>108,250</u>	<u>88,712</u>
Gross profit	176,003	186,250	53,836
Operating expenses	<u>70,401</u>	<u>87,943</u>	<u>25,420</u>
Profit before tax	105,602	98,307	28,416
Income tax	<u>23,467</u>	<u>21,846</u>	<u>6,315</u>
Net income	82,135	76,461	22,101
Dividends	<u>3,911</u>	<u>3,641</u>	<u>1,053</u>
Retained reserves	78,224	72,820	21,048
Retained reserves c/fwd	<u>93,868</u>	<u>21,048</u>	<u>-</u>
Retained reserves c/fwd	<u><u>172,092</u></u>	<u><u>93,868</u></u>	<u><u>21,048</u></u>

Required

- A. Using the above financial results for Chikuse Limited compute the Return on Equity (RoE), and confirm the result using the three (3) components of the Dupont System for the years 2018 and 2019. (15 Marks)
- B. Briefly discuss any four (4) recipients of financial analysis reports and highlight their areas of interest. (10 Marks)

SECTION B

QUESTION TWO

A company recently paid dividends of K100 per share. The company quoted a share price of K1,000. The dividend is expected to grow as follows:

1. For the first two years at a rate of 10%
2. For the next three years at a rate of 15%
3. Thereafter at an infinite rate of 5%

Jackson and Mwika are trying to decide whether to purchase the stock or not. The required rates of return for the two investors are 15% for Jackson and 20% for Mwika.

Required

- A. What is the value of the stock to Jackson? (10 Marks)
- B. What is the value of stock to Mwika? (10 Marks)
- C. Which investor between the two should purchase the stock and why? (5 Marks)

QUESTION THREE

The following data relates to Corn Ltd, a manufacturing company.

Turnover for the year	K1,500,000
Costs as percentages of sales	%
Direct materials	30
Direct labour	25
Variable overheads	10
Fixed overheads	15
Selling and distribution	5

On average:

- (a) Debtors take 2.5 months before payment
- (b) Raw materials are in stock for three months
- (c) Work-in-progress represents two months' worth of half produced goods
- (d) Finished goods represents one month's production
- (e) Credit is taken as follows:
 - (i) Direct materials 2 months
 - (ii) Direct labour 1 week
 - (iii) Variable overheads 1 months
 - (iv) Fixed overheads 1 months
 - (v) Selling and distribution 0.5 months

Work-in-progress and finish goods are valued at material, labour and variable expense cost.

Required

Compute the working capital requirement of Corn Ltd assuming the labour force is paid for 50 working weeks a year. (25 Marks)

QUESTION FOUR

Bunda Company is a distributor of air filters to retail stores. It buys its filters from several manufacturers. Filters are ordered in batches of sizes of 1,000, and each order costs K40 to place. The unit price is K1.20 a filter, Demand from retail stores is 20,000 filters per month, and carrying cost per month is 10 percent of the price.

Required

- A. What is the optimal order quantity with respect to the batch sizes? (7 marks)
- B. What is the total inventory cost for the month? (8 Marks)
- C. What would be the optimal order quantity if the carrying cost were cut in half the cost a filter per month? (5 Marks)
- D. What would be the optimal order quantity if ordering costs were reduced to K30 per order? (5 Marks)

QUESTION FIVE

Today is the end of the current year and management of Nsimbi Smelters Ltd are reviewing the company's capital investment called **Project B** for the coming year.

Project B would involve an initial outlay of K440,000 on capital equipment and K200,000 on working capital. The profits from the project would be as follows.

Year	Sales	Variable costs	Contribution	Fixed costs	Cash Profit
	K	K	K	K	K
1	750,000	500,000	250,000	100,000	150,000
2	900,000	600,000	300,000	100,000	200,000
3	420,000	280,000	140,000	80,000	60,000

Fixed costs include an annual charge of K40,000 for depreciation. At the end of the third year the working capital investment would be recovered and the equipment would be sold for K50,000. The company discounts all projects of ten years duration or less at a cost of 15%, and all other projects at a cost of 20%.

Required:

- A. Compute the NPV for Project B and advise. (15 Marks)

B. Compute the payback period for project B

(10 Marks)

QUESTION SIX

A. Mwansa Bombwe Ltd is contemplating to invest in two assets A and B. The table below provides the return distribution of two assets involved.

State of economy	Probability that the state of economy occurs	Return if the state occurs Asset A	Return if the state occurs Asset B
BOOM	0.25	50%	70%
AVERAGE	0.50	40%	50%
BELOW AVERAGE	0.10	20%	10%
POOR	0.15	-10%	-20%

In addition to the above return distribution the two assets (A and B) operate in different industries and hence characterised by a market risk of 2 and 3 respectively. The market risk premium is 10% and the government treasury bills reward a return of 8% in the same economy.

Required:

(i) Calculate the expected returns for assets A and B respectively. (9 Marks)

(ii) Calculate the required rate of return for assets A and B respectively using the CAPM

(6 Marks)

B. The entity has the following information in its statement of financial position.

	K'000
Ordinary shares of K0.50	2,500
12% unsecured bonds	1,000

The ordinary shares are currently quoted at K1.30 each and the bonds are trading at K72 per K100 nominal. The ordinary dividend of K0.15 has just been paid with an expected growth rate of 10%. Corporation tax is currently 30%.

Required

Calculate the weighted average cost of capital for this entity.

(10 Marks)

END OF THE EXAMINATION PAPER

Present Value Table

Present value of 1 i.e. $(1 + r)^{-n}$

Where r = discount rate

n = number of periods until payment

Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	8
9	0.941	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.305	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	15
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	2
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	3
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	4
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	5
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	6
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	7
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	8
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	9
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	10
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	11
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	12
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	13
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	14
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	15

Annuity Table

Present value of an annuity of 1 i.e. $\frac{1 - (1 + r)^{-n}}{r}$

Where r = discount rate
 n = number of periods

Periods (n)	Discount rate (r)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759
10	9.471	8.983	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145
11	10.37	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	6.495
12	11.26	10.58	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814
13	12.13	11.35	10.63	9.986	9.394	8.853	8.358	7.904	7.487	7.103
14	13.00	12.11	11.30	10.56	9.899	9.295	8.745	8.244	7.786	7.367
15	13.87	12.85	11.94	11.12	10.38	9.712	9.108	8.559	8.061	7.606
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.498	3.410	3.326
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.486	4.327
12	6.492	6.194	5.918	5.660	5.421	5.197	4.988	4.793	4.611	4.439
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

UNDERGRADUATE SESSIONAL EXAMINATIONS
RESEARCH METHODS – SOB 3004

DATE: 22 SEPTEMBER 2020

DURATION: 3 HOURS

INSTRUCTIONS

- Answer **ANY TWO (2) QUESTIONS** from **SECTION A** and **ANY TWO QUESTIONS** from **SECTION B**.
- In total, **ANSWER FOUR QUESTIONS**.
- Use clearly labelled diagrams to illustrate your examples

SECTION A

Answer any TWO questions from this section.

QUESTION 1

- a) Using an example, distinguish between exploratory and descriptive research [8]
- b) Outline five reasons for conducting research. [5]
- c) Differentiate research methods from research methodology [6]
- d) Describe mixed-model research. [6]

[Total Marks = 25]

QUESTION 2

- a) Outline four points that should be considered when drafting a problem statement. [4]
- b) With reference to your programme of study, present a research topic, aim of the research and three research objectives. [8]
- c) To conduct a research using a quantitative approach, experiment or survey strategies can be used. Using examples, distinguish between an experiment and survey. [6]
- d) Using examples of your choice, demonstrate how you would reference an article published in a journal, newspaper and on the website. These articles should have names of two authors. [7]

[Total Marks = 25]

QUESTION 3

- a) Outline five common approaches for analysing the literature review. [5]
- b) Discuss any 5 techniques for generating and refining a research topic. [10]
- c) Interviews and observations are common methods for collecting data under qualitative research approach. Explain 3 advantages and 3 disadvantages of using observations. [6]
- d) By paying attention to your field of study, describe a theory. [4]

[Total Marks = 25]

SECTION B

Answer Any 2 questions in this Section)

QUESTION 4

- a) Using a schematic diagram, explain the research process. [15]
- b) Saunders et al (2009) emphasizes on the application of the research onion when drafting the research design. Under the research onion model, deductive and inductive approaches are explained in relation to quantitative and qualitative research. In table format, compare deductive and inductive approaches. [10]

[Total Marks = 25]

QUESTION 5

- a) With the aid of a diagram, describe the ingredients of a research proposal. [15]
- b) You work for a small company of 1,000 people and want to find out how they are saving for retirement. Using the information in Table 1.1 below, use stratified random sampling to obtain the sample size under each strata. [10]

Table 1.1: Age Distribution

Age	Total Number of People in each Strata
20-29	160
30-39	220
40-49	240
50-59	200
60+	180

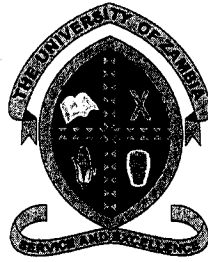
[Total Marks = 25]

QUESTION 6

- a) Zivo Research Academy (ZRA) has recently employed you as a research assistant. Using a diagram, present four analysis tasks of the literature review to visiting students. [16]
- b) Discuss any three types of sampling techniques applicable in qualitative studies. [9]

[Total Marks = 25]

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

15th September 2020

SOB 3011: STRATEGIC MANAGEMENT

Instructions

Time Allowed: **3 hours**

There are **six (6)** questions in this paper

You are required to answer **four (4)** questions

Section A is **compulsory**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY

Madonna: still the reigning queen of pop?

The music industry has always been the backdrop for one-hit wonders and brief careers. Pop stars who have remained at the top for decades are very few. Madonna is one such phenomenon; the question is, after over 25 years at the top, how much longer can it last? Described by Billboard Magazine as the smartest business woman in show business, Madonna, Louise Ciccone, began her music career in 1983 with the hit single 'Holiday' and in 2005–2006 once again enjoyed chart success for her album 'Confessions on a Dance Floor'. In the meantime she had consistent chart success with her singles and albums, multiple sell-out world tours, major roles in six films, picked up 18 music awards, been the style icon behind a range of products from Pepsi and Max Factor to the Gap and H&M, and became a worldwide best-selling children's author.

The foundation of Madonna's business success was her ability to sustain her reign as the 'queen of pop' since 1983. Along with many others, Phil Quattro, the President of Warner Brothers, has argued that 'she always manages to land on the cusp of what we call contemporary music, every established artist faces the dilemma of maintaining their importance and relevance, Madonna never fails to be relevant.' Madonna's chameleon-like ability to change persona, change her music genre with it and yet still achieve major record sales has been the hallmark of her success. Madonna's early poppy style was targeted at young 'wannabe' girls. The image that she portrayed through hits such as 'Holiday' and 'Lucky Star' in 1983 was picked up by Macy's, the US-based department store. It produced a range of Madonna lookalike clothes that mothers were happy to purchase for their daughters. One year later in 1984, Madonna then underwent her first image change and, in doing so, offered the first hint of the smart cookie behind the media image. In the video for her hit 'Material Girl', she deliberately mirrored the glamour based, sexual pussycat image of Marilyn Monroe whilst simultaneously mocking both the growing materialism of the late 1980s and the men fawning after her. Media analysts Sam and Diana Kirschner commented that with this kind of packaging, Madonna allowed the record companies to keep hold of a saleable 'Marilyn image' for a new cohort of fans, but also allowed her original fan base of now growing up wannabe girls to take the more critical message from the music.

The theme of courting controversy but staying marketable enough has been recurrent throughout her career, if not slightly toned down in later years. Madonna's subsequent image changes were more dramatic. First she took on the Catholic Church in her 1989 video 'Like a Prayer' where, as a red-dressed 'sinner', she kissed a black saint easily interpreted as a Jesus figure. Her image had become increasingly sexual whilst also holding on to a critical social theme: for example, her pointed illustration of white-only imagery in the Catholic Church. At this point in her career, Madonna took full control of her image in the \$60m (A48m; £33m) deal with Time-Warner that created her record company Maverick. In 1991, she published a coffee-table soft-porn book entitled *Sex* that exclusively featured pictures of herself in erotic poses. Her image and music also reflected this erotic theme.

In her 'Girlicious' tour, her singles 'Erotica' and 'Justify my Love' and her fly-on-the-wall movie 'In bed with Madonna' she played out scenes of sadomasochistic and lesbian fantasies. Although allegedly a period of her career she would rather forget, Madonna more than survived it. In fact, she gained a whole new demography of fans who not only respected her artistic courage, but also did not miss the fact that Madonna was consistent in her message: her sexuality was her own and not in need of a male gaze. She used the media's love affair with her, and the cause célèbre status gained from having MTV ban the video for 'Justify my Love', to promote the message that women's sexuality and freedom is just as important and acceptable as men's. Changing gear in 1996, Madonna finally took centre stage in the lead role in the film *Evita* that she had chased for over five years. She beat other heavyweight contenders for the role including Meryl Streep and Elaine Page, both with more acceptable pasts than Madonna. Yet she achieved the image transition from erotica to saint-like persona of Eva Peron and won critical acclaim to boot. Another vote of confidence from the 'establishment' came from Max Factor, who in 1999 signed her up to front its relaunch campaign that was crafted around a glamour theme.

Procter and Gamble (owners of the Max Factor make-up range) argued that they saw Madonna as 'the closest thing the 90s has to an old-style Hollywood star . . . she is a real woman'. With many pre-release leaks, Madonna's keenly awaited album 'Ray of Light' was released in 1998. Radio stations worldwide were desperate to get hold of the album being billed as her most successful musical voyage to date. In a smart move, Madonna had teamed up with techno pioneer William Orbit to write and produce the album. It was a huge success, taking Madonna into the super-trendy

techno sphere, not the natural environment for a pop star from the early 1980s. Madonna took up an 'earth mother/ spiritual' image and spawned a trend for all things Eastern in fashion and music. This phase may have produced more than just an image as it is the time in Madonna's life which locates the beginning of her continued faith in the Kabbalah tradition of Eastern spiritual worship. By 2001, her next persona was unveiled with the release of her album 'Music'. Here her style had moved on again to 'acid rock'. With her marriage to British movie director Guy Ritchie, the ultimate 'American Pie' had become a fully-fledged Brit babe earning the endearing nick name of 'Madge' in the British press.

By 2003 some commentators were suggesting that an interesting turn of events hinted that perhaps 'the cutting-edge' Madonna, 'the fearless', was starting to think about being part of rather than beating the establishment when she launched her new CheGuevara-inspired image. Instead of maximising the potential of this image in terms of its political and social symbolism during the Second Gulf War, in April 2003 she withdrew her militaristic image and video for the album 'American Life'. That action timed with the publication of her children's book *The English Roses*, based on the themes of compassion and friendship, which sparked questions in the press around the theme 'has Madonna gone soft?' By late 2003 she had wiped the military image from the West's collective memory with a glitzy high-profile ad campaign for the Gap, the clothing retailer in which she danced around accompanied by rapper Missy Elliot to a retrospective remix of her 1980s' track 'Get into the Groove'. Here Madonna was keeping the 'thirty-somethings', who remembered the track from first time around, happy. They could purchase jeans for themselves and their newly teenage daughters whilst also purchasing the re-released CD (on sale in store) for them to share and a copy of *The English Roses* (also promoted in the Gap stores) for perhaps the youngest member of the family. Late 2005 saw the release of the 'Confessions on a Dance Floor' album that was marketed as her comeback album after her lowest-selling 'American Life'. It and the linked tour achieved one of the highest-selling peaks of her career. The album broke a world record for solo-female artists when it debuted at number one in 41 countries. By February 2007 it had sold 8 million copies. Here Madonna focused on the high-selling principal of remix, choosing samples of the gay-iconic disco favourites of Abba and Giorgio Moroder to be at the heart of her symbolic reinvention of herself from artist to DJ. By cross-marketing the album image with Dolce & Gabbana in its men's fashion shows, Madonna cashed in on her regaining the dance-pop crown.

Will this, her latest album, stand the musical test of time? Who knows? But for now it seems to have more than met the moment.

Question One

- a) Describe and explain the strategy being followed by Madonna in terms of the explanation of competitive strategy (10 marks)
- b) Why has she experienced sustained success over the past two decades? (10 marks)
- c) What might threaten the sustainability of her success? (10 marks)

Question Two

You have just been appointed as a strategic manager, in your planning, you have decided to conduct an assessment of the external environment. Use any one of the tools to conduct an assessment of the external environment for any industry of your choice. (20 marks)

Total: 50 marks

SECTION B: ANSWER ANY TWO (2) QUESTIONS

Question Three

The strategic management process encompasses three distinct stages, strategy formulation and analysis, strategy implementation and strategy evaluation, monitoring and control.

Describe the activities involved in strategy evaluation, monitoring and control stage in detail. (25 marks)

Question Four

Your organization has just introduced three additional products to its portfolio. You have decided to bench mark with best practices in terms of Organisational structures as you think that the current functional structure may no longer be appropriate. You have, therefore, decided to adopt the divisional structure.

- a) Outline any three (3) benefits of Benchmarking. (6 marks)
- b) Describe the divisional structure, and explain why you think it is appropriate. What could be the disadvantages of such a structure? (14 marks)
- c) Give five (5) reasons why strategies may fail. (5 marks)

Total: 25 marks

Question Five

- a) Outline any three (3) factors a firm should take into account as it considers penetrating international markets. (9 marks)
- b) Describe any two (2) foreign market entry strategies a firm can use. Bring out their associated advantages and risks. (16 marks)

Total: 25 marks

Question Six

Use Ansoff's growth strategy mix (intensive strategies) to explain the strategic options available to a business. Use practical examples. (25 marks)