

THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS STUDIES

2019 ACADEMIC YEAR-FINAL EXAMINATION

1. BAF 2112: FINANCIAL MARKETS AND DERIVATIVES
2. BAF 3010: FINANCIAL REPORTING
3. BAF 3235: MANAGEMENT ACCOUNTING
4. BAF 3235: MANAGEMENT ACCOUNTING
5. BAF 4010: AUDIT AND ASSURANCE
6. BAF 4022: ADVANCED FINANCIAL REPORTING
7. BBA 1052: BUSINESS ENVIRONMENT
8. BBA 2210: PRINCIPLES OF ACCOUNTING
9. BBA 3211: FINANCIAL MANAGEMENT
10. BBA 9125: INTERNATIONAL BUSINESS MANAGEMENT
11. BBA 9135: BUSINESS PLANNING AND DEVELOPMENT
12. BLT 4445: TRANSPORT PLANNING
13. BSM 1012: FUNDAMENTALS OF MARKETING
14. BSM 2032: SALES MANAGEMENT
15. BSM 4020: INTERGRATED MARKETING COMMUNICATIONS
16. COM 5125: INTERCULTURAL COMMUNICATION

17. COM 5215: CRISIS COMMUNICATION AND CORPORATE REPUTATION MANAGEMENT
18. COM 5215: ALTERNATIVE DISPUTES RESOLUTION
19. ECN 1115: MICROECONOMICS
20. ECN 1215: INTRODUCTION TO MACROECONOMIC THEORY
21. EPM 5122: INVESTMENT ANALYSIS AND PORTIFOLIO MANAGEMENT
22. EPM 5211: MANAGEMENT ACCOUNTING FOR POLICY
23. EPM 5232: FINANCIAL MANAGEMENT FOR POLICY
24. EPM 5232: FINANCIAL MANAGEMENT FOR POLICY
25. EPM 5232: FINANCIAL MANAGEMENT FOR POLICY
26. EPM 5232: FINANCIAL MANAGEMENT FOR POLICY
27. GSB 1031: FINANCIAL ACCOUNTING
28. GSB 5011: SCIENTIFIC WRITING AND CRITICAL THINKING
29. GSB 5031: FINANCE FOR MANAGERS
30. GSB 5031: FINANCE FOR MANAGERS
31. GSB 5041: CORPORATE GOVERNANCE AND BUSINESS ETHICS
32. GSB 5052: ECONOMICS: GLOBAL AND FIRM LEVEL PERSPECTIVES
33. HRM 1010: EMPLOYMENT AND LABOUR LAW
34. HRM 2010: ORGANISATION AND JOB DESIGN
35. HRM 2030: HUMAN RESOURCE PLANNING AND RECRUITMENT
36. HRM 3011: LABOUR ECONOMICS

37. HRM 3040: TRAINING AND DEVELOPMENT
38. HRM 4031: STRATEGIC HUMAN RESOURCE MANAGEMENT
39. HRM 4312: HR METRICS AND ANALYTICS
40. LSM 3551: INTERNATIONAL TRADE LAW
41. LSM 4541: SIMULATION MODELING AND OPTIMISATION
42. LTM 2132: INTRODUCTION TO LOGISTICS
43. LTM 3411: PURCHASING PRINCIPLES AND PROCESSES
44. MAF 5010: FINANCIAL REPORTING AND ANALYSIS
45. MAF 5010: FINANCIAL REPORTING AND ANALYSIS
46. MAF 5010: FINANCIAL REPORTING AND ANALYSIS
47. MAF 5122: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT
48. MAF 6011: CRITICAL PERSPECTIVES IN ACCOUNTING
49. MAT 5055: FINANCE AND FINANCIAL REPORTING
50. MBF 5152: PORTFOLIO MANAGEMENT AND WEALTH PLANNING
51. MBS 5012: QUANTITATIVE METHODS FOR BUSINESS
52. MBS 5012: QUANTITATIVE METHODS FOR BUSINESS
53. MBS 6061: E-BUSINESS STRATEGIES AND MODELS
54. MCC 5032: BRANDING AND CORPORATE IDENTITY
55. MCC 6011: STRATEGIC COMMUNICATION MANAGEMENT
56. MIE 5022: PRODUCT DESIGN AND DEVELOPMENT

57. OSM 5012: STRATEGIC SUPPLY CHAIN MANAGEMENT
58. OSM 5022: GLOBAL OPERATIONS MANAGEMENT
59. OSM 5022: GLOBAL OPERATIONS MANAGEMENT
60. OSM 5032: COMMERCIAL MANAGEMENT OF PROJECTS
61. SEM 1011: BUSINESS COMMUNICATION
62. SEM 1021: INTRODUCTION TO INFORMATION MANAGEMENT AND TECHNOLOGY
63. SEM 1031: FINANCIAL ACCOUNTING
64. SEM 1031: FINANCIAL ACCOUNTING
65. SEM 1040: BUSINESS MATHEMATICS AND STATISTICS
66. SEM 1062: BUSINESS LAW
67. SEM 2010: ORGANISATIONAL BEHAVIOR
68. SEM 3022: MANAGERIAL ECONOMICS
69. SEM 4011: RESEARCH METHODS
70. SEM 4011: RESEARCH METHODS
71. SEM 4021: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT
72. SOB 2010: FINANCIAL MANAGEMENT
73. SOB 2010: FINANCIAL MANAGEMENT
74. SOB 2010: FINANCIAL MANAGEMENT
75. SOB 2010: FINANCIAL MANAGEMENT

76. SOB 2010: FINANCIAL MANAGEMENT

77. SOB 2032: COST ACCOUNTING

78. SOB 2032: COST ACCOUNTING

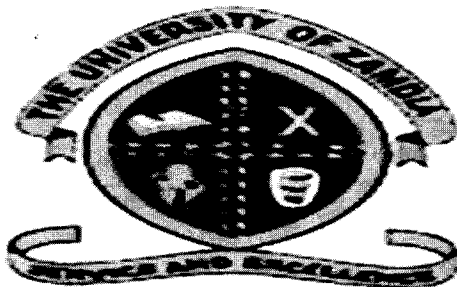
79. FINANCIAL RISK MANAGMENT

80. HUMAN RESOURCE STRATEGY/HUMA RESOURCE PLANNING

81. INTERNATIONAL BUSINESS FINANCE

82. MARKETING STRATEGY

83. STRATEGIC COMMUNICATION MANAGEMENT



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS STUDIES

BAF2112: FINANCIAL MARKETS AND DERIVATIVES

FINAL EXAMINATIONS

FRIDAY 14 JUNE 2019

TIME ALLOWED: THREE (3) 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. Formulae, Present Value, Annuity and normal distribution tables are attached at the end of the question paper.
6. The Total marks are **100**

SECTION A: DERIVATIVE MARKETS

Attempt ALL the two (2) questions in this section.

QUESTION 1

Chimutunta is a large listed company based in Zambia and uses Zambia Kwacha as its currency. It imports tea, coffee and cocoa from countries around the world, and sells its blended products to supermarkets and large retailers worldwide. The company has production facilities located in two American ports where raw materials are brought for processing, and from where finished products are shipped out. All raw material purchases are paid for in US dollars (US\$), while all sales are invoiced in Zambian Kwacha (K). Until recently Chimutunta Co had no intention of hedging its foreign currency exposures and stated this intent in its annual report. However, after consultations with senior and middle managers, the company's new board of directors (BoD) has been reviewing its risk management and operations strategies.

You are a financial consultant hired by Chimutunta Co to work on the following proposal which have been put forward by the BoD for further consideration:

Proposal

Setting up a treasury function to manage the foreign currency rate exposures using derivative products. The treasury function would be headed by the finance director. The purchasing director, who initiated the idea of having a treasury function, was of the opinion that this would enable her management team to make better decisions. The finance director also supported the idea as he felt this would increase his influence on the BoD and strengthen his case for an increase in his remuneration. In order to assist in the further consideration of this proposal, the BoD wants you to use the following upcoming foreign currency rate exposures to demonstrate how they would be managed by the treasury function:

- (i) a payment of US\$5,060,000 which is due in four months' time

Additional information relating to proposal

The current spot rate is US\$1.0635 per K1.

The following derivative products are available to Chimutunta Co to manage the exposures of the US\$ payment:

Exchange-traded currency futures

Contract size K125,000 price quotation: US\$ per K1

Time Period (Months)	Price
3-month expiry	1.0647
6-month expiry	1.0659

It can be assumed that futures expire at the end of the month and transaction costs related to these can be ignored.

Exchange-traded currency options

Contract size K125,000, exercise price quotation: US\$ per K1, premium: cents per K1

	Call Options		Put Options	
Exercise price	3-month expiry	6-month expiry	3-month expiry	6-month expiry
1.06	1.87	2.75	1.41	2.16
1.07	1.34	2.22	1.88	2.63

It can be assumed that futures and option contracts expire at the end of the month and transaction costs related to these can be ignored.

Over-the-counter products

In addition to the exchange-traded products, Investrust Bank is willing to offer the following over-the-counter derivative products to Chimutunta Co:

- (i) A forward rate between the US\$ and the K of US\$ 1.0677 per K1.

Required:

- (a) Advise Chimutunta Co on an appropriate hedging strategy to manage the foreign exchange exposure of the US\$ payment in four months' time. Show all relevant calculations, including the number of contracts bought or sold in the exchange-traded derivative markets.

(20 marks)

(b) Distinguish between over-the-counter derivatives and exchange-traded derivatives

(5 marks)

[Total = 25 marks]

QUESTION 2

Dununa Reverse Co, a company based in the SADC region, has expanded very rapidly over recent years by a combination of acquiring subsidiaries in foreign countries and setting up its own operations abroad. Dununa Reverse Co's board has found it increasingly difficult to monitor its activities and Dununa reverse Co's support functions, including its treasury function, have struggled to cope with a greatly increased workload. Dununa Reverse Co's board has decided to restructure the company on a regional basis, with regional boards and appropriate support functions. Managers in some of the larger countries in which Dununa Reverse Co operates are unhappy with reorganisation on a regional basis, and believe that operations in their countries should be given a large amount of autonomy and be supported by internal functions organised on a national basis.

Assume it is now 1 July 2019. The central treasury function has just received information about a future transaction by a newly-acquired subsidiary in Zambia, where the local currency is the Zambian Kwacha (K). The subsidiary expects to receive K27,000,000 on 31 October 2019. It wants this money to be invested locally in Zambia until 30 March 2020.

Dununa reverse Co's treasury team is aware that economic conditions in Zambia are currently uncertain. The Bank of Zambia (BOZ) base rate is currently 4.2% and the treasury team believes that it can invest funds in Zambia at the BOZ base rate less 30 basis points. However, treasury staff have seen predictions that the BOZ base rate could increase by up to 1.1% or fall by up to 0.6% between now and 31 October 2019.

Dununa Reverse Co's treasury staff normally hedge interest rate exposure by using whichever of the following products is most appropriate:

- Forward rate agreements (FRAs)
- Interest rate futures
- Options on interest rate futures

Treasury function guidelines emphasise the importance of mitigating the impact of adverse movements in interest rates. However, they also allow staff to take into consideration upside risks associated with interest rate exposure when deciding which instrument to use.

A local bank in Zambia, with which Dununa Reverse Co has not dealt before, has offered the following FRA rates:

Time Period (months)	FRA rates
4 – 9	5.02%
5 – 10	5.10%

The treasury team has also obtained the following information about exchange traded kwacha futures and options:

Three-month K futures, K500,000 contract size

Price are quoted in basis points at 100 – annual % yield

Dates	Futures Price
December 2017	94.84
March 2018	94.78
June 2018	94.66

Options on three-month K futures, K500,000 contract size, option premiums are annual%

	Call Options			Put Options		
Exercise price	December	March	June	December	March	June
94.25	0.417	0.545	0.678	0.071	0.094	0.155
95.25	0.078	0.098	0.160	0.393	0.529	0.664

It can be assumed that futures and options contracts are settled at the end of each month. Basis can be assumed to diminish to zero at contract maturity at a constant rate, based on monthly time intervals. It can also be assumed that there is no basis risk and there are no margin requirements.

Required:

- Recommend a hedging strategy for the K27,000,000 investment, based on the hedging choices which treasury staff are considering, if interest rates increase by 1.1% or decrease by 0.6%. Support your answer with appropriate calculations and discussion.

(20 marks)

- (b) Discuss the advantages of operating treasury activities through a single global treasury function. (5 marks)

[Total = 25 marks]

SECTION B: FINANCIAL MARKETS

Attempt any two (2) questions in this section.

QUESTION 3

In recent years, the Zambian economy has been growing strongly and the country has increasingly been faced with the need to plug huge infrastructural gaps. **Elucidate the Five (5) factors** that triggered the issuance of the three **Eurobonds** and provide possible ideas of how to manage the repayment of the principle once they fall due.

[25 marks]

QUESTION 4

Over the years, Zambia has suffered debt service costs and import payment due to the depreciation of the kwacha against the major convertible currencies particularly the dollar. In view of this, identify and elaborate the **Five (5)** factors that affect the performance of the kwacha against the dollar and where possible suggest ways of managing the depreciation of the kwacha.

[25 marks]

QUESTION 5

Distinguish the following and provide relevant examples:

(i)	A money market and capital market	(5 marks)
(ii)	A Eurocurrency market and Eurobond market	(5 marks)
(iii)	Equity market and Debt market	(5 marks)
(iv)	Policy rate and reserve ratio	(5 marks)
(v)	Treasury bills and government bonds	(5 marks)

[Total = 25 marks]

FORMULAE

The Black-Scholes option pricing model

$$c = P_a N(d_1) - P_e N(d_2) e^{-rt}$$

Where:

$$d_1 = \frac{\ln(P_a / P_e) + (r + 0.5s^2)t}{s\sqrt{t}}$$

$$d_2 = d_1 - s\sqrt{t}$$

The Put Call Parity relationship

$$p = c - P_a + P_e e^{-rt}$$

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	0.914	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	0.350	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

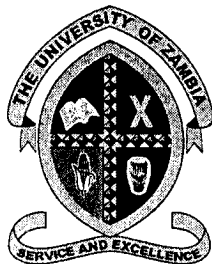
		Discount rate (r)									
Periods	(n)	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1		0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2		1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736
3		2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487
4		3.902	3.808	3.717	3.630	3.546	3.465	3.387	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		10.368	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	6.495
12		11.255	10.575	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814
13		12.134	11.348	10.635	9.986	9.394	8.853	8.358	7.904	7.487	7.103
14		13.004	12.106	11.296	10.563	9.899	9.295	8.745	8.244	7.786	7.367
15		13.865	12.849	11.938	11.118	10.380	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

Standard normal distribution table

	0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09
0.0	0.0000	0.0040	0.0080	0.0120	0.0160	0.0199	0.0239	0.0279	0.0319	0.0359
0.1	0.0398	0.0438	0.0478	0.0517	0.0557	0.0596	0.0636	0.0675	0.0714	0.0753
0.2	0.0793	0.0832	0.0871	0.0910	0.0948	0.0987	0.1026	0.1064	0.1103	0.1141
0.3	0.1179	0.1217	0.1255	0.1293	0.1331	0.1368	0.1406	0.1443	0.1480	0.1517
0.4	0.1554	0.1591	0.1628	0.1664	0.1700	0.1736	0.1772	0.1808	0.1844	0.1879
0.5	0.1915	0.1950	0.1985	0.2019	0.2054	0.2088	0.2123	0.2157	0.2190	0.2224
0.6	0.2257	0.2291	0.2324	0.2357	0.2389	0.2422	0.2454	0.2486	0.2517	0.2549
0.7	0.2580	0.2611	0.2642	0.2673	0.2704	0.2734	0.2764	0.2794	0.2823	0.2852
0.8	0.2881	0.2910	0.2939	0.2967	0.2995	0.3023	0.3051	0.3078	0.3106	0.3133
0.9	0.3159	0.3186	0.3212	0.3238	0.3264	0.3289	0.3315	0.3340	0.3365	0.3389
1.0	0.3413	0.3438	0.3461	0.3485	0.3508	0.3531	0.3554	0.3577	0.3599	0.3621
1.1	0.3643	0.3665	0.3686	0.3708	0.3729	0.3749	0.3770	0.3790	0.3810	0.3830
1.2	0.3849	0.3869	0.3888	0.3907	0.3925	0.3944	0.3962	0.3980	0.3997	0.4015
1.3	0.4032	0.4049	0.4066	0.4082	0.4099	0.4115	0.4131	0.4147	0.4162	0.4177
1.4	0.4192	0.4207	0.4222	0.4236	0.4251	0.4265	0.4279	0.4292	0.4306	0.4319
1.5	0.4332	0.4345	0.4357	0.4370	0.4382	0.4394	0.4406	0.4418	0.4429	0.4441
1.6	0.4452	0.4463	0.4474	0.4484	0.4495	0.4505	0.4515	0.4525	0.4535	0.4545
1.7	0.4554	0.4564	0.4573	0.4582	0.4591	0.4599	0.4608	0.4616	0.4625	0.4633
1.8	0.4641	0.4649	0.4656	0.4664	0.4671	0.4678	0.4686	0.4693	0.4699	0.4706
1.9	0.4713	0.4719	0.4726	0.4732	0.4738	0.4744	0.4750	0.4756	0.4761	0.4767
2.0	0.4772	0.4778	0.4783	0.4788	0.4793	0.4798	0.4803	0.4808	0.4812	0.4817
2.1	0.4821	0.4826	0.4830	0.4834	0.4838	0.4842	0.4846	0.4850	0.4854	0.4857
2.2	0.4861	0.4864	0.4868	0.4871	0.4875	0.4878	0.4881	0.4884	0.4887	0.4890
2.3	0.4893	0.4896	0.4898	0.4901	0.4904	0.4906	0.4909	0.4911	0.4913	0.4916
2.4	0.4918	0.4920	0.4922	0.4925	0.4927	0.4929	0.4931	0.4932	0.4934	0.4936
2.5	0.4938	0.4940	0.4941	0.4943	0.4945	0.4946	0.4948	0.4949	0.4951	0.4952
2.6	0.4953	0.4955	0.4956	0.4957	0.4959	0.4960	0.4961	0.4962	0.4963	0.4964
2.7	0.4965	0.4966	0.4967	0.4968	0.4969	0.4970	0.4971	0.4972	0.4973	0.4974
2.8	0.4974	0.4975	0.4976	0.4977	0.4977	0.4978	0.4979	0.4979	0.4980	0.4981
2.9	0.4981	0.4982	0.4982	0.4983	0.4984	0.4984	0.4985	0.4985	0.4986	0.4986
3.0	0.4987	0.4987	0.4987	0.4988	0.4988	0.4989	0.4989	0.4989	0.4990	0.4990

This table can be used to calculate $N(d)$, the cumulative normal distribution functions needed for the Black-Scholes model of option pricing. If $d_i > 0$, add 0.5 to the relevant number above. If $d_i < 0$, subtract the relevant number above from 0.5.

End of Question Paper



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BSc in Accounting & Finance

Monday 10th June 2019

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. TAKWEZA

On 1 July 2018 Takweza acquired 60,000 of the 100,000 shares in Chiwonisoko, its only subsidiary. The draft statements of profit or loss and other comprehensive income of both companies at 31 December 2018 are shown below:

	Takweza	Chiwonisoko
	K	K
Revenue	43,000	26,000
Cost of sales	(28,000)	(18,000)
Gross Profit	15,000	8,000
Other income – dividend received from Pebble	2,000	
Distribution costs	(2,000)	(800)
Administrative expenses	(4,000)	(2,200)
Finance costs	(500)	(300)
Profit before tax	10,500	4,700
Income tax expense	(1,400)	(900)
Profit for the year	9,100	3,800
Other comprehensive income:		
Gain on property revaluation (Note (i))		2,000
Investment in equity instrument	200	
Total comprehensive income for the year	9,300	5,800

Additional information:

- (i) At the date of acquisition the fair values of Chiwonisoko's assets were equal to their carrying amounts with the exception of a building which had a fair value K1million in excess of its carrying amount. At the date of acquisition the building had a remaining useful life of 20 years. Building depreciation is charged to administrative expenses. The building was revalued again at 31 December 2018 and its fair value had increased by an additional K1million.
- (ii) Sales from Takweza to Chiwonisoko were K6million during the post-acquisition period. All of these goods are still held in inventory by Chiwonisoko. Takweza marks up all sales by 20%.
- (iii) Despite the property revaluation, Takweza has concluded that goodwill in Chiwonisoko has been impaired by K500, 000.
- (iv) It is Takweza's policy to value the non-controlling interest at full (fair) value.
- (v) Income and expenses can be assumed to have arisen evenly throughout the year.

Prepare the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

[30 Marks]

2. CONCEPTUAL FRAMEWORK AND ACCOUNTING STANDARDS

- (a) An important aspect of the International Accounting Standards Board's *Conceptual Framework for Financial Reporting* is that transactions should be recorded on the basis of faithful representation.

Required:

Explain why it is important that financial statements should show faithful representation, and describe circumstances where the recognition criteria for assets and liabilities may differ from the passing of legal title over items.

(5 marks)

- (b) IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* contains guidance on the use of accounting policies and accounting estimates.

Required:

Explain the basis on which the management of an entity must select its accounting policies and distinguish, with an example, between changes in accounting policies and changes in accounting estimates.

(5 Marks)

- (c) Your assistant has been criticised over a piece of assessed work that he produced for his study course for giving the definition of a non-current asset as 'a physical asset of substantial cost, owned by the company, which will last longer than one year'.

Required:

Explain the weaknesses in the assistant's definition of non-current assets.

(5 marks)

- (d) The following extract is from *Conceptual Framework for Financial Accounting and Reporting*:

Elements of Financial Statements and Their Measurement, FASB 3, December 1976. reporting manifest themselves in several ways. Among other things, a conceptual framework can (1) guide the body responsible for establishing accounting standards, (2) provide a frame of reference for resolving accounting questions in the absence of a specific promulgated standard, (3) determine bounds for judgement in preparing financial statements, (4) increase financial statement users' understanding of and confidence in financial statements, and (5) enhance comparability.

Required:

- i. Define a conceptual framework.
- ii. Critically examine why the benefits provided in the above statements are likely to flow from the development of a conceptual framework for accounting.

(5 Marks)

[Total 20 Marks]

[TOTAL 50 Marks]

SECTION B

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

3. CHABWELA

You work for Boza, a limited liability company, which seeks growth through acquisitions. You are a member of a team that is investigating the possible purchase of Chabwela, a limited liability company that manufactures a product complementary to the products currently being sold by Boza.

Your team leader wants you to prepare a report for the team evaluating the recent performance of Chabwela and the quality of its management, and has given you the following financial information which has been derived from the financial statements of Chabwela for the three years ended 31 March 2016, 2017 and 2018.

<i>Financial year ended 31 March</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Turnover (K'million)	2,243	2,355	2,237
Cash and cash equivalents (K'million)	-50	81	-97
Return on equity	13%	22%	19%
Sales revenue to total assets	2.66	2.66	2.01
Cost of sales to sales revenue	85%	82%	79%
Operating expenses to sales revenue	11%	12%	15%
Net income to sales revenue	2.6%	4.3%	4.2%
Current/Working Capital ratio (to 1)	1.12	1.44	1.06
Acid test ratio (to 1)	0.80	1.03	0.74
Inventory turnover (months)	0.6	0.7	1.0
Credit to customers (months)	1.3	1.5	1.7
Credit from suppliers (months)	1.5	1.5	2.0
Net assets per share (ngwee per share)	0.86	0.2	0.97
Dividend per share (ngwee per share)	10.0	14.0	14.0
Earnings per share (ngwee per share)	11.5	20.1	18.7

Required:

Use the above information to prepare a report for your team leader which:

- reviews the performance of Choggerell as evidenced by the above ratios;
- makes recommendations as to how the overall performance of Choggerel could be improved; and
- indicates any limitations in your analysis.

[25 Marks]

4. STANDARDS

(a) Lucky Dairy

The Lucky Dairy, a public limited company, produces milk for supply to various customers. It is responsible for producing twenty five per cent of the country's milk consumption. The company owns cows and heifers (young female cows).

The herd as at 31 May 2002 is comprised as follows:

70,000 – 3 year old cows (all purchased before 1 June 2001)

25,000 – 2 year old heifers purchased for K46 each on 1 December 2001

There were no animals born or sold in the year. The per unit values less estimated costs to sell were as follows:

	K
2 year old animal at 31 May 2001	50
2 year old animal at 31 May 2002	55
3 year old animal at 31 May 2002	60

The directors would like advice on how the herd should be accounted for in its primary financial statements for the year ended 31 May 2002. Advice about disclosure notes is not required.

(6 marks)

(b) Maximo

Maximo's institutional shareholders invest in a wide-range of entities. Maximo's directors are concerned that certain IFRS and IAS Standards permit entities to choose between different measurement bases and presentation methods. They believe that these choices hinder its shareholders from comparing Maximo to other entities on a like-for-like basis.

Required:

Outline the main accounting choices permitted by IAS 16 *Property, Plant and Equipment* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and discuss the potential impact of these on investors' analysis of financial statements.

(10 marks)

(c) NGULUBE

Ngulube meets the definition of a small entity in its jurisdiction and complies with the *IFRS for SMEs Standard* (the SMEs Standard). Ngulube has entered into the following transactions during the year ended 31 May 2016.

- (i) Ngulube requires a new machine, which will be included as part of its property, plant and equipment. Ngulube therefore commenced construction of the machine on 1 February 2016, and this continued until its completion which was after the year end of 31 May 2016. The direct costs were K2 million in February 2016 and then K1 million in each subsequent month until the year end. Ngulube has incurred finance costs on its general borrowings during the period, which could have been avoided if the machine had not been constructed. Ngulube has calculated that the weighted average cost of borrowings for the period 1 February – 31 May 2016 on an annualised basis amounted to 9% per annum.
- (ii) Ngulube has incurred K1 million of research expenditure to develop a new product in the year to 31 May 2016. Additionally, it incurred K0.5 million of development expenditure to bring another product to a stage where it is ready to be marketed and sold.

Required:

In accordance with IAS 23 *Borrowing Cost* and IAS 38 *Intangible Assets*, advise the directors of Ngulube on how the borrowing costs (note i) and the research and development expenditure (note ii) would be accounted for in the year ended 31 May 2016.

(9)

[25 Marks]

5. NGUZU J & NGUZU K

NGUZU J's annual financial statements for the year ended 31 December 2004 were authorised for issue on 28 February 2005.

On 1 January 2005, when NGUZU J's business was closed for a national holiday, an arsonist set fire to NGUZU J's warehouse. The warehouse was constructed by NGUZU J at a cost of K1,000,000 in 2000. It was ready for use on 1 January 2001.

In response to structural damage caused by the fire, on 2 January 2005, NGUZU J made the following estimates regarding the warehouse:

- i. the recoverable amount of the warehouse was estimated at K600,000
- ii. the useful life of the warehouse reduced from 30 years to 20 years from the date that it was ready for use
- iii. the straight-line method remained the appropriate depreciation method
- iv. the residual value remained K0.

Inventories with a carrying amount of K100,000 were destroyed by the fire.

NGUZU J insures its inventory up to a maximum loss of K50,000 per incident. The damage to the warehouse is not insured.

On 31 January 2005 NGUZU J acquired 60 per cent of the equity of its largest competitor (NGUZU K) for K3,000,000 when the fair value of assets and liabilities of NGUZU K were respectively

K4,800,000 and K2,000,000. The business combination almost doubled the size of the NGUZU J group and synergies are expected to enhance significantly the profitability of the consolidated entity.

On 15 February 2005 NGUZU J issued 200,000 shares at K10 each to its existing shareholders in proportion to their existing shareholdings to part fund the acquisition of NGUZU K.

On 27 February 2005 NGUZU J declared a final dividend of K500,000 (ie K1 per share) in respect of the year ended 31 December 2004.

Required

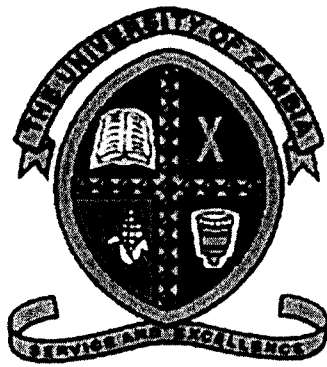
Prepare the note to disclose the events after the end of the reporting period in the financial statements of NGUZU J for the year ended 31 December 2004.

(25 Marks)

‘When I heard these things, I sat down and wept.
For some days I mourned and fasted and prayed before the God heaven.’

Nehemiah 1 vs. 4

END OF PAPER



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BAF 3235: MANAGEMENT ACCOUNTING
JULY 2016 COHORT

TEST TWO

DATE: 3RD NOVEMBER, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of THREE (3) Questions; Answer TWO (2).
 2. Question ONE (1) is **COMPULSORY**
 3. Marks Allocation Indicates the Depth of the Answer Expected
-

QUESTION ONE - **COMPULSORY**

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)**

QUESTION TWO

A company produces three products: X, Y and Z. Each uses the same resources, but different quantities as shown in the table of budgeted data for 2017 below:

Product	X	Y	Z
Budgeted production	1500	2500	4000
Direct labour hours per unit	2	4	3
Machine hours per unit	3	2	3
Batch size	50	100	500
Machine setups per batch	2	3	1
Purchase orders per batch	4	4	6
Material movements per batch	10	5	4

The company's budgeted overhead costs for 2017 are K400,000 and current practice is to absorb these costs into product costs using an absorption rate based on direct labour hours.

The management of the company are considering changing to an activity based method of attributing overhead costs to products and as a result have identified the following cost drivers and related cost pools:

Cost pool	K	Cost driver
Machine maintenance	100,000	machine hours
Machine setups	70,000	machine setups
Purchasing	90,000	purchase orders
Material handling	60,000	material movement

The remaining K80,000 of overhead costs are caused by a number of different factors and activities that are mainly labour related and are to be attributed to products on the basis of labour hours.

Required

- Calculate the total costs for each product using the absorption rate based on direct labour hours. (10 Marks)
- Calculate the production overhead cost attributed to each product unit using an activity based approach. (15 Marks)

QUESTION THREE

A company manufactures two products, L and M, using the same equipment and similar processes. An extract of the production data for these products in one period is shown below.

	L	M
Quantity produced (units)	5,000	7,000
Direct labour hours per unit	1	2
Machine hours per unit	3	1
Set-ups in the period	10	40
Orders handled in the period	15	60

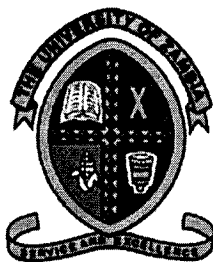
<i>Overhead costs</i>	<i>K</i>
Relating to machine activity	220,000
Relating to production run set-ups	20,000
Relating to handling of orders	<u>45,000</u>
	<u>285,000</u>

Required

Calculate the production overheads to be absorbed by one unit of each of the products using the following costing methods.

- A. A traditional costing approach using a direct labour hour rate. **(8 Marks)**
- B. An activity based costing approach, using suitable cost drivers. **(17 Marks)**

END OF TEST



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BAF 3235: MANAGEMENT ACCOUNTING

JULY 2016 COHORT

TEST THREE

DATE: 10TH NOVEMBER, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of THREE (3) Questions; Answer ANY TWO (2).**
 - 2. Marks Allocation Indicates the Depth of the Answer Expected**
-

QUESTION ONE

Peter Likando has worked for some years as a sales representative, but has recently been made redundant. He intends to start up in business on his own account, using K15,000 which he currently has invested with a building society. Peter maintains a bank account showing a small credit balance, and he plans to approach his bank for the necessary additional finance. Peter provides the following additional information.

- Arrangements have been made to purchase fixed assets costing K8,000. These will be paid for at the end of September and are expected to have a five-year life, at the end of which they will possess a nil residual value.
- Stocks costing K5,000 will be acquired on 28th September and subsequent monthly purchases will be at a level sufficient to replace forecast sales for the month.
- Forecast monthly sales are K3,000 for October, K6,000 for November and December, and K10,500 from January 20X4 onwards.
- Selling price is fixed at the cost of stock plus 50%.
- Two months' credit will be allowed to customers but only one month's credit will be received from suppliers of stock.
- Running expenses, including rent but excluding depreciation of fixed assets, are estimated at K1,600 per month.
- Peter intends to make monthly cash drawings of K1,000.

Required

Prepare Peter Likando's budgeted profit and loss account and a budgeted balance sheet.

(25 Marks)

QUESTION TWO

Muliokela Limited manufactures three products from the same basic components. You are provided with the following information relating to projections for December 2018:

(i)	Sales	A	B	C
	Quantity	21,000	16,000	8,000
	Price	K15	K6	K28
(ii)	Material usage per unit	A	B	C
		K	K	K
	Wood	4	1	10
	Bought in components	3	2	6
	Packing	2	1	2
(iii)	Stocks			
	Finished goods in units	A	B	C
	1 December	7,000	4,000	6,000
	31 December	10,000	3,000	3,000
	Raw materials	Wood	Bought in Components	Packing
		K	K	K
	1 December	32,000	31,800	21,500
	31 December	44,000	41,400	11,200
	Wages	A	B	C
		K	K	K
(iv)	Per unit	3	1	5
	Overhead per unit	A	B	C
		K	K	K
(v)	Variable	2	1	2
	Fixed	1	1	1

Required

Prepare the following budgets for Muliokela Limited:

A. Sales budget	(5 Marks)
B. Production budget	(5 Marks)
C. Material usage budget	(5 Marks)
D. Material purchase budget	(5 Marks)
E. Production cost budget	(5 Marks)

QUESTION THREE

You are presented with the following budgeted cash flow data for your organisation for the period May 2019 to December 2019. It has been extracted from functional budgets that have already been prepared.

	Sales	Purchase	Wages	Overheads	Dividends	Capital Expenditure
	K	K	K	K	K	K
May 2019	80,000	40,000	10,000	10,000		
Jun 2019	100,000	60,000	12,000	10,000	20,000	
Jul 2019	110,000	80,000	16,000	15,000		30,000
Aug 2019	130,000	90,000	20,000	15,000		
Sep 2019	140,000	110,000	24,000	15,000		
Oct 2019	150,000	130,000	28,000	20,000		40,000
Nov 2019	160,000	140,000	32,000	20,000		
Dec 2019	180,000	150,000	36,000	20,000	40,000	

You are told the following.

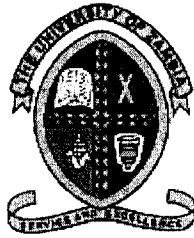
- (a) Sales are 40% cash and 60% credit. Credit sales are paid two months after the month of sales.
- (b) Purchases are paid the month following purchase
- (c) 75% of wages are paid in the current month and 25% the following month.
- (d) Overheads are paid the month after they are incurred.
- (e) Dividends are paid three months after they are declared.
- (f) Capital expenditure is paid two months after it is incurred.
- (g) The opening cash balance is K15,000.

Required

Prepare a cash budget for the six-month period July to December 2019.

(25 Marks)

END OF TEST



**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

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:

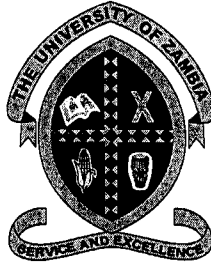
Benny is a new ACCA graduate employed by Deloitte as an Audit Assistant. He approaches you, an A+ student in Audit & Assurance at the University of Zambia, for assistance on the application of *International Standards on Auditing*. Respond to parts (a) – (e) below:

- (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

Monday 10th June 2019

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. Takondwa

Below are the statements of financial position of three companies as at 31 December 2019.

	Takondwa K'000	Abigail K'000	Tinkale K'000
Non-Current Assets			
Propoerty, plant and equipment	720	60	70
Investment in Group Companies	<u>185</u>	<u>100</u>	<u>-</u>
	905	160	70
Current Assets	<u>175</u>	<u>95</u>	<u>90</u>
Total Assets	<u>1,080</u>	<u>255</u>	<u>160</u>
Equity			
Share Capital - K1 Ordinary shares	400	100	50
Retained Earnings	<u>560</u>	<u>90</u>	<u>65</u>
	960	190	115
Current Liabilities	<u>120</u>	<u>65</u>	<u>45</u>
	<u>1,080</u>	<u>255</u>	<u>160</u>

You are also given the following information:

- (a) Takondwa Co acquired 60% of the share capital of Abigail Co on 1 January 2002 and 10% of Tinkale on 1 January 2013. The cost of the combinations were K142,000 and K43,000 respectively. Abigail Co acquired 70% of the share capital of Tinkale Co on 1 January 2013.
- (b) The retained earnings balances of Abigail Co and Tinkale Co were:

	01-Jan-12 K'000	01-Jan-13 K'000
Abigail	45	60
Tinkale	30	40

- (c) No impairment loss adjustments have been necessary to date.

- (d) It is the group's policy to value the non-controlling interest at acquisition at its proportionate share of the fair value of the subsidiary's identifiable net assets.

Required

- (a) Prepare the consolidated statement of financial position for Takondwa Co and its subsidiaries as at 31 December 2019.
- (b) Calculate the total goodwill arising on acquisition if Takondwa Co had acquired its investments in Abigail and Tinkale on 1 January 2013 at a cost of K142,000 and K43,000 respectively and Abigail Co had acquired its investment in Tinkale Co on 1 January 2012.

[40 Marks]

2. Joint Ventures and Investment in Associates

During the annual general meeting of Sokonezo, the shareholders requested the Directors to consider more profitable investments. The shareholders have just disclosed that they are ready to invest a total of K10 million. The shareholders prefer either an Associate or Joint Ventures. You have been approached by the Director of Finance to provide a detailed explanation of the differences between the two proposed investment options. You are further requested to give guidance on how to account for either an Associate or Joint Venture.

[10 Marks]

SECTION B

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

3. CHABWELA

You work for Boza, a limited liability company, which seeks growth through acquisitions. You are a member of a team that is investigating the possible purchase of Chabwela, a limited liability company that manufactures a product complementary to the products currently being sold by Boza.

Your team leader wants you to prepare a report for the team evaluating the recent performance of Chabwela and the quality of its management, and has given you the following financial information which has been derived from the financial statements of Chabwela for the three years ended 31 March 2016, 2017 and 2018.

<i>Financial year ended 31 March</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Turnover (K'million)	2,243	2,355	2,237
Cash and cash equivalents (K'million)	-50	81	-97
Return on equity	13%	22%	19%
Sales revenue to total assets	2.66	2.66	2.01
Cost of sales to sales revenue	85%	82%	79%
Operating expenses to sales revenue	11%	12%	15%
Net income to sales revenue	2.6%	4.3%	4.2%
Current/Working Capital ratio (to 1)	1.12	1.44	1.06
Acid test ratio (to 1)	0.80	1.03	0.74
Inventory turnover (months)	0.6	0.7	1.0
Credit to customers (months)	1.3	1.5	1.7
Credit from suppliers (months)	1.5	1.5	2.0
Net assets per share (ngwee per share)	0.86	0.2	0.97
Dividend per share (ngwee per share)	10.0	14.0	14.0
Earnings per share (ngwee per share)	11.5	20.1	18.7

Required:

Use the above information to prepare a report for your team leader which:

- (a) reviews the performance of Choggerell as evidenced by the above ratios;
- (b) makes recommendations as to how the overall performance of Choggerel could be improved; and
- (c) indicates any limitations in your analysis.

[25 Marks]

4. ETHICS

Patrick and Francis are employed as Internal Auditors by the Government of Republic of Zambia (GRZ) through the Ministry of Finance (M.o.F) and have been assigned to audit the books of the University of Zambia (UNZA) in relation to the gratuities and terminal benefits owed by UNZA. This assignment, follows a directive from the Cabinet to abolish internal pension schemes and subsequent funding of the accrued rights. Ministry of Finance is set to release more than K200 million towards the gratuities owed to former and current employees of the University backdating to January 2011. During the Audit, Patrick and Francis, have discovered that Mr. Yohane and Mr. Kabwe happen to be the beneficiaries of the K200 million as they are owed gratuities for the contracts that ended in March 2011. Patrick and Francis, are student at the UNZA Graduate School of Business and both Mr. Yohane and Mr. Kabwe are their Lecturers in Financial Reporting and Corporate Finance respectively. During the audit exercise, Patrick and Francis are of the view that further work needs to be done by UNZA in order for them to fully verify the transactions and give a greenlight to M.o.F to release the K200 million funding.

Mr. Yohane has jokingly said to Patrick and Francis, 'As you carry your audit do not delay for I have waited for more than seven years for my money and it has since lost value. As you audit my file remember I have a final say on your grade'. Patrick and Francis are yet to sit for their final examination in November 2018.

Patrick and Francis have approached you for advice.

Required:

As a Professional Accountant, you are required to advise Patrick and Francis, where possible, making reference to the Conceptual Framework.

[25 Marks]

5. REPORTING ISSUES

(a) Foreign Related Transactions

The directors of Rose are not fully aware of the requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to exchange rate differences. They would like advice on how exchange differences should be recorded on both monetary and non-monetary assets in the financial statements and how these differ from the requirements for the translation of an overseas entity. The directors also wish advice on what would happen to the exchange differences if Rose sold all of its equity shares in Stem.

Required:

Provide a brief memo for the directors of Rose which identifies the correct accounting treatment for the various issues raised.

(8 marks)

(b) Group Accounts

The directors of Ashanti are considering acquiring 49.9% of the equity shares of Night. The next biggest shareholders will be Night's two original founders, who will hold 21% and 8% of the equity shares respectively. The original founders are not related. The remaining 21.1% of the shares will be held by 11 shareholders, who are acquaintances of the original founders but whom have a remote relationship to one another. There has not been complete owner representation at the last three annual general meetings of Night. Ashanti will have the ability to appoint four of the six members of Night's Board of Directors ('the Board'). The Board of Night have overall responsibility for decisions that affect the entity's operations.

Required:

Discuss whether the proposed share purchase will lead to Ashanti obtaining control over Night.

(7 marks)

(c) Conceptual Framework

The directors of Kayte have heard that the International Standards Board (the Board) is considering revising certain aspects of the *Conceptual Framework for Financial Reporting* (the Framework). The directors of Kayte do not believe that the current definitions of 'assets' and liabilities are useful and so they are particularly interested in the work that the Board is conducting on the elements.

Required:

Critically discuss the Framework's definition of 'assets' and 'liabilities' and where possible give examples.

(5 Marks)

(d) Legal Proceedings

On 20 December 2017, a customer initiated legal proceedings against the company in relation to breach of contract. On 29 December 2017, the company's legal advisers informed the directors that it was unlikely the company would be liable; therefore no provision has been made in the financial statements, but disclosure as a contingent liability has been made. On 29 December, the court found the company liable on a technicality and is now required to pay damages amounting to material sum.

Required

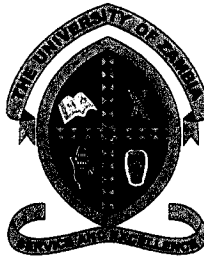
Discuss whether the financial statements require any amendment.

(5 marks)

[25 Marks]

‘When I hear these things, I sat down and wept.
For some days I mourned and fasted and prayed before the God heaven.’

Nehemiah 1 vs. 4



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

December 2019

BBA 1052: BUSINESS ENVIRONMENT

Instructions

Time Allowed: **3 hours**

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

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

Section A and B are **compulsory**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY

IMPACT OF CULTURE OF SWITZERLAND HOUSEWIVES ON MARKETING OF DISHWASHERS

In Switzerland, foreign dishwasher manufacturers expected the same rapid sales as they had first obtained in other West European markets; but sales in Switzerland were so slow that research had to be done to find out why (this research should, of course, have been done before not after market entry). The research showed that the Swiss housewife had a different set of values compared to, her French and English counterparts; she was very conscious of her role as strict and hardworking and her responsibility for the health of her family. To the Swiss housewife dishwashers simply made life easy, and this conflicted with her Calvinistic work ethic. As a result of this research, dishwasher manufacturers had to change their advertising promoting, instead of ease and convenience, hygiene and health. They did this by emphasising that because dishwashers used temperature higher than hand-hot, the process was more hygienic than washing up by hand. Thereafter, they had no problem selling automatic dishwashers in Switzerland.

Source: Edgar P. Hibbert, *International Business*, Macmillan, 1997, p. 70.

Question One

With reference to the above case study, explain how the elements in the cultural environment have an influence on the operations of a business. (20 marks)

Question Two

Conduct a SWOT analysis for a typical university in Zambia. (20 marks)

Total: 40 marks

SECTION B: COMPULSORY

Question Three: Answer All Multiple Choice Questions

3.1 The PEST analysis is used to represent:

- a) Multiple dimensions of the external environment.
- b) The company's place in the marketplace.
- c) A country's political and economic environment.
- d) The institutions and processes which determine a country's level of development.

3.2 Vernon's theory of the international product life cycle explains:

- a) The stages of globalization
- b) The growth in overseas production

- c) The importance of the US in the global economy
- d) The need for innovation in consumer products

3.3 Fiscal policy concerns which of the following:

- a) Exchange rates
- b) Public spending and taxation policies
- c) Interest rates
- d) The consumer price index

3.4 Which of the following is out of place in a planned economy?

- a) State control of prices
- b) Authoritarian government
- c) Democracy
- d) State control of production

3.5 The European Union (EU) is committed to which of the following?

- a) A single market
- b) Strong national governments in member states
- c) Enlargement
- d) The social market economic model

3.6 What is the aim of the WTO's dispute resolution process?

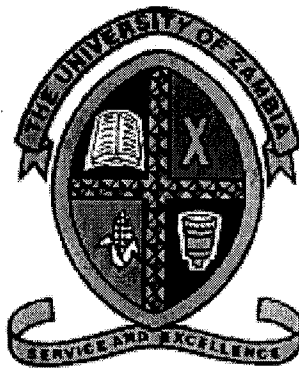
- a) To punish countries which trade unfairly
- b) To impose anti-dumping penalties
- c) To resolve trade disputes through impartial panels
- d) To resolve trade disputes through judicial procedure

3.7 Which of the following is *not* one of the challenges associated with ageing societies?

- a) Costs of pensions and healthcare
- b) Need for managers to accommodate older workers
- c) Need for governments to raise the legal pension age
- d) Equal opportunities for all ethnic and religious minorities

3.8 Intellectual property is defined as:

- a) Property in technology
- b) Rights over products of the human intellect such as patents and copyrights
- c) Rights over technology transfer
- d) Patent rights



THE UNIVERSITY OF ZAMBIA

SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

BBA 2210: PRINCIPLES OF ACCOUNTING

TEST FOUR

DATE: 29TH AUGUST, 2019

TIME: 12:00 HOURS

DURATION: TWO (2) HOURS

VENUE: LIBRARY BASEMENT

INSTRUCTIONS:

- 1. The Paper has a Total Number of TWO (2) Questions, Answer ALL.**
 - 2. Marks Allocation Indicates the Depth of the Answer Expected.**
-

QUESTION ONE

The following List of Balances has been extracted from the books of account of a partnership as at 31 March 2019. The three partners are Dinga, Phiri and Langa and they have agreed to share profits in the ratio of 2:3:5 respectively.

K'000

Annual Salaries:

Langa	8,000
Phiri	1,500
Dinga	13,500

Capital accounts as at 1 April 2018:

Langa	80,000
Phiri	15,000
Dinga	5,000

Cash at Bank 4,900

Current accounts:

Langa (DR)	1,000
Phiri (DR)	500
Dinga (DR)	400

Discount Allowed 22,000
Commission earned 5,280

Drawings;

Langa	26,000
Phiri	22,900
Dinga	15,720

Furniture 80,000
Accumulated depreciation at 01-4-2018 20,000

Office Expenses 30,400

Plant & machinery at cost 100,000
Accumulated depreciation at 1-4-2018 36,600

Provision for bad and doubtful debts 420
Rent, Rates, heat and light 8,800
Sales 407,120
Inventory at 31-3-2019 35,000
Trade Payables 16,500
Trade Receivables 14,300

Additional information:

- (a) The value of goods sold are 55.021% of the sales rounded off to the nearest thousand.
- (b) The provision for bad and doubtful debts is to be 5% of the trade receivables.
- (c) Rent amounting to K1,500,000 had been paid in advanced as at that date
- (d) Depreciation on the Non current assets is to be charged as follows;
Furniture 25 % on reducing balance. Plant and Machinery 20% on straight line method for the year ended 31 March 2010.
- (e) An office expense of K405, 000 was owing at 31 March 2010.

Required

Prepare the following:

- A. (i) Partners' Statement of financial performance for the year ended 31 March 2019 (10 Marks)
- (ii) Current accounts of the partners in (columnar form) for the year to 31 March 2010. (5 Marks)
- B. Explain the main differences between partnership and a limited company (5 Marks)
- C. What are five (5) main contents of a partnership agreement? (5 Marks)

QUESTION TWO

Jim Brothers, a manufacturing company, produces the following balances from its books at 30th September 2018

	K'000
Stocks at 1 st October 2017	
Raw materials	7,450
Work-in-progress(factory cost)	5,330
Finished goods(transfer value)	12,110
Purchases of raw materials	128,740
Purchases returns	310
Direct expenses	3,280
Return inwards	1,215
Carriage inwards	1,055
Rates	5,250
Light, heat and power	3,270
Direct Wages	187,240
Indirect Wages	14,320
Telephone	890
Factory repairs	2,215
Insurances	1,420
Factory salaries	38,000
Office salaries	24,000

Sales salaries	27,435
Plant & machinery (at cost)	160,000
Provision for depreciation of plant& machinery at 1 st October 2017	64,000
Bad debts (written off)	325
Sales	721,560
Furniture & equipment (at cost)	
-Factory	42,000
-Office	48,000
Provision for depreciation of furniture& equipment at 1 st October 2017	
-Factory	8,400
-Office	9,600

Additional information:

1. Closing stocks at 30th September 2018 are as follows:-

	K'000
Raw materials	6,325
Work-in-progress(factory cost)	6,105
Finished goods(transfer value)	15,225

2. Prepayments at 30th September 2018:-

	K'000
Rates	450
Insurance	220

3. Accruals at 30th September 2018

	K'000
Direct wages	1,220
Telephone	70
Light, heat and power	210

4. At 30th September 2018, depreciation is to be provided as follows:

	Per year on cost
Plant and machinery	20%
Furniture and equipment	10%

5. Expenses are to be apportioned to the factory as follows:

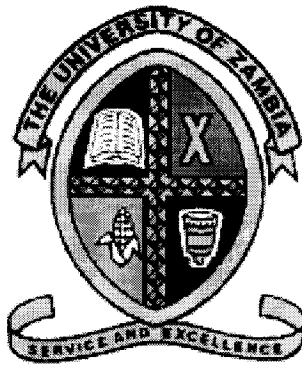
	K'000
Rates	4/5
Insurances	3/4
Telephone	2/3
Light, heat and power	3/4

6. It is the policy of the company to transfer goods manufactured to the warehouse at factory cost plus 15%.

Required

Prepare the Manufacturing and Trading Accounts of Jim Brothers for the year ended 30th September 2018
(25 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA

SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

BBA 2210: PRINCIPLES OF ACCOUNTING

TEST FIVE

DATE: 5TH SEPTEMBER, 2019

TIME: 12:00 HOURS

DURATION: ONE (1) HOUR

VENUE: LIBRARY BASEMENT

INSTRUCTIONS:

- 1. The Paper has ONLY ONE COMPUSORY Questions.**
 - 2. Marks Allocation Indicates the Depth of the Answer Expected.**
-

QUESTION ONE

X, Y and Z have been in partnership for many years sharing profits and losses in the ratio of 50%:30%:20%, respectively.
The following Trial Balance has been extracted from their books of account as at 31 December 2018.

K'000K'000		
Cash at Bank	4,900	
Current accounts:		
X	1,000	
Y	500	
Z	400	
Discount Allowed	22,000	
Rent, Rates, heat and light	8,800	
Sales		407,120
Inventory at 31/3/18	35,000	
Trade Payables		16,500
Discount received		5,280
Drawings;		
X	26,000	
Y	22,900	
Z	15,720	
Motor Vehicles at cost	80,000	
Accumulated depreciation at 1/1/18		20,000
Office Expenses	30,400	
Plant & machinery at cost	100,000	
Accumulated depreciation at 1/1/18		36,600
Provision for bad and doubtful debts 1/1/18		420
Capital accounts as at 1 January 2017		
X		80,000
Y		15,000
Z		5,000
Cost of goods sold	224,000	
Trade Receivables	14,300	
	585,920	585,920

Additional information:

- (a) Depreciation on the fixed assets is to be charged as follows;
Motor vehicles 25 % on reducing balance. Plant and Machinery 20% on straight line method. There were no Purchases or Sales of fixed assets during the year to 31 December 2018.
- (b) The provision for bad and doubtful debts is to be maintained at a level equivalent to 5% of the total trade receivables as at 31 December 2018.

- (c) An office expense of K405,000 was owing at 31 December 2018 and some rent amounting to K1,500,000 had been paid in advanced as at that date. These items had not been included in the list of balances shown in the trial balance.
- (d) The Partnership Agreement stipulates that the partners are entitled to salaries per annum as follows:

XK8, 000,000

YK1, 500,000

ZK13, 500,000

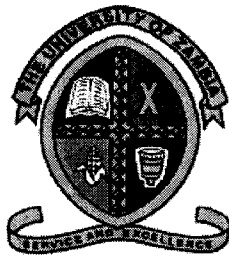
- (e) On 1 January 2017 Keren Motors Ltd agreed to purchase the business on the following terms:
- (i) X to Purchase one of the Partnership's Motor vehicles at an agreed value of K5 Million with the remaining Vehicles being taken over by the company at an agreed value of K30 Million.
 - (ii) The Company agreed to purchase Plant and machinery at a value of K35 Million and the inventory at a value at a value of K38, 500,000.
 - (iii) The Partners to settle the trade payables in full.
 - (iv) The trade receivables were not to be taken over by the company, the partners received cheques on 1 January 2018 amounting to K12,985,000 in total from the trade receivables in settlement of the outstanding debts.
 - (v) The partners paid the outstanding office expenses on 1 January 2018 and the Landlord returned the rent paid in advance by cheque on the same day.
 - (vi) As a consideration for the sale of partnership, the partners were to be paid K63,500,000 in cash by Keren Motors Ltd and to receive K75,000,000 in K1 Ordinary Shares to be apportioned equally among the Partners.
 - (vii) All Matters relating to the dissolution of the Partnership and its sales to the company took place on 1 January 2018.

REQUIRED

- (i) (a) Explain what the term Partnership Means. (2 Marks)
- (b) List four partnership agreements. (4 Marks)
- (ii) Prepare the following accounts;
 - (a) Partners' Income Statement for the year ended for the year ended 31 December 2018 (8 Marks)
 - (b) Realization account for the period up to and including January 2018. (5 Marks)
 - (c) Current accounts of the partners in (columnar form) for the year to 31 March 2007

(6 Marks)

END OF TEST



**UNIVERSITY OF ZAMBIA
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS**

Bachelor of Business Administration

2018/2019 ACADEMIC YEAR

BBA 3211: Financial Management

MID-YEAR FINAL EXAMINATIONS

11th July, 2019

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. There are two sections in this examination. Section A and Section B.
2. Section A is Compulsory.
3. Answer Any Three (3) Questions in Section B

Note: All answers must be written in the answer booklet provided

DO NOT TURN OVER UNTIL INSTRUCTED TO

SECTION A: COMPULSORY

QUESTION ONE

The directors of Michelo plc are considering a five-year project that has been proposed by the company's sales director. A customer is about to sell a very specialised milling machine that has become surplus to requirements. This type of machine would cost tens of millions of kwachas to buy new. Used machines are rarely sold on the open market. The machine has an expected remaining useful life of five years and has been checked and certified by an independent engineer.

The sales director proposes buying the used machine for K4'million and using it to manufacture a new product for which Michelo plc owns some patent rights and which cannot be manufactured in an economic manner without such equipment. The sales director proposes taking out a five year lease on a factory building and using an employment agency to provide labour for the five year period. The sales director estimates that it would be necessary to invest a further K1'million at the start of the first year in addition to buying the machine: a returnable deposit of K100,000 on the factory, K200,000 for the first year's lease, K400,000 for the opening inventory of raw materials and K300,000 for the initial payment for labour.

The sales director has drafted the following budgeted annual income statement for the project:

	K'000
Revenue	2,600
Raw materials	(400)
Factory lease	(200)
Labour	(300)
Depreciation of machine	(800)
Other running costs	<u>(500)</u>
Profit	<u>400</u>

It is anticipated that materials, recurring lease payments and labour will be paid for annually at the start of each year. Other running costs comprise the cost of electricity and other operating costs and they will be paid for annually at the end of each year. Revenues will be received at the end of the year in which they are earned.

At the conclusion of the project, the sales director anticipates that it will cost K300,000 to dismantle the equipment and at that time it will be possible to reclaim 100% of the deposit paid to the factory owner.

The sales director has shown this proposal to a potential lender, who has agreed to lend Michelo plc K5'million at an interest rate of 7% p.a. This loan will be secured on Michelo plc's existing assets because the milling machine is deemed to be too specialised to be a suitable form of security.

The sales director proposes that the project should be evaluated at a required rate of return of 7% p.a. because it will be financed by means of a self-contained loan package upon which that rate will be charged. The finance director believes that the project should be evaluated at a much higher rate than 7% p.a., but cannot state the specific rate that should be charged without conducting a further analysis.

The finance director is also concerned that the sales director has ignored tax when preparing the budgeted income statement.

Required

- A. Calculate the net present value of the project using a discount rate of 7% p.a. and ignoring tax. (18 Marks)
- B. Explain why the required rate of return might be higher than the 7% rate charged by the bank on the funding for the project. (7 Marks)

Total: 25 marks

SECTION: ANSWER ANY THREE (3) QUESTIONS

QUESTION TWO

Sebenzani plc is a quoted company. Its directors are reviewing the company's long term financial strategy. The company has been criticised for being financed largely by equity. It has no significant long term borrowings. The board has asked for some calculations to enable them to decide whether the company should consider borrowing in the future. The next phase of expansion will require the company to raise K200m and will involve a general expansion of the existing lines of business.

The following information has been obtained:

Current risk free rate	4%
Equity risk premium	5%
Current corporation tax rate	30%
Equity capital	K1,000m
Sebenzani plc's Beta	1.4
Probable gross interest rate on debt	7%

Required

- A. Calculate Sebenzani plc's expected weighted average cost of capital (WACC). (5 Marks)
- B. Calculate Sebenzani plc's expected WACC after the new finance has been raised assuming that the finance is raised by borrowing. (10 Marks)
- C. Explain the concept of CAPM in relation to cost of capital and risk. (5 Marks)
- D. It has been suggested that company directors are often motivated by a desire to act in their own best interests rather than those of the shareholders. Explain why directors

might be reluctant to use the capital asset pricing model (CAPM) as a decision making criterion for financial planning.

(5 Marks)

Total: 20 marks

QUESTION THREE

Grow Ltd is a manufacturing company. The directors are meeting to discuss some aspects of corporate strategy and also to plan for the publication of the annual report on the current year's trading. The following set of draft financial statements, combining actual results to date and forecast figures for the remainder of the year, has been presented to the directors:

Grow Ltd

Forecast income statement for the year ended 31 December 2019

	<i>K'000</i>
Revenue	5,000
Cost of sales	<u>(2,000)</u>
	3,000
Other operating costs	<u>(500)</u>
	2,500
Finance charges	<u>(720)</u>
Net profit	<u>1,780</u>

Grow Ltd

Forecast balance sheet as at 31 December 2019

	<i>K'000</i>	<i>K'000</i>
Non-current assets		17,500
Current assets		
Inventory	167	
Trade receivables	417	
Bank	<u>50</u>	
		<u>634</u>
Total assets		<u>18,134</u>
Equity		
Share capital		5,000
Retained earnings		<u>4,870</u>
		9,870
Non-current liabilities		
Loans		8,000
Current liabilities		<u>264</u>
		<u>18,134</u>

The directors are considering the effects of a proposal to invest in a major new piece of equipment that will expand the company's capacity and will create the potential to generate substantial new cash flows. The equipment will have to be purchased almost immediately or the opportunity to take advantage of the potential sales will be lost.

The equipment will cost K10m. Its acquisition will be funded by a loan paying annual interest at a rate of 9%. The company will depreciate the new equipment at 10% of cost each year, with a full year's depreciation charged during the year ended 31 December 2019. Two months' interest will also be accrued on the loan. There will be very little additional business this year because of the need to install and set up the equipment.

The directors' only reservation about this proposal concerns the impact that it will have on the company's financial statements. They are concerned that they will look unprofitable and more risky.

Required

- A. Recalculate Grow Ltd's figures to show the income statement and balance sheet as if the new equipment had been acquired on the terms stated above. **(9 Marks)**
- B. Calculate the return on capital employed and gearing ratios both before and after adjusting for the effects of the acquisition of the equipment and comment on the results. **(7 Marks)**
- C. Explain whether it is logical for the directors to allow the proposal's impact on the financial statements to affect their decision about proceeding with the investment. **(9 Marks)**

QUESTION FOUR

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 FIVE

- A.** You have been reading about the Office Computer Company (OCC), which currently retains 90 percent of its earnings (K5 a share this year). It earns an ROE of almost 30 percent. Assuming a required rate of return of 14 percent, how much would you pay for OCC on the basis of the earnings multiplier model? Discuss your answer **(7 Marks)**
- B.** Drum Can Company's (DCC) latest annual dividend of K1.25 a share was paid yesterday and maintained its historic 7 percent annual rate of growth. You plan to purchase the stock today because you believe that the dividend growth rate will increase to 8 percent for the next three years and the selling price of the stock will be K40 per share at the end of that time.
- (i)** How much should you be willing to pay for the DCC stock if you require a 12 percent return? **(6 Marks)**
- (ii)** What is the maximum price you should be willing to pay for the DCC stock if you believe that the 8 percent growth rate can be maintained indefinitely and you require a 12 percent return? **(6 Marks)**
- (iii)** If the 8 percent rate of growth is achieved, what will the price be at the end of Year 3, assuming the conditions in Part ii? **(6 Marks)**

QUESTION SIX

Wankumbwa Chileshe plc was established nine years ago. The company has grown steadily throughout that period and the directors are beginning to plan the next stage of expansion. The company requires to raise a substantial amount of finance in order to grow and the directors are considering the options that are open to them.

One possibility is to raise funds through borrowing. Another would be to raise further equity, although the directors are of the opinion that they might have to seek a stock exchange quotation in order to do so.

Required

- A.** Describe the tax implications of selecting a source of finance from the point of view of the company and the provider of the finance. **(7 Marks)**
- B.** Explain why it might not always be appropriate for management to choose the least expensive form of capital whenever new finance is required. **(6 Marks)**
- C.** Explain the advantages and disadvantages of seeking a stock exchange listing. **(7 Marks)**
- D.** All of Wankumbwa Chilesa plc's shares are held by the directors, all of whom are actively involved in the running of the company. Describe one advantage and one disadvantage of having a "tight" shareholding. **(5 Marks)**

END OF EXAMINATION

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

Discount rate (r)

Periods (n)	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	11
12	11.26	10.58	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814	12
13	12.13	11.35	10.63	9.986	9.394	8.853	8.358	7.904	7.487	7.103	13
14	13.00	12.11	11.30	10.56	9.899	9.295	8.745	8.244	7.786	7.367	14
15	13.87	12.85	11.94	11.12	10.38	9.712	9.108	8.559	8.061	7.606	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	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528	2
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106	3
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589	4
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991	5
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.498	3.410	3.326	6
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605	7
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837	8
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031	9
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192	10
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.486	4.327	11
12	6.492	6.194	5.918	5.660	5.421	5.197	4.988	4.793	4.611	4.439	12
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533	13
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611	14
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675	15

THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

Monday 10th June 2019

BBA 9125: INTERNATIONAL BUSINESS MANAGEMENT

Instructions

Time Allowed: **3 hours**

There are **six (6)** 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: Read the case below and answer questions that follow

Strategic innovation at Hindustan Lever Ltd

Large multinational corporations may still need to tailor their products and services to local market needs.

Unilever is one of the world's biggest consumer products companies. It seeks to establish its brands on a global basis and support them with state-of-the-art research and development. However, it is acutely aware that markets differ and that, if it is to be global, it has to be prepared to adapt to local market conditions. It also recognises that if it is to have global reach, it has to be able to market its goods in poorer areas as well as richer areas. Indeed it estimates that by 2010 half of its sales will come from the developing world – an increase of over 30 per cent from the equivalent figure in 2000. In the rural areas of India Hindustan Lever is setting about marketing Unilever's branded goods in ways suited to local conditions. Much of the effort goes into marketing branded goods in local 'haats' or market places, where Unilever representatives sell the products from the back of trucks using loudspeakers to explain the brand proposition.

Local executives argue that, poor as people are, they 'aren't naturally inclined to settle for throwaway versions of the real deal – if the companies that make the real deal bother to explain the difference'. To help develop the skills to do this Lever management trainees in India begin their careers by spending weeks living in rural villages where they eat, sleep and talk with the locals: 'Once you have spent time with consumers, you realise that they want the same things you want. They want a good quality of life.' The same executives have innovated further in the way goods are marketed. They have developed direct sales models where women, belonging to self-help groups that run micro credit operations, sell Lever products so as to make their collectives' savings grow. Where television viewing is uncommon, Hindustan Lever marketing executives have also mounted thousands of live shows at cattle and trade markets, employing rural folklore. The aim here is not just to push the Lever brands, it is to explain the importance of more frequent washing and better hygiene.

Indeed sales personnel attend religious festivals and use ultraviolet light wands on people's hands to show the dangers of germs and dirt. But it is not just the way the goods are marketed that is tailored to rural India. Product development is also different. For example, Indian women are very proud of the care of their hair and regard hair grooming as a luxury. However, they tend to use the same soap for body washing as for washing their hair. So Lever has dedicated research and development efforts into finding a low-cost soap that can be used for the body and for the hair and which is targeted to smaller towns and rural areas. As Keki Dadiseth, a director of Hindustan Lever, puts it: 'Everyone wants brands. And there are a lot more poor people in the world than rich people. To be a global business . . . you have to participate in all segments.'

Question One

What are the challenges and opportunities a multinational such as Unilever faces in developing global brands whilst encouraging local responsiveness? (14 marks)

Outline any three (3) sources of risks a multinational, such as, Unilever is likely to face (6 marks)

Question Two

Multinationals have been criticized for marketing more expensive branded goods in poorer areas of developing countries.

- a) Explain why and how a firm's pricing strategy might vary among countries (10 marks)
- b) Explain why it might make sense to vary the attributes of a product from country to country. (10 marks)

Total: 40 marks

Section B: Answer any three (3) questions

Question Three

International Businesses usually have to make decisions regarding the location of their production activities.

Explain the factors that may influence the decision regarding location of production facilities for such a business. (20 marks)

Question Four

The pattern and direction of trade of foreign direct investment has grown over the years.

- a) Explain the benefits and costs of FDI on Home country and Host country. (14 marks)
- b) What steps can the government take to restrict inward FDI. (6 marks)

Total: 20 marks

Question Five

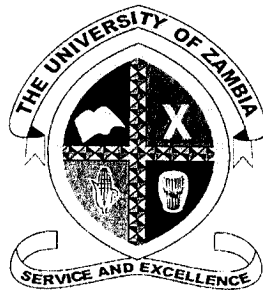
- a) Explain how cultural elements influence international business. (15 marks)
- b) Explain why managers may fail to thrive in foreign postings. (5 marks)

Total: 20 marks

Question Six

- a) Identify the factors that influence a firm's decision of whether to source supplies from within the company or to outsource suppliers. (12 marks)
- b) Describe any two (2) systems that can be put in place to efficiently manage a global supply chain. (8 marks)

Total: 20 marks



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

AUGUST 2017/FEBRUARY 2017/JULY 2016 COHORT

SESSIONAL EXAMINATION

DATE: 9TH DECEMBER, 2019

BBA9135: BUSINESS PLANNING AND DEVELOPMENT

TIME: THREE (3) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of Five (5) Questions.
 2. Answer all questions in section A & B. choose one from section C
 3. Marks Allocation Indicates the Depth of the Answer Expected.
-

SECTION A [COMPULSORY]

Read the case study carefully and answer the question below. The question in this section is compulsory and carry 40 marks

THE ENTREPRENEUR VERSUS THE PLANNER

A small business owner, Richard Rodrigues, met a corporate planner, Kevin Watkins, for a social drink. The two were old friends, but as they had not met up for some time, they were anxious to catch up on each other's news. Kevin was still working for a large utility company, as he had been when they last met. His work was to assist the line managers in his organization to produce regular business plans which reflected corporate goals. Richard's business, by comparison, was small and changing. He had owned a publishing company, which specialized in producing magazines for the medical profession paid for by advertising from drug companies.

'Yes, I think I was doing rather nicely in publishing when we last met', Richard commented to Kevin. 'That's all changed now of course. Generic prescribing came along and wiped out that business. Doctors have to prescribe non – branded drugs where possible now, so there's little point in the drug companies advertising their branded products to them'. 'You mean you have stopped publishing altogether?' asked Kevin. 'Didn't you see it coming and move into some other form of publishing?' 'Well, I heard about it of course, as it was being talked about well before it became policy', Richard replied. 'But I didn't think it would affect me the way it did. My advertising revenue dropped by 25 per cent, which was enough to make the publication unprofitable. I had hoped I could ride the storm, but there didn't seem much point once I was losing money. I decided to cut my losses and do something else.'

'What did you do then?' Kevin questioned. 'I decided to do something completely different. I bought a toy company, making dolls and children's games', announced Richard. 'Want to buy it? It keeps me awake at nights with its cash flow problems.' 'No thanks. Very seasonal business, I imagine. Still you would have known that before you bought it. What's been the problem?' asked Kevin.

'You're right,' said Richard, 'I did know it was a seasonal business, but I actually did a very good deal in buying it. The price was rock bottom. I didn't even have to take out any loans. It's just that so much depends on Christmas it's impossible to plan anything. My accountant checked out the reported profits and balance sheet before I bought the business, so I knew what I was getting. And the profits are there, as the previous owner said they would be. He just forgot to tell me about the cash flow. I nearly went bankrupt in the first year waiting for Christmas.'

'Didn't your business plan predict that, or at least indicate there would be some serious troughs in your cash flow?' asked Kevin. 'Like I said, I didn't need any loans, so I didn't need a business plan', said Richard. 'Well I don't want to push my own profession, but I think a business plan would have told you about these troubles in advance. But then I am biased ', laughed Kevin. Richard did not seem to appreciate the joke. 'If I had to put together the sort of five – year plan you produce every time I make a decision, I'd get nowhere fast. As a matter of fact, when I found out about this toy company for sale, there was another larger organization interested. It was only by going down there the next day and making an offer on the spot that I clinched the deal. I expect your equivalent in this other company is still working on the business plans!' he retorted.

'I don't think that's fair at all', responded Kevin. 'How can you know what you're doing without some sort of plan? It doesn't have to be complicated or time consuming. And it can show how sensitive a business is to seasonal factors or more permanent changes like your last business. You know, a business plan may have helped you there too.'

'I don't think so at all', Richard said indignantly. 'What I needed then was creativity and innovation to change my business, not the straitjacket of some plan. Anyway they are only financial forecasts – crystal ball gazing. What's the point of that when you're going bust?' 'Ok, Ok, so you don't believe in planning. How about objectives? Do you believe in setting those?' asked Kevin. 'Of course I do', said Richard, 'I just don't want to spend my time writing them down, that's all.'

'Well you obviously like centralized control, at least that something you have in common with us planners', smiled Kevin.

QUESTION ONE

- A. Kevin may have been right to claim that business plans could have helped Richard. In what ways do you think Richard could have benefited from business planning in both of his businesses? To what extent is Richards's skeptical position about the benefits of business planning correct.
[14 Marks]
- B. Richard claims that plans 'are only financial forecasts – crystal ball gazing'. What factors would you consider before preparing a business plan to make it a working document?
[12 Marks]
- C. According to Richard, creativity and innovation are more important than business planning. Explain why creativity and innovation are so important for business success and survival. Explain also what entrepreneurs can do to stimulate their own creativity and that of others.
[14 Marks]

[Total: 40 Marks]

SECTION B

Question one

Write short notes on the following (5marks each)

- (i) Trade gossips
- (ii) Competitive intelligence
- (iii) Effect of macroeconomics variables on the Business
- (iv) Effect of Fiscal policy on the Business

QUESTION TWO

- A. Write a concise essay in which you critically examine, using appropriate examples of your choice, the significance of small scale business enterprises to the economies of nations. **[10 Marks]**
- B. What do you think an entrepreneur should do in order to avoid becoming another failure statistic? **[10 Marks]**
- C. Why is it necessary for an entrepreneur to conduct a feasibility study before launching a particular business idea **[10 Marks]**

[Total: 30 Marks]

SECTION C

QUESTION ONE

Porter developed a framework for analyzing the nature and extent of competition within an industry. Understanding the nature and strength of each the five forces within an industry assists managers in developing the competitive strategy of their organization. Explain these five forces. **[10 Marks]**

QUESTION TWO

Explain what is meant by the micro environment and state at least four constituent elements of this environment and the effect on the business. **[10 Marks]**

Best wishes



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS (GSB)

Final Examination

Transport Planning

BLTM 4445

Semester 1, 2019

Duration: 3 Hours

Date: 14th June, 2019

Time: 14:00

Venue: TBC

***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

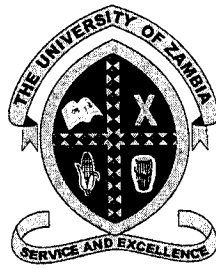
Short paragraph questions

1. Contemporary transportation provision and planning work against the broader goals of creating better places. Some common pitfalls in contemporary transportation planning that contribute to this problem include: **(5 marks)**.
2. Differentiate between goals and objectives in relation to transport planning **(4 marks)**.
3. What are the Four Steps of Conventional Transportation modeling **(4 Marks)**.
4. What are the three types of Traffic Signals **(3 Marks)**.
5. What are some of the Elements of a Fleet Safety Program **(4 Marks)**.

Section B (30 Marks) Attempt two questions

Discussion questions.

1. Narrate the appropriate design criteria for General road design principles. **(15 marks)**
2. Describe your understanding on “Effective fleet management”, analyse the elements involved. **(15 Marks)**
3. Fleet safety is a key factor when addressing transport planning, what are some of the factors contributing to Traffic Deaths and Injuries. **(15 Marks)**



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Sessional Examination

Thursday 12th December 2019

BSM 1012: FUNDAMENTALS OF MARKETING

Instructions:

Time Allowed: **3 hours**

There are two Sections in this Paper

1. Section A is **Compulsory**
2. Answer any **Two** of the **Four** Questions from Section B

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A (COMPULSORY)

Question One

Assume that you work for Green Research Ltd, a research company in Lusaka. The ministry of Youth ,Sport and Child Development has approached your company claiming that there has been an increase in drug abuse amongst the youths in Lusaka and they would like to understand why this is so. The ministry says that they would like to use social marketing strategies to curb this vice but in order for them to design any intervention strategies they must first understand the situation. You have been tasked to carry out a study on this issue.

Required:

- a) Using the appropriate wording, state what would be the research objective of this study.(1Mark)
- b) Distinguish between the universe and the sample frame(5 Marks)
- c) For this study who would be in your sample, and how would you choose this sample?(10Marks)
- d) Which data collection method would you use to gather the relevant information?(5Marks)
- e) Recommend to the ministry two (2) possible ways of tackling the issue of drug abuse using any two (2) marketing appeals of your choice. (4Marks)

(Total Marks: 25)

Question Two

ABC Ltd has just launched a new brand, 'Sunshine'. They have noted an increased level of conflict among the members of its distribution channel.

Required:

- a) Distribution channel members perform important roles in distribution of products. However, some producers are opting to bypass them. Explain five (5) possible reasons for doing this.(10 Marks)
- b) Provide five advantages that intermediaries provide. (5 Marks)
- c) Highlight the measures that ABC Ltd should take in order to minimize this level of conflicts among its distribution channel.(10 Marks)

(Total Marks: 25)

SECTION B (ANSWER ANY TWO QUESTIONS FROM THIS SECTION)

Question Three

Consumer buyer behaviour refers to the buying behaviour of individuals and households that buy products for personal consumption. Explain the stages of the consumer decision buyer behaviour process.

(25 Marks)

Question Four

Explain the implications of what is meant when direct marketing is described as a pro-active approach to marketing, by taking the product or service direct to customers rather than waiting for them to come to the seller

(25 Marks)

Question Five

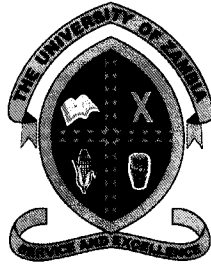
It can be argued that Cost plus pricing is a fair pricing method. Discuss .Which pricing method would you use and why to set the price of a newly introduced consumer product in the local market?

Question Six

Most companies understand the different product life cycle stages, and that the products they sell all have a limited lifespan. Explain the product life cycle and give appropriate strategies for each stage.

(25 marks)

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

Sales Management Sessional Examination

Monday 10th June 2019

BSM 2032: SALES MANAGEMENT

Instructions

Time Allowed: **3 hours**

There are six (6) Questions in the Examination Paper

Attempt a total of four (4) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

- (a) Explain role of selling in a market economy (10 marks)
- (b) Define the Personal Selling Process and briefly explain the stages involved (10 marks)
- (c) In sales management it is important to come up with objectives, what are the main reasons for coming up with sales objectives in a company? (5 marks)

(Total 25 Marks)

QUESTION 2

- (a) Define a good Sales Plan? (5 marks)
- (b) What are the five main steps involved in the development of a Sales Plan? (10 marks)
- (c) Explain the relationship between a sales plan and the organization's mission and objectives? (6 marks)
- (d) What is benchmarking? (4 marks)

(Total 25 Marks)

QUESTION 3

(a) What are the functions of a Sales Person? (5 marks)

(b) What are the qualities of a Sales Executive? (5 marks)

(c) What are the steps involved in the setting up of a sales organization?

Explain them. (9 marks)

(d) Define the following types of organizations:

(i) Line

(ii) Line and Staff

(iii) Functional (6 marks)

(Total 25 Marks)

QUESTION 4

(a) When recruiting sales people, there are two main sources of employees; Internal and External sources.

Define the two sources and give at least three examples of each (10 marks)

(b) Describe briefly the process of personnel selection and explain the main stages involved in sales personnel selection (10 marks)

(c) Mention the phases of the sales force interview process (5 marks)

(Total 25 Marks)

QUESTION 5

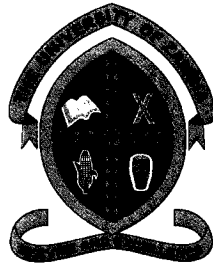
- (a) Define Sales Training? (4 marks)
- (b) What is the main purpose of sales training in companies (5 marks)
- (c) Explain why it is important for an organization to succeed (6 marks)
- (d) Mention some of the strategies which companies use to train their sales people (5 marks)
- (e) Why is it important to motivate Sales force? (5 Marks)

(Total 25 Marks)

QUESTION 6

- (a) Define what is meant by sales territories (5 marks)
- (b) What are some of the factors which you consider when designing sales territories? (5 marks)
- (c) What are Sales Quotas and why are they important? (5 marks)
- (d) Give at least five types of sales quotas (5 marks)
- (e) Explain what is meant by Sales -By- Objectives (5 marks)

(Total 25 Marks)



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Sessional Examination

Tuesday 11th JUNE 2019

BSM4020: INTERGRATED MARKETING COMMUNICATIONS

Instructions Format

Time Allowed: **3 hours**

There are a Total of FIVE questions in this Examination Paper

Answer Two Questions from Section A (Compulsory) and any Two Questions from Section B

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A (ANSWER ALL QUESTIONS FROM THIS SECTION)

Question One

You are a communications director at XYZ limited which is operating in a fast-moving consumer goods industry. It is brought to your attention that one of your biggest selling products is faulty, or even dangerous. How would you go about communicating this to your different stakeholders, and minimizing the damage?

(20 Marks)

Question Two

The concept of integrated marketing communication has meant that less emphasis is placed on advertising as a communication strategy and more time, attention and budget is spent on 'below the line' elements of the communication mix such direct marketing communications, sales promotions, public relations and personal selling. Discuss

(20 Marks)

SECTION B (ATTEMPT ANY TWO (2) QUESTIONS FROM THIS SECTION)

Question Three

Describe the promotion mix tools for communicating customer value. Why is public relations considered a key part of the promotional mix.

(20Marks)

Question Four

International Marketing involves the performance of business activities designed to direct the flow of a company's goods and services to consumers or users in more than one nation. Marketing communications in international markets needs to be conducted with care. Outline the challenges that companies face in the area of International Communications.

(20 Marks)

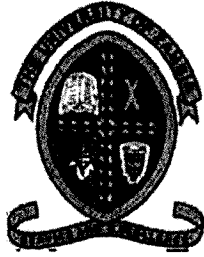
Question Five

Write brief notes on the following

- a) Sponsorship
- b) Print Media
- c) Corporate Image
- d) Global Marketing

(20marks)

End of Examination



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MASTER OF SCIENCE IN CORPORATE COMMUNICATION**

SEPTEMBER, 2019 EXAM

COM 5125: INTERCULTURAL COMMUNICATION

DATE: 9th SEPTEMBER, 2019

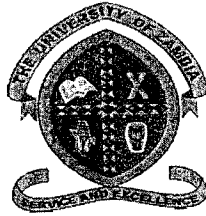
TIME: 14:00 – 17:00 HOURS

DURATION: THREE (3) HOURS

ANSWER ALL QUESTIONS (20 MARKS EACH)

1. Discuss the definitions of culture. Different cultures communicate through various levels of context. Outline these contexts and evaluate how Zambia fits into the different contexts.
2. Novinger (2001) has observed that, “The successful intercultural communication process best begins with goodwill on both sides. However, an individual’s negative reactions and evaluations of a foreign culture may create intercultural communication barriers” (p. 23). In view of this statement, discuss the intercultural communication challenges you think are faced by the Asian employers in Zambia.
3. With relevant examples of Zambian ethnic groupings, show how perception and stereotyping can cause intercultural communication barriers.

END OF EXAM



UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
GRADUATE SCHOOL OF BUSINESS

FINAL EXAMINATION
COM 5215 - CRISIS COMMUNICATION AND CORPORATE REPUTATION
MANAGEMENT

INSTRUCTIONS FOR CANDIDATES

Time allowed: 3 Hours

1. Answer **one** question in section A and any other three questions in section B
2. Question **one** carries **40** marks and all other questions carry 20 marks each
3. Questions can be answered in any order
4. Credit will be awarded for appropriate use of examples

SECTION A

QUESTION ONE

Read the following case and answer the questions that follow:

Jacob Zuma and the Theft of South Africa

JOHANNESBURG — South Africa's ruling African National Congress will meet on Dec. 16 to elect a new party president. It will do so in the throes of a debilitating crisis. A decade of President Jacob Zuma's leadership has seen Africa's oldest liberation movement become a caricature of corruption and factionalism.

The A.N.C.'s electoral support is in steep decline. In the 2016 municipal elections it lost control of the capital city Pretoria, as well as South Africa's economic powerhouse, Johannesburg. Its historical alliance with the South African Communist Party is all but dead. The Congress of South African Trade Unions, its other partner, is in deep crisis. It is unlikely that the A.N.C. will win the 2019 national and provincial elections outright.

At the center of the party's troubles is a business family, the Guptas. Led by three brothers — Ajay Gupta, Atul Gupta and Rajesh Gupta — the family moved to South Africa in 1993 from Saharanpur, a small, impoverished town in the northern Indian state of Uttar Pradesh.

When the Guptas arrived in South Africa, they astutely acquired citizenship as naturalized "blacks" to benefit from the country's black economic empowerment laws. The Guptas, who started their South African life with a computer business, befriended and employed President Zuma's son, Duduzane Zuma, and eventually appointed him a director of one of their companies.

In this way they positioned their various enterprises as black businesses, waging a relentless battle against "white monopoly capital." They even started a newspaper and a television channel to advance the cause. It earned them generous support from President Zuma, who has been ruling South Africa since 2009. The Guptas rose to be among the wealthiest people in South Africa.

Under the Zuma administration, the Guptas have become part of a shadow state, where political power is often exercised from their private residence in Johannesburg rather than through constitutional bodies, the South African cabinet or the A.N.C. itself. As their influence has grown, they have treated the country as their private estate. They used the country's main military airport to land guests for a family wedding. The wedding itself was largely paid for by the Free State provincial government.

The auditing firm KPMG has recently come under fire for failing to flag this transaction. Other international corporations are similarly complicit in Gupta-engineered corruption. McKinsey worked with a Gupta-linked company, Trillian, on a job worth millions of dollars, for Eskom, the state power utility. The Guptas helped broker a locomotive deal with a Chinese manufacturer,

earning 5.6 billion rand (about \$410 million) in kickbacks from the 30 billion rand (about US\$2.19 billion) deal.

Meanwhile, President Zuma has purged key state institutions of honest and professional people to appoint acolytes. At the South African Revenue Service, the country's tax authority, investigations into politically connected individuals evading taxes have been shut down.

Jacques Pauw, a celebrated anti-apartheid journalist, recently exposed how President Zuma himself is a delinquent taxpayer. In the specialized police force, the Hawks, criminal investigations are delayed or simply do not happen. The prosecutions authority has also been captured. Even if cases are investigated, they do not find their way to court.

President Zuma had more than 700 charges of fraud and corruption pending against him, but a top prosecutor withdrew the charges in 2009. Earlier this year, the High Court in Pretoria ruled that the decision not to charge him was irrational. In October, the Supreme Court of South Africa upheld the High Court decision.

All this takes place in the context of weak economic growth and rising poverty and inequality in the country. South Africa has still not recovered from the global economic crisis that began in 2008. Economic growth has been broadly in decline for the past five years. Gross domestic product is sluggish at under 1 percent — well below the population growth rate of 1.6 percent.

Unemployment is nearing a shocking 28 percent. If discouraged work seekers are included, 36.6 percent of South Africans are unemployed. The youth unemployment rate hit 55.9 percent in the second quarter of 2017. Since 2013, more than half of eligible young workers have not been able to find jobs.

These cruel figures map onto historical patterns of race and gender inequality. Six in 10 South Africans live on less than \$3,090 per year, but 2.2 percent of the population has an annual income exceeding \$26,000. Poverty remains largely a black experience. Eighty percent of the population is categorized as poor, but 90 percent of black South Africans fall into this category.

For the A.N.C., which has for decades presented itself as a unifying force for democratic change and development, the country's economic stagnation is an existential threat. The reasons for the country's economic decline are varied and complex. But policy complexity doesn't play well in politics.

Through the work of a London-based public relations firm, Bell Pottinger, in close collaboration with the Gupta family, the analysis that stuck, especially in A.N.C. circles, was that "white monopoly capital" was the problem. That is, growing racial inequality was the result of the stranglehold that whites exercised over the economy. The argument resonated because it is true that patterns of ownership and control in the economy are racially skewed. But it was also a sharp departure from the A.N.C.'s historical commitment to non-racialism.

President Zuma has served his two terms as the president of the A.N.C., and his tenure as the president of South Africa ends in 2019. The next president of the A.N.C. will be the president of

the country if the party wins the national elections. The front-runners in the race for the A.N.C. president are Cyril Ramaphosa, the former unionist turned businessman and Nkosazana Dlamini-Zuma, the former head of the African Union and President Zuma's ex-wife.

Apart from personalities, the choice ultimately comes down to whether voting delegates believe that the country's direction under President Zuma represents the best future for South Africa.

If they do not, there is at least a chance of a democratic opening in the A.N.C. Maybe then South Africans can begin to look for solutions to their daunting problems that are not based on crude nationalism and racial essentialism.

An earlier version of this article mischaracterized the relationship between the consulting firm McKinsey and a company linked to the Gupta family, Trillian. They cooperated on work for the South African utility Eskom; McKinsey did not pay Trillian.

Source: Sunday Times 19 November 2017,p.3

Required:

- a) In the light of above case study, discuss at least five crisis communication failures on the party of ANC and Government. [20 marks]
- b) Make recommendations for effective crisis communication and corporate reputation management for both Government/party and or the Guptas . [20 marks]

SECTION B

QUESTION TWO

'Crisis communication is the most challenging part of Public Relation work' Comment on this assertion. [25 Marks]

QUESTION THREE

Discuss any eight major principles of crisis management according to Cutlip et al (2005). [20 Marks]

QUESTION FOUR

'Crisis Communication consists of a complex and dynamic configuration of communicative processes which evolve before, during and after an event, a situation or course of events that is seen as a crisis by an organization and/or more of its stakeholders.' How far do you agree with the above statement with reference to challenges facing Crisis Communication in a dynamic and changing world? [20 marks]

QUESTION FIVE

Corporate Identity management is very crucial for many corporate organizations. With relevant examples, discuss any SIX (6) methods which have been successfully used by many corporate organizations to manage the identity process.

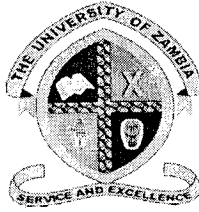
QUESTION SIX

Organizations must take the time to build better relationships with members of the media. This task is usually handled by the company's Public Relations Department. Explain thoroughly n how an effective external communication program should be implemented to reduce crisis at organizational or national level. [20 marks]

QUESTION SEVEN

'Cholera outbreak in Zambia has shown lack of effective crisis communication and reputation management on the part of government and health related NGOs .'Comment [20 marks]

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



UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
FINAL EXAMINATION

COM 5215 - ALTERNATIVE DISPUTE RESOLUTION

INSTRUCTIONS FOR CANDIDATES

Time allowed: 3 Hours

1. Answer **one question in section A** and any other three questions in section B
2. Question **one carries 40 marks** and all other questions carry 20 marks each
3. Questions can be answered in any order
4. Credit will be awarded for appropriate use of examples

SECTION A

QUESTION ONE

Read the following case and answer the questions that follow:

Men walking in the Gacaca court's archives in the Rwandan capital Kigali in 2014 where hundreds of stacked boxes hold the trial case documents of almost 2 million people that have been tried before the traditional Gacaca courts between 2001 and 2012.

Often lauded by international observers, Rwanda's *gacaca* courts have long been held up by their proponents as a model for successful, post-conflict reconciliation efforts. Confronted with the nearly impossible challenge of rebuilding a country after genocide, Rwanda needed a mechanism to hold those who committed genocide accountable in an efficient and effective manner. The solution was *gacaca*: a system of 12,000 community-based courts that sought to try genocide criminals while promoting forgiveness by victims, ownership of guilt by criminals, and reconciliation in communities as a way to move forward. While the organizers and leaders of the genocide were mostly sent for trial at the International Criminal Tribunal for Rwanda in Arusha, Tanzania, *gacaca* courts tried more than 1 million ordinary people who served as the foot soldiers of the genocide.

Relying on dozens of interviews, quantitative analysis of data on genocide crime prisoners, and firsthand observations of *gacaca* court proceedings in four regions of Rwanda, Anuradha Chakravarty's new book suggests that the reality of *gacaca* is much more complicated. In "Investing in Authoritarian Rule: Punishment and Patronage in Rwanda's Gacaca Courts for Genocide Crimes," Chakravarty offers a detailed and nuanced look at the ways that Rwanda's ruling party used the courts to build its own legitimacy, as well as the ways that participants in the courts viewed their role in punishing the guilty through the *gacaca* process.

Her findings are unsettling and suggest that the *gacaca* process was far more political and much less conciliatory than the casual observer might want to believe. Chakravarty's central argument is that Rwanda's ruling party, the Tutsi-dominated Rwandan Patriotic Front (RPF), used *gacaca* courts as a tool of patronage to build the new, post-genocide government's legitimacy, which in turn allowed the RPF to entrench its rule into the virtually unchallenged authoritarian system in Rwanda today.

Chakravarty convincingly demonstrates that the RPF's post-genocide consolidation of power in Rwanda evolved based on the cooperation of individual Hutus, who constitute the vast majority of Rwanda's population and many of whom had committed genocide crimes. While the early RPF consolidation of power "depended on the use of blatant force through killings and arbitrary arrests," as time passed a system of mutual benefit developed between the RPF and the majority Hutu population it sought to rule. Writes Chakravarty:

In denouncing others, submitting self-incriminating confessions, and judging their friends and co-ethnics, thousands upon thousands of individual Hutu acted upon and enforced RPF rules, reinforcing the regime with their cooperation in exchange for reduced sentences, security guarantees, the possibility of private gains in the form of personal vengeance or economic windfalls, and opportunities to access public power and social prestige. The RPF unleashed a stream of individualized benefits and sanctions that made "opportunistic investors" of ordinary Hutu who backed RPF rule in their own interests.

Thus it was that through the strengthening of a form of patronage that provided Hutus with protection from problems and access to opportunities, it was Hutus themselves who built and reinforced the RPF's authoritarian rule, particularly through participation in and performance at the *gacaca* courts.

This incentive-based relationship, though, was not without risks. Because the RPF was the only option for any Hutu seeking to gain better status or avoid worse punishment for crimes, those Hutus had no choice but to work within the RPF's system of patronage, but this did not mean that most Hutus accepted "that the RPF were legitimate rulers with the requisite clean hands."

Importantly, Chakravarty does not argue that the RPF intended this outcome from the *gacaca* process; rather, the social processes of clientelism and increasing authoritarian control evolved over time in response to the incentives that *gacaca* and other post-conflict rebuilding processes set in place. She grounds her findings in a deep understanding of the role patronage relationships have played in Rwandan history and argues that clientelism has always driven relationships between powerful and ordinary actors in Rwanda. Thus, the decision to go along with the *gacaca* proceedings was a case in which "vulnerable individuals implicitly understood that they needed to solicit the protection and good will of this unrivaled patron."

Unfortunately, these incentives led to negative outcomes for many Rwandans, particularly those who were falsely accused of participation in genocide. Chakravarty shows how Rwandans, faced with competing loyalties to different family and clan members alongside the need to demonstrate commitment to the *gacaca* courts, made decisions about whom to denounce and at what times to do so. Fortunately, she finds that "*gacaca* courts had secured some local peace," preventing further violence and limiting the space for disputes to escalate into more dangerous situations. That limited space is a double-edged sword, however, as authoritarian control is essential to maintaining it.

Chakravarty's findings suggest the need for much more scholarly work on the "tacit bargains" that govern relations between elites and mass publics in the aftermath of atrocity crimes; as she notes, the bargain expressed in and built through the *gacaca* process is not an inter-elite legislative or ruling party bargain, but rather "an informal elite-mass social contract that consolidated the new order by tying the new elites to their social constituents, and demonstrating to them ('clients') the benefits of cooperating with and advancing within the system." Of particular interest is a question Chakravarty raises in the context of comparison with Nazi Germany's postwar accountability and justice processes: the ways that individual citizens having a choice of patrons rather than being forced to rely on a sole patron (as in Rwandan) influences outcomes in modern transitional justice processes.

Chakravarty's work is an indispensable read for anyone interested in transitional justice, post-conflict reconciliation or Africa's Great Lakes region. Comments from her subjects on topics ranging from how Hutus and Tutsis perceive the RPF's dominance to whether the *gacaca* courts actually provided justice offer invaluable insight into how ordinary Rwandans think about their relationship to their government and whether reconciliation has really happened since the genocide ended. Chakravarty does not evaluate whether *gacaca* was a success, nor does she claim that *gacaca* was Rwanda's only potential path to authoritarian rule, but her findings should compel more scholars to explore comparative cases in which vulnerable populations might respond to incentives that lead to the consolidation of authoritarian rule in the wake of mass atrocities. **Source:** <https://www.washingtonpost.com/news/monkey-/Rwanda's-gacaca-courts-are-hailed-as-a-post-genocide-success-The-reality-is-more-complicated/> (June 2, 2017)

a) Examine five major advantages of this form of ADR that were professionally handled. [20 marks]

b) What criticisms could be levelled against Rwandan Government over its conduct in Gacaca?

[20 marks]

SECTION B

QUESTION TWO

“In promoting access to justice, the modern civil justice should offer a variety of approaches and options to dispute resolution, citizens should be empowered to find a satisfactory solution to their problem which includes the option of court based litigation but as part of wide menu”. Convention and Protection of Human Rights and Fundamental Freedoms. How far do you support this assertion?

QUESTION THREE

Discuss why Alternative Dispute Resolution is not easily implementable in Africa. [20 marks]

QUESTION FOUR

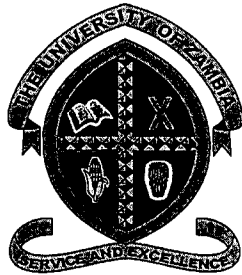
“The African Union (AU) and most of the regional organizations on the continent have a mandate to engage in mediation and other forms of conflict resolution but have dismally failed. Critically evaluate this statement. [20 marks]

QUESTION FIVE

ADR represents a fundamentally different approach to conflicts than the traditional justice system model and is also consistent with the kind of paradigm shift from the well-known approaches of traditional justice. (Brynt and Lane 2013) Discuss. [20 marks]

QUESTION SIX

“If I had six hours to chop a tree, I would spend the first four hours sharpening the axe and the remaining two hours chopping the tree.” (Abraham Lincoln). Comment this is relation to the process of negotiation. [20 marks]



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

DATE: 16th June, 2019

ECN 1115: Microeconomics

INSTRUCTIONS TO CANDIDATES:

1. Answer ALL Questions in this paper.
2. DURATION: 3 Hours.
3. ALL Students should have Scientific Calculators.

QUESTION ONE

[15 Marks]

- (a) State the Concept or term being described by each of the following (The first one has been done for you as an example)

[5 Marks]

Concept/term	Description
Utility	1. The property of the good or commodity which satisfies the wants of a consumer.
	2. Jane considers the value of K50 to be more when broke as compared to when she has plenty of money.
	3. It has been assumed that a seller can foretell the dynamic behavior of his customers even before implementing discount promotions.
	4. The slope of the Total Utility curves, it's the changes in the total utility for a change in the units of the goods consumed.
	5. The utility derived from the consumption of a good reduces as one consumes more units of that good.
	6. Alex has been studying with the light on all night even through this disturbs everyone in the room because he understands better in the night.
	7. The consumer always knows the correct prices of goods and fully understands the pleasure that can be derived from a good.
	8. Melody is allowed to choose between bananas and oranges with respect to preferences. She can also be indifferent between the dual if she wishes.
	9. Musonda decided to carry home about 5 bottles of Fanta despite taking 3 bottles at her friend's wedding.
	10. A table which represents different combinations of two goods for which the consumer is indifferent
	11. The rate at which a consumer is willing to exchange one good for the other

(b) With the aid of suitable diagrams, explain the following: [10 Marks]

- (i) The Demand curve can be derived from the Marginal Utility curve
- (ii) At the point of consumer equilibrium, the marginal rate of substitution is equal to the price ratio of the two goods.
- (iii) The assumption of transitivity means that indifference curves cannot intersect.
- (iv) An increase in consumer income increases the budget space.

QUESTION TWO

[15 Marks]

(a) Complete the following table and answer the question which follows:

Units of good	Marginal Utility of X	Marginal Utility of Y		
1	35	20		
2	30	18		
3	25	16		
4	20	14		
5	15	12		
6	10	10		
7	5	8		

Given that the price of good X is K5, the price of good Y is K2 and the income is K34. Use the Principle of Equi-marginal utility to find the optimal combinations of X and Y for this consumer. [5 Marks]

(b) The following statements are concerning Marginal Product (MP), Average Product (AP) and Total Product (TP). Draw the MP and AP curves on the same graph and then State Whether they are **TRUE** or **FALSE**: [5 Marks]

- i. When the MP curve is falling, there are increasing returns.
- ii. When the AP curve is constant, the MP curve is falling.
- iii. When the AP is rising, there are decreasing returns.
- iv. When there are negative returns, MP is constant.
- v. When the MP is maximum, AP curve is falling.

- (c) Consider the case of supplying The **AVENGERS** movie at the cinema and state whether the following are **FIXED** or **VARIABLE** costs.

[5 Marks]

- i. Cinema rights in order to legally show the movie.
- ii. Cost of pop-corns and drinks for movie customers during the screening.
- iii. Monthly wages for attendants paid on a per-movie basis.
- iv. Cost of cleaning the cinema after each movie screening
- v. Costs of producing bill-boards for advertising the movie

QUESTION THREE

[15 Marks]

- (a) Draw the ATC, AVC, AFC and MC curve on the same diagram.

[2.5 Marks]

- (b) If $ATC=AVC$, redraw the costs curves in (a) above in order to show the changes that would occur.

[2.5 Marks]

- (c) With the aid of 3 suitable diagrams, explain why a firm under monopoly may earn normal profits, supernormal profits or losses in the long-run .

[5 Marks]

- (d) State whether the following are TRUE or FALSE (Correct answers without corresponding justifications will not be rewarded):

[5 Marks]

- (i) Price elasticity of demand is synonymous to own-price elasticity of demand.
- (ii) If the income increased by 8 percent and demand decreased by 4 percent, the price elasticity of demand is -0.5.
- (iii) A commodity with positive income elasticity of demand can be said to be an inferior good.
- (iv) A commodity which experiences a decrease in revenue after a reduction in price has elastic demand.
- (v) Price elasticity of demand is always negative for giffen goods.

QUESTION FOUR

[15 Marks]

(a) What is the difference between economies of scale and Returns to Scale

[5 marks]

(b) State the type of Returns to scale being exhibited by the following production functions:

[5 Marks]

i. $2Q = F(2K, 2L)$

ii. $3Q = F(4K, 4L)$

iii. $4Q = F(3K, 3L)$

(c) Using the demand and supply model, explain how equilibrium in the market can be restored after the following:

[5 Marks]

- (i) Imposing a price above the equilibrium price
- (ii) Imposing a price below the equilibrium price
- (iii) An increase in the price of a complement good
- (iv) A decrease in the cost of raw materials.
- (v) An improvement in technology.

END OF EXAMINATON

**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
2019 ACADEMIC YEAR
SUPPLEMENTARY EXAMINATIONS**

ECN 1215: INTRODUCTION TO MACROECONOMIC THEORY
TIME: THREE (3) HOURS
INSTRUCTIONS: ANSWER **ALL** QUESTIONS

SECTION A: ANSWER ALL QUESTIONS

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. 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.

6. 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.
7. In an open market purchase, the Reserve bank.....government bonds which.....commercial banks' reserve.
- a) buys, increases
 - b) buys, decreases
 - c) buys, maintains
 - d) sells, increases
8. If the Reserve 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.
9. 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.
10. 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.

11. 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.
12. 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.
13. 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.
14. 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.
15. 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.

16. 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.
 - e) between 1 and 10
17. 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.
18. 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.....
- a) precautionary; interest rates
 - b) transactions; national income.
 - c) speculative; interest rates.
 - d) precautionary; national income.
 - e) transactions; interest rates.
19. A tax is progressive if;
- a) the marginal tax rate decreases as income increases.
 - b) the average tax rate remains the same for all income levels.
 - c) the marginal tax rate increases as income increases.
 - d) only the average tax increases as the income increases.
20. Which one of the following identities is correct
- a) $\text{GDP at market price} + \text{taxes on products} - \text{subsidies on products} = \text{GDP at basic prices}.$
 - b) $\text{GDP at basic prices} + \text{taxes on production} - \text{subsidies on products} = \text{GDP at factor cost}.$
 - c) $\text{GDP at factor cost} + \text{taxes on products} - \text{subsidies on products} = \text{GDP at basic prices}.$
 - d) $\text{GDP at market price} + \text{taxes on production} - \text{subsidies on products} = \text{GDP at factor cost}.$

21. Aggregate demand will increase if

- a) consumption falls
- b) investment falls
- c) export falls
- d) import falls

22. If people are made unemployed because of a fall in aggregate demand, this is known as.

- a) frictional unemployment
- b) Seasonal unemployment
- c) cyclical unemployment
- d) structural unemployment

23. 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

24. 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

25. 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

SECTION B

QUESTION ONE

A hypothetical economy is given by the following identities.

$$C = 2500 + 0.5 YD$$

$$\bar{I} = 1500$$

$$\bar{G} = 2000$$

$$T = 0.2Y$$

$$\bar{X} = 6000$$

$$Z = 5\,000 + 0.2Y$$

- What is the value of total autonomous expenditure?
- What is the value of the multiplier for this economy?
- What is the value of induced consumption expenditure at the equilibrium level of income?
- What is the value of the budget deficit or surplus at the equilibrium level of income?
- What is the value of Net exports or trade balance at the equilibrium level of income?
- Given that full employment is reached at a level of 14, 300, by how much should we change investment so as to achieve full employment income?

QUESTION TWO

- What is Inflation
- Use graphs to discuss Demand- Pull Inflation and Cost Push Inflation. Clearly explain the causes, effects and solutions (*Hint: discuss them separately and use well labelled diagrams*)

QUESTION THREE

- List five (5) main functions of the Bank of Zambia
- Give an account of the three (3) monetary policy instruments the central bank uses to influence money supply and interest rates (*Hint: Clearly explain both expansionary and contractionary monetary policy*).

END OF SUPPLEMENTARY EXAMINATION



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

EPM 5122: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT
MAY 2018 COHORT

TEST THREE

DATE: 23TH AUGUST, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of THREE (3) Questions; Answer ANY.
 2. Marks Allocation Indicates the Depth of the Answer Expected
-

QUESTION ONE

A.

	December 31, 2017		December 31, 2018	
	Price	Shares Outstanding	Price	Shares Outstanding
Stock K	20	100,000,000	32	100,000,000
Stock M	80	2,000,000	45	4,000,000*
Stock R	40	25,000,000	42	25,000,000

*Stock split two-for-one during the year

Required

Based on the above information on stock price and shares outstanding;

- (a) Compute the beginning and ending values of a price-weighted index. (5 Marks)
- (b) Compute the beginning and ending values of a market-value-weighted index. (5 Marks)

(c) Compute the percentage change in the value of the price-weighted index. (3 Marks)

(d) Compute the percentage change in the value of the market-value-weighted index. (3 Marks)

B. There is a wide variety of information sources on global investments to meet the requirements of a diverse investor group that wishes to participate in global investment opportunities. Describe the kind of information contained in each of the following sources:

(a) Survey of current business (3 Marks)

(b) Theoretical analysis (3 Marks)

(c) Empirical analysis (3 Marks)

QUESTION TWO

A. Foreign bonds are identified by their country of origin and among the available foreign bonds are Eurobonds, Yankee bonds and international domestic bonds. Briefly explain each of the three bonds. (9 Marks)

B.

Company	PRICE			SHARE		
	A	B	C	A	B	C
Day 1	12	23	52	500	350	250
Day 2	10	22	55	500	350	250
Day 3	14	46	52	500	175*	250
Day 4	13	47	25	500	175	500**
Day 5	12	45	26	500	175	500

*Split at close of Day 2

**Split at close of Day 3

Required

(a) Calculate a Dow Jones Industrial Average (DJIA) for Days 1 through to 5. (12 Marks)

(b) What effects have the splits had in determining the next day's index? (4 Marks)

QUESTION THREE

Shengo Kaweche had bought shares in Guild Limited a company listed at the Lusaka Securities Exchange (LuSE) and Soweto incorporated a Johannesburg Stock Exchange listed company. The following data shows the returns earnings of the two companies over a period of five years.

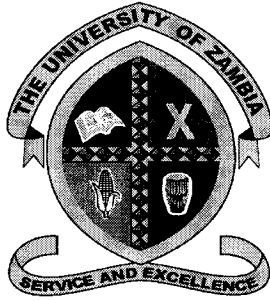
Year	Guild Ltd	Soweto Inc
1	5	7
2	8	6
3	8	9
4	10	11
5	13	12

Required

In relation to Shengo's investments Compute and INTERPRET each of the following;

- A. Covariance (15 Marks)
- B. Correlation coefficient (10 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
ECONOMIC POLICY MANAGEMENT
2018/2019 ACADEMIC YEAR

SESSIONAL EXAMINATION

EPM 5211: MANAGEMENT ACCOUNTING FOR POLICY

DATE: 25TH JUNE, 2019

EXAM TIME: 09:00 HOURS

DURATION: THREE (3) HOURS

VENUE: DRGS LECTURE ROOM III

INSTRUCTIONS:

- 1. The Paper has a Total Number of Five (5) Questions;**
 - 2. Answer a TOTAL of Four (4) Questions. Question ONE (1) is COMPULSORY.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected**
-

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

17.5

QUESTION ONE - COMPULSORY

The following information has been extracted from the books of Tubombe, a limited liability company, as at 31 October 2018.

	<i>Dr</i> <i>K'000</i>	<i>Cr</i> <i>K'000</i>
Cash	15	
Insurance	75	
Inventory at 1 November 2017	350	
General expenses	60	
Energy expenses	66	
Marketing expenses	50	
Wages and salaries	675	
Discounts received		50
Share premium account		200
Retained earnings at 1 November 2017		315
Allowance for receivables at 1 November 2017		40
Sales revenue		5,780
Telephone expenses	80	
Property expenses	100	
Bank		94
Returns inward	95	
Trade payables		290
Loan note interest	33	
Trade receivables	900	
Purchases	3,570	
7% loan notes		470
Irrecoverable debts	150	
K1 ordinary shares		1,800
Accumulated depreciation at 1 November 2017		
Buildings		360
Motor Vehicles		80
Furniture and equipment		420
Land at cost	740	
Buildings at cost	1,500	
Motor vehicles at cost	240	
Furniture and equipment at cost	<u>1,200</u>	
	<u>9,899</u>	<u>9,899</u>

You have also been provided with the following information:

- Inventory at 31 October 2018 was valued at K275,000 based on its original cost. However, K45,000 of this inventory has been in the warehouse for over two years and the directors have agreed to sell it in November 2018 for a cash price of K20,000.
- The marketing expenses include K5,000 which relates to November 2018.

- c) Based on past experience the allowance for receivables is to be increased to 5% of trade receivables.
- d) There are wages and salaries outstanding of K40,000 for the year ended 31 October 2018.
- e) Buildings are depreciated at 5% of cost. At 31 October 2018 the buildings were professionally valued at K1,800,000 and the directors wish this valuation to be incorporated into the accounts.
- f) Depreciation is to be charged as follows:
 - (i) Motor vehicles at 20% of written down value
 - (ii) Furniture and equipment at 20% of cost
- g) No dividends have been paid or declared.
- h) Tax of K150,000 is to be provided for the year.
- i) During October 2018 a bonus issue of one for ten shares was made to ordinary shareholders. This has not been entered into the books. The share premium account was used for this purpose.

Required

Prepare the following statements, for internal use:

- A. The statement of profit or loss for the year ended 31 October 2018 (13 Marks)
- B. The statement of financial position as at 31 October 2018 (12 Marks)

QUESTION TWO

Peter Likando has worked for some years as a sales representative, but has recently been made redundant. He intends to start up in business on his own account, using K15,000 which he currently has invested with a building society. Peter maintains a bank account showing a small credit balance, and he plans to approach his bank for the necessary additional finance. Peter provides the following additional information.

- (a) Arrangements have been made to purchase fixed assets costing K8,000. These will be paid for at the end of September and are expected to have a five-year life, at the end of which they will possess a nil residual value.
- (b) Stocks costing K5,000 will be acquired on 28th September and subsequent monthly purchases will be at a level sufficient to replace forecast sales for the month.
- (c) Forecast monthly sales are K3,000 for October, K6,000 for November and December, and K10,500 from January 20X4 onwards.
- (d) Selling price is fixed at the cost of stock plus 50%.
- (e) Two months' credit will be allowed to customers but only one month's credit will be received from suppliers of stock.
- (f) Running expenses, including rent but excluding depreciation of fixed assets, are estimated at K1,600 per month.

(g) Peter intends to make monthly cash drawings of K1,000.

Required:

- A. Prepare Peter Likando's budgeted profit and loss account (13 Marks)
B. Prepare Peter Likando's budgeted budgeted balance sheet (12 Marks)

QUESTION THREE

- A. Discuss in details the differences between financial accounting and management accounting and how they relate. (10 Marks)
B. With a practical example, explain the meaning of semi-variable cost and illustrate your answer by using a graph. (10 Marks)
C. Using the data below, find the variable cost per hour and fixed cost per month.

	<i>Hours of activity</i>	<i>Total costs</i> K
January	4,400	13,824
February	4,700	14,562
March	5,300	16,038
April	5,100	15,546
May	4,900	15,054
June	4,500	14,070

(5 Marks)

QUESTION FOUR

- A. Z Ltd had the following transactions in one of its raw materials during April 2017.

Opening			40 units	@K10 each
April	4	Bought	140 units	@K11 each
	10	Used	90 units	
	12	Bought	60 units	@K12 each
	13	Used	100 units	
	16	Bought	200 units	@K10 each
	21	Used	70 units	
	23	Used	80 units	
	26	Bought	50 units	@K12 each
	29	Used	60 units	

Required

Write up stores ledger account using first-in-first-out (FIFO) methods of stock valuation. (13 Marks)

B. From the data given below, calculate the re-order level, minimum level and maximum level and explain the rationale for the results. **(12 Marks)**

	Daily usage	Lead time (days)
Maximum	600	6
Minimum	400	2

And the order quantity is 4,200.

QUESTION FIVE

Pan Co Ltd, a manufacturing firm operates a standard marginal costing system. It makes a single product ZX, using a single raw material VW. Standard costs relating to ZX have been calculated as follows;

Standard cost schedule per unit – ZX

	K
Direct material VW, 10kg @ K15 per kg	150
Direct labour, 5 hours @ K9 per hour	45
	195
Variable production overhead, 5 hours @ K3 per hour	<u>15</u>
	<u>210</u>

During the week ending 9 June 20X8, 1000 units of ZX were produced, the relevant information regarding actual performance being as follows;

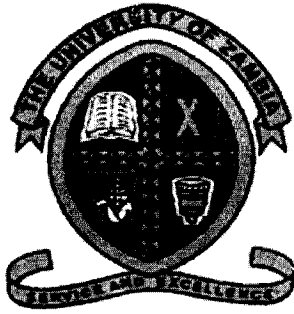
4,000 kgs of direct material VW were in opening stock, 10,000 kgs were purchased during the week (actual cost being K144,000), and 3,000kgs were in closing stock. Stocks of the direct material VW are valued at the standard price of K15 per kg. 5,200 direct labour hours were worked during the week, total wages being K48,360. The actual cost of variable production overhead for the week was K16,800.

Required

Compute the cost variances which arose in the week ending 9 June 20X8 under the following headings and briefly explain each result.

- A.** Direct materials price variance **(4 Marks)**
- B.** Direct materials usage variance **(4 Marks)**
- C.** Direct wages rate variance **(4 Marks)**
- D.** Direct wages efficiency variance **(4 Marks)**
- E.** Variable production cost variance **(4 Marks)**
- F.** Variable production overhead variance **(5 Marks)**

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
ECONOMIC POLICY MANAGEMENT
EPM 5232: FINANCIAL MANAGEMENT FOR POLICY

TEST ONE
DATE: 22TH AUGUST, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of TWO (2) Questions. Answer ALL.**
 - 2. Each Question Carry a Total of 25 Marks.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

QUESTION ONE

The following are the statements of account for Konkola Limited for a three year period.

Konkola Ltd Income Statement: Years Ended December 31, 2015, 2016 and 2017

	2017	2016	2015
	K'000	K'000	K'000
Net sales	15,307	13,363	11,778
Cost of goods sold	11,140	9,682	8,514
Gross profit	4,167	3,681	3,264
Selling and administration expenses	3,332	2,973	2,660
Operating profit margin	835	708	604
Interest expense	42	2	3
Operating income before income taxes	793	706	601
Corporation taxes	282	270	229
Net income	511	436	372

Konkola Ltd Statement of Financial Position for the Years Ended December 31, 2015, 2016 and 2017.

	2017		2016		2015	
	K'000	K'000	K'000	K'000	K'000	K'000
ASSETS						
Nets fixed assets		2,144		1,754		1,448
Other non-current assets		135		127		166
		<u>2,279</u>		<u>1,881</u>		<u>1,614</u>
CURRENT ASSETS						
Cash	144		73		9	
Accounts receivables	373		376		288	
Inventory	2,027		1,733		1,632	
Other	79		144		90	
	<u>2,623</u>		<u>2,326</u>		<u>2,019</u>	
CURRENT LIABILITIES						
Accounts payables	907		813		692	
Accrued expenses	618		554		467	
Taxes payable	55		72		23	
		<u>1,043</u>		<u>887</u>		<u>837</u>
Long term liabilities		473		395		408
		<u>2,849</u>		<u>2,373</u>		<u>2,043</u>
FINANCED BY						
Equity capital		196		107		77
Reserves		2,653		2,266		1,966
		<u>2,849</u>		<u>2,373</u>		<u>2,043</u>

Required

Calculate the cash conversion cycles for Konkola Ltd for the years 2016 and 2017.

(25 Marks)

QUESTION TWO

A company is considering a project that would cost K290,000 now, and would earn the following cash profits.

Year	K	Year	K
1st year	80,000	3rd year	100,000
2nd year	120,000	4th year	60,000

The capital equipment purchased at the start of the project could be resold for K50,000 at the start of the fifth year. The company's required minimum rate of return is 12%.

Required:

Compute the project's internal rate of return (IRR) and advise whether the company should undertake the project. (25 Marks)

END OF TEST**Present Value Table**

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

Where r = discount rate

n = number of periods until payment

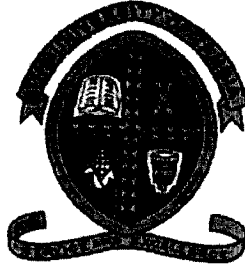
Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	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	0.914	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
16	0.853	0.729	0.625	0.536	0.461	0.396	0.340	0.292	0.251	0.215	16
17	0.845	0.717	0.611	0.520	0.444	0.378	0.321	0.273	0.232	0.196	17
18	0.837	0.705	0.597	0.505	0.428	0.361	0.304	0.256	0.215	0.179	18
19	0.830	0.694	0.584	0.491	0.413	0.345	0.288	0.239	0.198	0.162	19
20	0.822	0.683	0.572	0.478	0.399	0.330	0.273	0.224	0.183	0.147	20
21	0.815	0.673	0.561	0.466	0.386	0.317	0.260	0.211	0.170	0.134	21
22	0.808	0.664	0.551	0.455	0.375	0.305	0.248	0.199	0.158	0.122	22
23	0.801	0.655	0.541	0.444	0.364	0.294	0.237	0.188	0.147	0.111	23
24	0.794	0.646	0.531	0.434	0.353	0.283	0.226	0.177	0.136	0.100	24
25	0.787	0.637	0.521	0.424	0.343	0.273	0.216	0.167	0.126	0.090	25
26	0.780	0.629	0.512	0.415	0.334	0.264	0.207	0.158	0.117	0.081	26
27	0.773	0.621	0.503	0.406	0.325	0.255	0.198	0.149	0.108	0.072	27
28	0.766	0.613	0.495	0.398	0.317	0.247	0.190	0.141	0.100	0.064	28
29	0.760	0.606	0.487	0.390	0.309	0.239	0.182	0.133	0.092	0.056	29
30	0.753	0.600	0.481	0.384	0.303	0.233	0.176	0.127	0.086	0.050	30
31	0.747	0.593	0.474	0.377	0.296	0.226	0.169	0.120	0.079	0.043	31
32	0.740	0.586	0.467	0.370	0.289	0.219	0.162	0.113	0.072	0.036	32
33	0.734	0.580	0.461	0.364	0.283	0.213	0.156	0.107	0.066	0.030	33
34	0.728	0.573	0.454	0.357	0.276	0.206	0.149	0.100	0.059	0.023	34
35	0.722	0.567	0.448	0.351	0.270	0.200	0.143	0.094	0.053	0.017	35
36	0.716	0.560	0.441	0.344	0.263	0.193	0.136	0.087	0.046	0.010	36
37	0.710	0.554	0.435	0.338	0.257	0.187	0.130	0.081	0.040	0.004	37
38	0.704	0.548	0.429	0.332	0.251	0.181	0.124	0.075	0.034	0.000	38
39	0.698	0.542	0.423	0.326	0.245	0.175	0.118	0.069	0.028	0.000	39
40	0.692	0.536	0.417	0.320	0.239	0.169	0.112	0.063	0.022	0.000	40
41	0.686	0.530	0.411	0.314	0.233	0.163	0.106	0.057	0.016	0.000	41
42	0.680	0.524	0.405	0.308	0.227	0.157	0.100	0.051	0.010	0.000	42
43	0.674	0.518	0.399	0.302	0.221	0.151	0.094	0.045	0.004	0.000	43
44	0.668	0.512	0.393	0.296	0.215	0.145	0.088	0.039	0.000	0.000	44
45	0.662	0.506	0.387	0.290	0.209	0.139	0.082	0.033	0.000	0.000	45
46	0.656	0.500	0.381	0.284	0.203	0.133	0.076	0.027	0.000	0.000	46
47	0.650	0.494	0.375	0.278	0.197	0.127	0.070	0.021	0.000	0.000	47
48	0.644	0.488	0.369	0.272	0.191	0.121	0.064	0.015	0.000	0.000	48
49	0.638	0.482	0.363	0.266	0.185	0.115	0.058	0.009	0.000	0.000	49
50	0.632	0.476	0.357	0.260	0.179	0.109	0.052	0.003	0.000	0.000	50

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
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
ECONOMIC POLICY MANAGEMENT

EPM 5232: FINANCIAL MANAGEMENT FOR POLICY

TEST TWO

DATE: 20TH SEPTEMBER, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of FOUR (4) Questions. Answer ANY THREE.**
 - 2. Each Question Carry a Total of 25 Marks.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

QUESTION ONE

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 TWO

KiriamKaddi Enterprises currently give credit terms of 30 days. It has K100 million in total sales of which 20 percent are on cash basis, and its average collection period is 45 days. To stimulate demand, the company may give credit terms of 60 days. If it does enforce these terms, credit sales are expected to increase by 15 percent. After the change, the average collection period is expected to be 75 days, with no difference in payment habits between the old and the new customers. Variable costs are K0.80 for every K1.00 of sales, to support extra credit sales, creditors are expected to increase by K4 million and the company's before tax required rate of return on investment in receivables is 20 percent (Assume a 360-day year).

Advise whether the company should extend its credit period? (25 Marks)

QUESTION THREE

The demand for cash is K300,000 per annum, spread evenly throughout the year. Money on deposit earns 10 per cent per annum more than money in a current account and the switching costs are K20 per transaction.

Required:

Calculate the;

- A. Optimal cash sale (10 Marks)
- B. Number of transactions (5 Marks)
- C. Average cash balance (5 Marks)
- D. Total/aggregate annual costs (5 Marks)

QUESTION FOUR

Mukubesa Ltd currently runs a centralised billing system. For Payments by cheque, they are made by all customers directly to head office. It requires, on average, four days for customers' mailed cheques to reach the head office. An additional one and half days is required to update payments in the system before a deposit can be made. The firm has an average daily cheque collection of K500,000. The company has recently investigated the possibility of initiating a lockbox system for all payments by cheque. It has estimated that with such a system customers' mailed payments would reach the receipt location two and half days sooner. Further, the processing time could be reduced by an additional day because each lockbox bank would pick up mailed deposits twice daily.

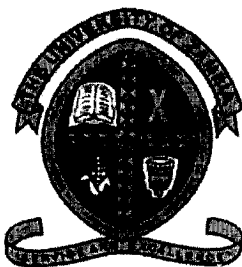
Required

- A. Determine how much cash would be freed up (released) through the use of a lockbox system. (10 Marks)

- B. Determine the annual gross kwacha benefit of the lockbox system, assuming the firm could earn a 5% percent return on the released funds in part (A) by investing in short term instruments. (10 Marks)

- C. If the annual cost of the lock system will be K75,000, should such a system be initiated? (5 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
ECONOMIC POLICY MANAGEMENT

EPM 5232: FINANCIAL MANAGEMENT FOR POLICY

TEST THREE

DATE: 1ST OCTOBER, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of FOUR (4) Questions. Answer ANY TWO.**
 - 2. Each Question Carry a Total of 25 Marks.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

QUESTION

- A.** Nampundwe Mining Company has just paid a dividend of K1.60 per share on its common stock. The company expects to increase the dividend at a 20 percent annual rate for the first four (4) years and at a 13 percent rate for the next four (4) years, and then grow the dividend at a 7 percent rate thereafter. This growth pattern is in keeping with the expected life cycle of earnings. You require a 16 percent return to invest in this stock.

Required

Calculate the value you should place on a share of this stock.

(15 Marks)

- B.** Mukuba group has a K12 million face value bond issue outstanding. The issue carries a coupon rate of 10% with interest paid quarterly. The issue matures in three (3) years. What is the values of the bond issue if it is priced to provide a yield to maturity of 12%?

(10 Marks)

QUESTION TWO

It is now January 1, 2018. Last year, Kenworth Enterprises experienced major operational problems which affected the company's financial condition, forcing management to temporarily suspend dividend payments. It is expected that the company will not pay a dividend in 2018 and 2019 but will declare a dividend of K50 per share 2020. Dividend growth is expected to be 3 percent in 2021 and 2022 and thereafter growth is expected to indefinitely be the same as for the economy, 6 percent. The required rate of return is 10 percent.

Required

- A. Calculate the value of expected dividends for 2018 through to 2021 (10 Marks)
- B. What is the value of the stock on January 1, 2018? (15 Marks)

QUESTION THREE

A company has outstanding an 8 percent, 4 year, K1,000 par value bond on which interest is paid annually.

- A. If the market required rate of return is 15 percent, what is the market value of the bond? (5 Marks)
- B. What would be the bond's market value if the market required return dropped to 12 percent? (5 Marks)
- C. If the coupon rate were 15 percent instead of 8 percent, what would be the market value? (5 Marks)
- D. If the required rate of return dropped to 8 percent, what would happen to the market price of the bond?(5 Marks)
- E. What is the measure of risk in the Capital Asset Pricing Model and how different is this measure to the standard deviation? (5 Marks)

QUESTION FOUR

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)

END OF TEST

Present Value Table

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

Where r = discount rate

n = number of periods until payment

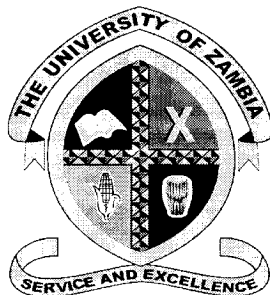
Periods (n)		Discount rate (r)										
		1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	0.900	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	0.811	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	0.731	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	0.661	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	0.599	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	0.539	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	0.487	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	0.440	8
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	0.396	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	0.357	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.305	0.305	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	0.289	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	0.263	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	0.239	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	0.215	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
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
ECONOMIC POLICY MANAGEMENT PROGRAMME
2019/2020 ACADEMIC YEAR**

SECOND TRIMESTER FINAL EXAMINATIONS

EPM 5232: FINANCIAL MANAGEMENT FOR POLICY

DATE: 23RD OCTOBER, 2019

EXAM TIME: 14:00 HOURS

DURATION: THREE (3) HOURS

VENUE: DRGS LECTURE ROOM III

INSTRUCTIONS:

- 1. The Paper has Two Sections, A and B.**
 - 2. Section A has Two Questions. Answer ALL.**
 - 3. Section B has a Total Number of Four (4) Questions, Answer ANY TWO.**
 - 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

- A. The Manix Company was recently formed to manufacture a new product. It has the following capital structure in market value terms:

	K
Debentures	6,000,000
Preferred stock	2,000,000
Common stock (320,000 shares)	<u>8,000,000</u>
	<u>16,000,000</u>

The company has a marginal tax rate of 40 percent. A study of publicly held companies in this line of business suggests that the required return on equity is about 17 percent (The CAPM approach was used to determine the required rate of return). The Manix Company's debt is currently yielding 13 percent, and its preferred stock is yielding 12 percent.

Required

Calculate the firm's present weighted average cost of capital (10 Marks)

- B. Kunda and Sitwala Company is considering manufacturing special drill bits and other equipment for mining rigs. The proposed project is currently regarded as complementary to its other lines of business, and the company has certain expertise by virtue of its having a large mechanical engineering staff. Because of the large outlays required to get into the business, management is concerned that Kunda and Sitwala earn a proper return. Since the new venture is believed to be sufficiently different from the company's existing operations, management feels that a required rate of return other than the company's present one should be employed.

The financial manager's staff has identified several companies (with capital structures similar to that of Kunda and Sitwala) engaged solely in the manufacture and sale of mining drilling equipment whose common stocks are publicly traded. Over the last five years, the median average beta of these companies has been 1.28. The staff believes that 18 percent is a reasonable estimate of the average return on stocks "in general" for the foreseeable future and the treasury bills rate will be around 12 percent. In financing projects, Kunda and Sitwala uses 40 percent debt and 60 percent equity. The after-tax cost of debt is 18 percent and corporate tax is 35 percent.

Required

- a) Compute the required rate of return for the project (7 Marks)
b) Compute the weighted average cost of capital for the project (8 Marks)

QUESTION TWO

The following are the statements of account for Konkola Limited for a three year period.

Konkola Ltd Income Statement: Years Ended December 31, 2015, 2016 and 2017

	2017 K'000	2016 K'000	2015 K'000
Net sales	15,307	13,363	11,778
Cost of goods sold	11,140	9,682	8,514
Gross profit	4,167	3,681	3,264
Selling and administration expenses	3,332	2,973	2,660
Operating profit margin	835	708	604
Interest expense	42	2	3
Operating income before income taxes	793	706	601
Corporation taxes	282	270	229
Net income	511	436	372

Konkola Ltd Statement of Financial Position for the Years Ended December 31, 2015, 2016 and 2017.

	2017 K'000	2016 K'000	2015 K'000
ASSETS			
Nets fixed assets	2,144	1,754	1,448
Other non-current assets	135	127	166
	2,279	1,881	1,614
CURRENT ASSETS			
Cash	144	73	9
Accounts receivables	373	376	288
Inventory	2,027	1,733	1,632
Other	79	144	90
	2,623	2,326	2,019
CURRENT LIABILITIES			
Accounts payables	907	813	692
Accrued expenses	618	554	467
Taxes payable	55	72	23
	1,043	887	837
Long term liabilities	473	395	408
	2,849	2,373	2,043
FINANCED BY			
Equity capital	196	107	77
Reserves	2,653	2,266	1,966
	2,849	2,373	2,043

Required

Calculate the cash conversion cycles for Konkola Ltd for the years 2016 and 2017. **(25 Marks)**

SECTION B – ANSWER ANY TWO QUESTIONS

QUESTION THREE

Mukubesa Ltd currently runs a centralised billing system. For Payments by cheque, they are made by all customers directly to head office. It requires, on average, four days for customers' mailed cheques to reach the head office. An additional one and half days is required to update payments in the system before a deposit can be made. The firm has an average daily cheque collection of K500,000. The company has recently investigated the possibility of initiating a lockbox system for all payments by cheque. It has estimated that with such a system customers' mailed payments would reach the receipt location two and half days sooner. Further, the processing time could be reduced by an additional day because each lockbox bank would pick up mailed deposits twice daily.

Required

- A. Determine how much cash would be freed up (released) through the use of a lockbox system. **(10 Marks)**
- B. Determine the annual gross kwacha benefit of the lockbox system, assuming the firm could earn a 5% percent return on the released funds in part (A) by investing in short term instruments. **(10 Marks)**
- C. If the annual cost of the lock system will be K75,000, should such a system be initiated? **(5 Marks)**

QUESTION FOUR

A company is considering two capital expenditure proposals. Both proposals are for similar products and both are expected to operate for four years. Only one proposal can be accepted.

The following information is available.

	<i>Profit/(loss)</i>	
	Proposal A	Proposal B
	K	K
Initial investment	46,000	46,000
Year 1	6,500	4,500
Year 2	3,500	2,500
Year 3	13,500	4,500
Year 4	(1,500)	14,500
Estimated scrap value at the end of year 4	4,000	4,000

Depreciation is charged on the straight line basis.

The company estimates its cost of capital at 20% pa.

Required:

- A.** Calculate the following for both proposals.
- (i) The payback period to one decimal place. (8 Marks)
 - (ii) The accounting rate of return to one decimal place. (13 Marks)
- B.** Give two main advantages for each of the methods of appraisal used in A above. (4 Marks)

QUESTION FIVE

Quarry Mines Ltd is considering investing in Zambia. It makes a bid to the government to participate in the development of a mine, the profits of which will be realized at the end of five years. The mine is expected to produce K5 billion in cash to Quarry Mines Ltd at that time. Other than the bid at the outset, no other cash flows will occur, as the government will reimburse the company for all costs. If Quarry Mines Ltd requires a nominal annual returns of 20 percent (ignoring any tax consequences).

Required

Compute the maximum bid Quarry Mines Ltd should make for the participation right if interest is compounded;

- A.** Annually (7 Marks)
- B.** Semi-annually (9 Marks)
- C.** Quarterly (9 Marks)

QUESTION SIX

Mr Kunda is 63 years old and recently retired. He wishes to provide retirement income for himself and is considering an annuity contract with Madison Life Insurance Company. Such a contract pays him an equal-kwacha each year that he lives. For this cash-flow stream, he must put up a specific amount of money at the beginning. According to actuary tables, his life expectancy is 15 years, and that is the duration on which the insurance company bases its calculations regardless of how long he actually lives.

Required

- A.** If Madison Life uses a compound annual interest rate of 5 percent in its calculations, what must Mr Kunda pay at the outset for an annuity to provide him with K10,000 per year? (Assume that expected payments to be made at the end of each of the 15 years. (13 Marks)
- B.** What would be the purchase price if the compound annual interest rate is 10 percent? (6 Marks)
- C.** Mr Kunda had K30,000 to put into an annuity. How much would he receive each year if the insurance company uses a 5 percent compound annual interest rate in its calculations? (6 Marks)

END OF EXAMINATION

Present Value Table

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

Where r = discount rate

n = number of periods until payment

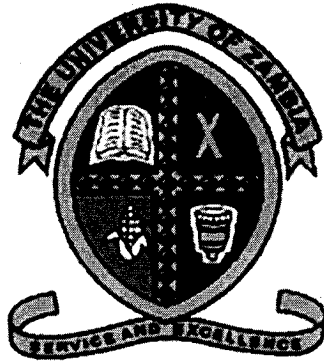
Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	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	6.146
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	5.006	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**

**GSB 1031: FINANCIAL ACCOUNTING
JULY 2018 COHORT**

TEST TWO

DATE: 9TH APRIL, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of THREE (3) Questions; Answer ALL.**
 - 2. Marks Allocation Indicates the Depth of the Answer Expected**
-

QUESTION ONE

A. Your organisation has recently employed a new ledger accounts assistant who is unsure about the correct use of books of original entry and the need for adjustments to be made to the ledger accounts at the end of the year. You have been asked to give the new assistant some guidance.

You use the following examples of transactions to be recorded in the books of prime entry:

- (i) Purchase of raw materials on credit from Pandiya, list price K27,000 less trade discount of 33.5 per cent, plus sales tax of 17.5 per cent.
- (ii) Payment to a supplier, P Banda, by cheque in respect of a debt of K14,000, less cash discount of 2 per cent.
- (iii) Receipt of a piece of office equipment in payment of a debt of K2,500 from a customer, Alefa.
- (iv) Write-off of a debt of K500 due from A Sikose.
- (v) Returns of goods sold to J Lokulundo, total invoice value of K470, including sales tax of 17.5 per cent.
- (vi) Purchase of a motor vehicle on credit from A Jackson, for K1,400, including annual vehicle licence tax of K75.

Required

Reproduce and complete the table below for each of the above transactions. (13 Marks)

Item	Book of prime entry	Debit entries: Account name	K	Debit entries: Account name	K
(i)					
					
(ii)					
					
(iii)					
(iv)					
(v)					
					
(vi)					
					

B. Rates are paid annually on 1 April, to cover the following 12 months. The local business tax for 2016/17 is K1,800, and for 2017/18 is increased by 20 per cent. Rent is paid quarterly on the first day of May, August, November and February, in arrears. The rent has been K1,200 per annum for some time, but increased to K1,600 per annum from 1 February 2017.

Required

Reproduce and complete the missing figures in the rent and local business tax account for the year ended 30 April 2017, given below. (12 Marks)

Rent and local business tax account

2016		K		2016		K
1 May	Balance b/f	.....		1 May	Balance b/f	.....
1 May	Bank	.....				
1 Aug	Bank	.....				
1 Nov	Bank	.....				
2017				2017		
1 Feb	Bank	.....		30 Apr	Income statement	.....
1 Apr	Bank	.....		30 Apr	Balance c/f	.....
30 Apr	Balance c/f	.....				
						
1 May	Balance b/f	.....		1 May	Balance b/f	.....

QUESTION TWO

The business received the bank statement for the month of November, 2018 and it was showing a bank overdraft of K1,482,000 while the cashbook showed a credit balance of K662,000. Upon comparing the cashbook with the bank statement, the following information was revealed:

- (a) The balance brought forward from October 2018 in the cashbook should have been K750,000 not K770,000.
- (b) A cheque drawn for K128,000 for advertising had been incorrectly entered in the cashbook as K125,000.
- (c) Dividends received in the month of October of K89, 000 were credited by the bank but no entries were made in the cashbook.
- (d) Business rates of K120,000 were paid directly by the bank under a standing order arrangement and no entries have been made in the cashbook.
- (e) A cheque received from Jojo for K207,000 had been returned by the bank and marked ‘insufficient funds’. No adjustment has been made in the cashbook.

- (f) A cheque for K35,000 for miscellaneous consumables was entered in the cashbook as a receipt instead of as a payment.
- (g) Cheques received totaling K807,000 had been entered in the cashbook and paid into the bank, but had not been credited by the bank.
- (h) A cheques drawn amounting to K345,000 had not been presented to the bank for payment.
- (i) Bank charges amounting to K67,000 appearing on the bank statement have not been entered in the cashbook.

Required

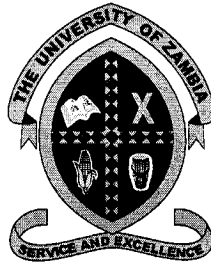
Write up a revised cashbook, showing an updated closing balance. **(10 Marks)**

QUESTION THREE

Explain the following concepts giving examples of their application in the preparation of the financial statement.

- A. Accruals concept **(5 Marks)**
- B. Going concern concept **(5 Marks)**
- C. Prudence concept **(5 Marks)**
- D. Historical cost concept **(5 Marks)**
- E. Consistency concept **(5 Marks)**

END OF TEST



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

GSB Masters Sessional Examination

SCIENTIFIC WRITING AND CRITICAL THINKING (GSB5011)

Monday 18th February 2019

09:00-12:00 Hours

Instructions

Time Allowed: **3 hours**

There are five (5) Questions in the Examination Paper

Attempt a total of four (4) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Graduate School of Business Examination

QUESTION 1

- (a) Briefly describe main examples of plagiarism (6 marks)
 - (b) Giving examples, compare and contrast the APA Referencing Style with the Harvard style (10 marks)
 - (c) What are some characteristics of effective academic writing (9 marks)
- (Total 25 Marks)**

QUESTION 2

- (a) Explain the concept of register in scientific writing (5 marks)
 - (b) Explain the functions of scientific writing (10 marks)
 - (c) Describe the main characteristics of scientific writing (10 marks)
- (Total 25 Marks)**

QUESTION 3

Briefly explain the following various types of scientific writing:

- (a) Description (5 marks)
 - (b) Explanation (5 marks)
 - (c) Essay (5 marks)
 - (d) Research Proposal (5 marks)
 - (e) Research report (5 marks)
- (Total 25 Marks)**

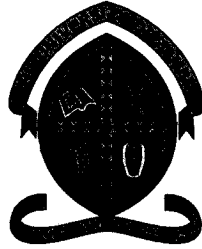
QUESTION 4

- (a) Briefly list key instructional words used in essays and examination questions.
- (Total 25 Marks)**

QUESTION 5

- a) Briefly describe the following:
 - i) Basic paragraph structure (5 marks)
 - ii) Paragraph patterns (5 marks)
 - iii) Paragraph development (5 marks)
 - iv) Introductory paragraph (5 marks)
 - v) Thematic progression (5 marks)
- (Total 25 Marks)**

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Masters Final Examination

Tuesday 19th February, 2019

GSB 5031: FINANCE FOR MANAGERS

Instructions

Time Allowed: **3 hours**

There are two sections in this paper, A and B. Section A is compulsory.

Section B consist of four questions and you are required to attempt any two questions.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY(ANSWER BOTH QUESTIONS)

QUESTION ONE

Power plc are considering buying a new machine in order to produce a new product called 'STX'. The machine will cost K2.8million and is expected to last for 4 years at which time it will have an estimated scrap value of K500,000. They expect to produce 120,000 units per year of 'STX' which will be sold for K20 per unit in the first year. Production costs per unit (at current prices) are as follows:

Materials K8

Labour K7

Materials are expected to inflate at 8% per year and labour is expected to inflate at 5% per year. Annual Fixed overheads of the company are estimated to amount to K1million after the investment. The management accountant has determined that 10% of these are directly attributed to the investment in the new machine. Power Plc expects the selling price of the product to increase by 7% annually. An additional K200, 000 of working capital will be required at the start of the project. The minimum expected rate of return by investors from the project is 11%. The industry average cost of capital is 10%. The corporate tax is 30% per year.

Required

- Calculate the NPV of the project and advise as to whether or not it should be accepted. (12 marks)
- Calculate the internal rate of return of the project and advise as to whether or not it should be accepted. (7 marks)
- Explain the concept of time value of money in the context of finance. (6 marks)

[Total: 25 marks]

QUESTION TWO

The following extract financial information relates to MAD Inc. over the two years:

	2017	2018
	%	%
Dividend cover	10	1.2
Current Asset ratio	3:1	1:1
Quick ratio	1:1	0.5:1
Gearing ratio	26.5	49.0
Interest cover ratio	14.5 times	1.2 times

The shareholders of the company are worried about its financial performance and position. One of the institutional shareholder who is concerned about receiving the dividend and company solvency has called you to make a quick comment on the situation.

Required:

- a) Based on the financial information provided above for MAD Inc., analyse the performance and financial position of the company. (9 marks)
- b) The following financial ratios are used to assess the performance and financial position of a company:
 - i) ROCE
 - ii) Inventory turnover
 - iii) Net Profit Margin
 - iv) Earnings Per Share
 - v) Dividend Yield

Explain the meaning of each ratio stated above. (10 marks)

- c) Explain the difference between accounting profit and cash. (6 marks)

[Total: 25 marks]

SECTION B: CHOOSE ANY TWO QUESTIONS

QUESTION THREE

The directors of KBM Ltd are currently considering two mutually exclusive investment projects. Both projects are concerned with the purchase of new plant. The following data are available for each project:

	<i>Project 1</i>	<i>Project 2</i>
	K'000	K'000
Cost (immediate outlay)	100	60
Expected annual net profit (loss):		
Year 1	29	18
Year 2	(1)	(2)
Year 3	2	4
Estimated residual value of the plant	7	6

The business has an estimated cost of capital of 10 per cent, and uses the straight-line method of depreciation for all non-current (fixed) assets when calculating net profit. Neither project would increase the working capital of the business. The business has sufficient funds to meet all capital expenditure requirements.

Required:

(a) Calculate for each project:

- i) The net present value.
- ii) The approximate internal rate of return.
- iii) The payback period.
- iv) Accounting Rate of Return

(20 marks)

(b) State which, if any, of the two investment projects the directors of KBM Ltd should accept, and why.

(5 marks)

[Total: 25 marks]**QUESTION FOUR**

JBM Ltd can render three different types of service (Alpha, Beta and Gamma) using the same staff. Various estimates for next year have been made as follows:

<i>Service</i>	<i>Alpha K/unit</i>	<i>Beta K/unit</i>	<i>Gamma K/unit</i>
Selling price	31	40	21
Variable material cost	16	19	11
Other variable costs	6	10	5
Share of fixed costs	8	12	4
Staff time required (hours)	2	3	1
Demand (units)	3,000	2,900	5,500

Fixed costs for next year are expected to total K40, 000. The directors of JBM Ltd are stuck with the form of finance to use to finance the project.

Required:

- a) If the business were to render only service Alpha next year, how many units of the service would it need to provide in order to break even? (Assume for this part of the question that there is no effective limit to market size and staffing level.) (5 marks)
- b) If the business has a maximum of 10,000 staff hours next year, in which order of preference would the three services come and number of units produced for each? (7 marks)
- c) Discuss the relative advantages of using debt as a source of finance over equity finance. (6 marks)
- d) As a manager of JBM Ltd, discuss the importance of knowing the breakeven point. (7 marks)

[Total: 25 marks]**QUESTION FIVE**

The Chief Financial Officer and Marketing Director of KLM International are discussing three approaches to pricing their products, namely cost based, customer based and competition based. The company budgets to make 20,000 units per year which has a variable cost of production of K50 per unit. Fixed production costs are K650, 000 per annum. The Chief financial Officer has recommended the cost based approach and stated that if the selling price is to be 40% higher than full cost the company will maximize its profit.

Required

- Determine the selling price of the product using the full cost-plus method and discuss which of the pricing approaches discussed is most likely to maximize profits for KLM international. (11 marks)
- With the aid of diagrams, explain the difference between fixed costs, semi-variable costs, stepped fixed cost and variable cost. (8 marks)
- Explain the usefulness of a budget to a Manager in an organisation. (6 marks)

[Total: 25 marks]**QUESTION SIX**

- a) BBM Ltd manufactures three products, Power, Roots and Blanket. The present net annual income from these is as follows:

	<i>Power</i>	<i>Roots</i>	<i>Blanket</i>	<i>Total</i>
	<i>K</i>	<i>K</i>	<i>K</i>	<i>K</i>
Sales	50,000	40,000	60,000	150,000
Less variable costs	30,000	25,000	35,000	90,000
Contribution	20,000	15,000	25,000	60,000
Less fixed costs	17,000	18,000	20,000	55,000
Profit/ (loss)	3,000	(3,000)	5,000	5,000

The company is considering whether or not to cease selling Roots. It is felt that selling prices cannot be raised or lowered without adversely affecting net income. K5,000 of the fixed costs of Roots are direct fixed costs which would be saved if production ceased. All other fixed costs would remain the same. BBM Ltd exports some of its products to the neighbouring countries and is worried about the foreign currency risk.

- b) Suppose, however, that it were possible to use the resources released by stopping production of Roots to produce a new item, flower, which would sell for K50, 000 and incur variable costs of K30, 000 and extra direct fixed costs of K6, 000.

Required

- Consider whether the company should cease production and sale of Roots under each of the scenarios in (a) and (b) above. (11 marks)
- Discuss factors that should be considered before the decision of whether to cease the production of Roots is made. (6 marks)
- Explain any four (4) ways in which BBM Ltd may protect itself against foreign currency risk. (8 marks)

[Total: 25 marks]**END OF PAPER**

$$IRR = L\% + \frac{NPV_L}{NPV_L - NPV_H} (H\% - L\%)$$

Present Value Table

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

Where r = discount rate

n = number of periods until payment

		Discount rate (r)									
Periods (n)	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	0.914	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	0.350	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

Discount rate (r)

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



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

COURSE NAME: FINANCE FOR MANAGERS (GSB5031)

ASSIGNMENT ONE: MAY 2019 COHORT

Using the financial statements of any listed company (one) indicated on the list below; write a report assessing its financial performance for the financial year ended 31st December, 2018. Your report should focus on the following areas of performance:

- i) Profitability
- ii) Liquidity
- iii) Efficiency use of assets
- iv) Leverage
- v) Dividend capacity
- vi) Growth prospects

INSTRUCTIONS (Please read and follow the instructions below)

a) Select any **one** listed company below:

- 1) African Explosives Zambia
- 2) Puma Energy Zambia
- 3) National Breweries
- 4) Zambia Bata Shoe Company — ?
- 5) Zambia Sugar
- 6) Zambian Breweries
- 7) Cavmont Capital Holdings
- 8) Airtel Networks Zambia — ?
- 9) Investrust Bank — ?

b) You should work as a group and ensure that everyone participates. **You are required to select a group leader who should keep a record of active members of the group.** You may use any form of media to do your discussions for those in distant places.



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Masters Final Examination

Monday 16th September, 2019

GSB 5031: FINANCE FOR MANAGERS

Instructions

Time Allowed: **3 hours**

There are two sections in this paper, A and B. Section A is compulsory.

Section B consist of four questions and you are required to attempt any two questions.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY (ANSWER BOTH QUESTIONS)**QUESTION ONE**

Doggie Plc is a manufacturer of explosives that are used by the mining companies. The company is based in North Western Province of Zambia. Doggies Plc is evaluating a proposal to invest in a manufacturing technology that will ensure improved product quality and reduction in production costs. The cost of investment is estimated at K3million and the initial feasibility study costed K0.5million. The following information relates to the proposed investment:

Year	1	2	3	4
Annual demand Units	25,000	35,000	40,000	36,000
Selling price per unit	K100	K112	K118	K121
Variable cost per unit	K30	K32	K35	K39
Fixed costs (current price)	K120,000	K120,000	K120,000	K120,000

Fixed costs are expected to increase by 5% per year starting from the first year. The minimum expected rate of return by investors from the project is 12%. The industry average cost of capital is 11%. The corporate tax is 20% per year.

Required

- Calculate the NPV of the project and advise as to whether or not it should be accepted. (12 marks)
- Calculate the internal rate of return of the project and advise as to whether or not it should be accepted. (7 marks)
- Explain the advantages and disadvantages of Net Present Value as an investment appraisal technique. (6 marks)

[Total: 25 marks]**QUESTION TWO**

Dink Ltd and Kil Ltd are both engaged in retailing, but they seem to take a different approach. One of them prides itself on personal service and the other on competitive prices. The following financial information relates to the two companies:

<i>Ratio</i>	<i>Dink Ltd</i>	<i>Kil Ltd</i>
Return on capital employed (ROCE)	25%	21%
Return on equity (ROE)	35%	24%
Average settlement period for receivables	62 days	21 days
Average settlement period for payables	51 days	44 days
Gross profit margin	40%	15%
Net profit margin	10%	10%
Inventories turnover period	53 days	24 days

Required:

- Using the information above, analyse the performance of the two companies and indicate which one prides on personal service and the one which prides on competitive prices. (13marks)
- Identify different users of financial statements and state their respective interests. (12marks)

[Total: 25 marks]**SECTION B: CHOOSE ANY TWO QUESTIONS****QUESTION THREE**

BGU holding Plc sales two (2) products in two (2) different market sectors. In a recent meeting, the Chief Financial Officer and Chief Marketing Officer discussed the pricing aspect of its products and financing options for working capital and a proposed massive expansion project.

Product A: The market for this product is highly competitive and the product is ordinary with many substitutes. The product has been on the market for a long time. The major competitors add a profit margin of 20% on the production costs to determine the selling price. The average production costs is K600 per unit which is considered to be very high.

Product B: The market research recently conducted for this product indicated that most customers are interested in the quality and taste of the product. The average production costs is K500 per unit. Customer are to be charged 40% mark-up on full cost.

Required

- i) Recommend with reasons the appropriate pricing approach that BGU holdings Plc can adopt for pricing each of the two (2) products. (8 marks)
- ii) Determine the selling price of each of the two (2) products. (4 marks)
- iii) Explain two (2) merits and demerits of each of the pricing approach you have recommended in (i) above. (8marks)
- iv) Identify five (5) sources of finance that may be available to BGU holding Plc to finance its working capital and expansion project. (5marks)

[Total: 25 marks]

QUESTION FOUR

- a) Explain any five (5) factors that can affect the company dividend policy. (10marks)
- b) Explain any five (5) fundamental assumptions underlying the preparation of financial statements. (10marks)
- c) Explain the purpose of each of the financial statements. (5marks)

[Total: 25 marks]

QUESTION FIVE

BHK Co. is considering a project requiring investment of K125million in equipment with a life of five years and a residual value of K25million. Annual net cash flows will be K31m, K43m, K29m, K28m and K11m for the five years respectively. According to the company policy, a project with the payback period of 2.5 years or less is acceptable. The company has a target accounting rate of return (ARR) of 15%.

Required

- a) Calculate the Accounting Rate of Return (ARR) based on average investment and advise whether the investment is financially acceptable. (8 marks)
- b) Calculate the payback period and advise whether the investment is financially acceptable. (6 marks)
- c) Explain the difference between cash and accounting profit. (5 marks)
- d) Explain the concept of time value of money in finance. (6marks)

[Total: 25marks]

QUESTION SIX

- a) Style Industries Ltd is specialised in making chairs. The fixed costs of operating the workshop for a month total K130, 000. Each chair requires materials that cost K131. A chair takes one hour to make, and the company pays the workers K139 an hour. The workers are all on contracts such that if they do not work for any reason, they are not paid. The chairs are sold to the public for K560 per chair. The budgeted sales and production are 1300 chairs per month.
 - i) Using the marginal approach, calculate the budgeted profit (or loss) for the year. (4marks)
 - ii) Calculate the annual breakeven point (in units). (2marks)
 - iii) Calculate the breakeven revenue. (1marks)
 - iv) Calculate the number of units needed to be sold to achieve a target profit of K1million per year. (2marks)
 - v) Calculate the margin of safety in percentage (%). (2 marks)
 - vi) Discuss the usefulness or importance of knowing the breakeven point by managers. (4 marks)
- b) Explain any two (2) ways in which KKL Ltd may protect itself against foreign currency risk. (4 marks)
- c) Explain the benefits of budgeting to you as a manager of an organisation. (6marks)

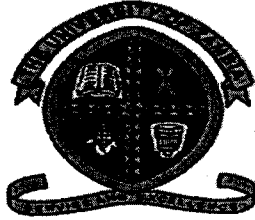
[Total: 25 marks]

END OF PAPER

$$IRR = L\% + \frac{NPVL}{NPVL - NPVH} (H\% - L\%)$$

Present Value TablePresent value of 1 i.e. $(1 + r)^{-n}$ Where r = discount rate n = number of periods until payment

		Discount rate (r)									
Periods	(n)	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	0.914	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	0.350	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



UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
CORPORATE GOVERNANCE AND BUSINESS ETHICS
GSB 5041
FINAL EXAMINATION

Wednesday 20th February, 2019

Time: 09:00 – 12:00 Hours

INSTRUCTIONS

1. This examination paper is divided into TWO Sections. Section A is compulsory and carries 40 marks.
2. Candidates should attempt THREE questions from Section B, all of which carry 20 marks each.
3. You should allow yourself approximately 70 minutes in total to answer the questions in Section A,
4. Approximately 35 minutes for each of the questions attempted in Section B.
5. Candidates are not permitted to bring any material into the examination
6. Candidates must not turn this page until the invigilator tells them to do so

QUESTION 1

In recent years, Google has been under major scrutiny for gender discrimination, and the Department of Labor is investigating Google for a potential gender pay gap. Also, Silicon Valley has been exposed as a community that repeatedly discriminates against women and other minorities, and research shows that the gender disparity in tech jobs is pervasive and widespread. As a result, Google has made a major push to create a more diverse and inclusive work culture.

In August of 2017, Google fired a male software engineer, James Damore, after he internally posted a memo that relied on inaccurate gender stereotypes to criticize Google's implementation of its diversity and inclusion initiative. The memo was leaked to the press, which led to a public outcry and exacerbated an already tense time for gender diversity in Silicon Valley.

Around the same time as Damore's firing, a white supremacist protest that turned violent in Charlottesville, Virginia, heightened an already tense conversation about the complexities of free speech in America. The overall conflicting views on free speech are split down ideological lines: Conservatives say they aren't free to express their views because liberals will accuse them of being politically incorrect, while liberals believe that in an effort towards being more inclusive, people should avoid using language that is potentially offensive to marginalized communities.

Damore says he was trying to point out that sometimes conservative viewpoints aren't welcome at Google because of its liberal "echo chamber." The memo also says that Google discriminates against certain employees and offers development opportunities "only for people with a certain gender or race," and that Google has lowered the bar by hiring diverse candidates. Damore believes that in order to have a truly diverse culture, Google needs to create a safe space for more conservative views.

Damore's memo also states that one of the central reasons there are fewer women than men in tech is women are biologically different from men. Damore then references scientifically unfounded gender stereotypes to support this line of reasoning. Some of the stereotypes he uses include: women are more neurotic than men; women are less capable of handling stress; and women are better at relationships than men because men are better at "things."

After the memo was leaked, many criticized the contents, calling Damore and his memo "anti-diversity," with Google employees and some of the general public saying they were offended by its contents. Critics said Damore's memo is exactly the type of discrimination that keeps women out of the tech industry, and some female Google employees expressed discomfort at having to work with Damore.

The day after the memo was leaked, Google's VP of Diversity and Inclusion, Danielle Brown, issued a statement criticizing the discriminatory content of the memo, saying it did not align with Google's dedication to creating a truly diverse workforce. Three days after the public release of the memo, Damore confirmed Google had fired him.

Sundar Pichai, Google's CEO, released a statement explaining the decision to fire Damore. Pichai's statement points out that some of Damore's criticisms of Google's attempts at creating a truly diverse culture are valid, but the memo violated parts of the company's code of conduct "by advancing harmful gender stereotypes in our workplace." Pichai also writes, "To suggest a group of our colleagues have traits that make them less biologically suited to that work is offensive and not OK."

Those who disagree with the firing say it confirms Damore's main argument: that Google does have a liberal echo chamber; Google is intolerant to conservative views; and that its diversity efforts have actually backfired and stifled diversity. Others who disagree point to Damore's right to free speech. However, there is some legal ambiguity in this case because companies have the legal right to fire an employee who makes statements that could create a hostile working environment for other employees in a protected class (gender, age, sexual orientation, etc.), particularly in an at-will state like California, where Google is headquartered. But, in California, an employee cannot be fired for their political views, complicating the legal aspects of this situation even further. Damore sought out legal counsel after Google fired him, and he is currently deciding whether or not to sue for wrongful termination.

Those who believe Google made the right decision by firing Damore point out that the company has made a very public commitment to creating a diverse and inclusive culture, and to have an openly discriminatory employee breaks that commitment. Keeping Damore around could also negatively impact morale among employees, create a hostile working environment, and lead to a back slide in culture. Additionally, Google has a peer review process, whereby employees review one another's performance. These reviews directly influence potential raises, bonuses, and promotions, so Damore's critics question whether he could be trusted to give fair reviews when he has openly discriminated against his female colleagues in the memo.

Required:

- a. Why is the subject of business ethics increasingly becoming important to companies? **(7 marks)**
- b. Legally, Google's firing of Damore may or may not be problematic, but is Google's firing of Damore ethical? **(7 marks)**
- c. Would you have made the same decision if you were Pichai? Discuss? **(10 marks)**
- d. Is it ethical for an organization to fire someone who expresses beliefs that don't align with the overall culture? **(9 marks)**
- e. How can google put business ethics into practice, and therefore on top of its agenda? **(7 marks)**



(Total 40 marks)

SECTION B

Question 2

Bathwell Limited has been supplying and fitting premium bathrooms and kitchens in hotel chains throughout Zambia and the SADC for the past 20 years. The company started as a small family concern, but because of the rapid growth it experienced and an associated need for additional capital, it was recently listed on the Lusaka Stock Exchange by an initial public offering.

To remain fully compliant with the Zambia corporate governance code, the board established audit, remuneration and nomination committees which were solely populated by independent non-executive directors. However, it did not consider it necessary to create a separate risk committee because the board believed that the remit of the audit committee included all aspects of risk management policy. This explanation was formally submitted to the shareholders at its first general meeting, who agreed with the board's proposal.

As part of its expansion strategy, the board of Bathwell Limited decided it needed to enter overseas markets, and in particular the developing country of Oceania, which is located on the Indian Ocean, 900 kilometres of the shores of Madagascar. The reason that Oceania was selected as a suitable market was because it had experienced rapid economic growth and domestic prosperity following the discovery of rich, offshore mineral deposits. Unfortunately, this small island nation has never enjoyed stable democratic government and is notorious for corrupt business practices, with customs officials regularly demanding bribes from both importers and exporters. As a result, Oceania has a poor international credit rating. In order to attract both domestic and foreign inward investment, the government of Oceania operates with very low levels of indirect tax, which has stimulated the island's tourist industry and led in turn to a significant increase in hotel building.

Following a successful tendering exercise, Bathwell Limited was awarded the contract to supply all of the bathroom equipment for a 200-room hotel, currently under construction in a remote area of the island. The total value of the supply contract amounted to Oceanian \$1,800,000, and it was to be paid in three equal instalments as the bathrooms were delivered to the hotel. The contract assigns responsibility for shipping the goods the 3,000 km from Zambia to the island solely with Bathwell Limited, and no payment will be made until an agreed volume of goods clears Oceanian customs. A further problem is that the Oceania dollar is quite volatile, but recently it has been strengthening against the Zambian Kwacha. As all contract payments are to be made in Oceania currency, Bathwell Limited is exposed to foreign exchange risks.

The many contract-related issues amount to significant risks to Bathwell Limited requiring effective management if the supply contract is to be a success and contribute to the company's ambitious growth targets.

Required:

- a) Explain the function and roles of a risk committee within an effective corporate governance framework, and discuss the advantages which a risk committee could add to the governance of Bathwell Limited. (8 Marks)**
- b) Explain the term risk appetite, and assess how the risk appetite of Bathwell Limited has influenced both its corporate strategy and the risks it has chosen to bear. (4 marks)**
- c) Explain how Bathwell Limited could effectively control the strategic and operational risks which arise from the Oceania supply contract. (8 Marks)**

(Total 20 marks)

Question 3

In June 2015 Zambia Phone Company ousted its CEO Because of concerns about the reliability of the company's financial statements. In July, the company disclosed that it had incorrectly accounted for large amounts of revenue over the past three years. Apparently, the company had recorded 5 million Kwacha of income at the end of each quarter that should properly have been attributed to the next quarter. In this way, the company reported revenue and profits before they properly occurred. It was suspected that the company manipulated the accounts because it was under pressure from the investment community to reach certain revenue and profit targets for each quarter.

In addition, the company's new auditors were investigating the company's accounting policies for over 1 Billion Kwacha 'swap transactions', in which the company bought and re-sold network capacity to the same companies, thereby boosting reported revenues. It is questionable whether these swap transactions were genuine business transactions, or simply a ruse for increasing reported revenues.

Required

Discuss the corporate governance concerns regarding the financial reporting and auditing position of Zambia Phone Company. (Total 20 marks)

QUESTION 4

- a) What was the background to the introduction of the Sarbanes-Oxley Act in the United States of America? **(6 marks)**
- b) How were these provisions intended to reduce the risk of corporate fraud? Evaluate whether this is likely to be achieved. **(8 marks)**
- c) Explain how the corporate governance requirements of the US Sarbanes-Oxley Act differ from the requirements in the UK. **(6 marks)**

(Total 20 marks)

QUESTION 5

Regrettable Holdings Plc was incorporated in 2000 as the holding company of Regrettable Securities Limited and its subsidiaries. Regrettable Securities Limited was authorized under relevant legislation to carry out merchant banking activities, providing advisory services and negotiated finance. Its directors were the same as the directors of Regrettable Holding Plc. Frank Ngozi was Chairperson and Managing Director and did not consult the Board about loans made by the company. Nor was there any policy in place about the level of expenditure by the companies, and providing incomplete information to the boards, balance sheets were shown in a favourable light. Transactions just before, and after, balance sheet dates created misleading accounts which hid the true financial picture. The Auditors appointed in 2000 continued in office throughout the group's history, and Regrettable Group rapidly became their largest client. As the board had no standing committees, the auditors reported directly to Mr. Ngozi.

Following the collapse of Dotcom boom, loans turned sour and Regrettable Group collapsed. The Company was subject to the Ministry of Commerce's inspection, including the Anti-Corruption Commission, and several charges were brought against Mr. Ngozi and other Directors under the Companies Acts. The Auditors were criticized and several deficiencies noted in their conduct of the audit.

The Inspector's report stated that:

"For a company to be well-managed, an effective system of corporate governance needs to be present and functioning properly. The investigation into Regrettable Securities Limited reveals a system which did not work effectively, because of the absence or ineffectiveness of the required elements."

Based on the scenario:

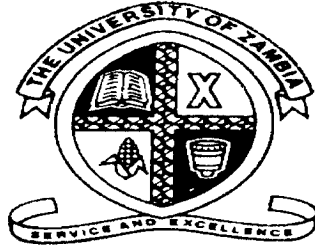
- (a)** Identify the key areas where good governance would have helped to avoid the corporate collapse of the Regrettable Group. **(4 Marks)**

(b) Explain the ways in which the application of these corporate governance principles would reduce the risk of failure.

(16 Marks)

(Total 20 Marks)

END OF EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MAY 2018 COHORT
FINAL EXAMINATION
ECONOMICS: GLOBAL AND FIRM LEVEL PERSPECTIVES (GSB 5052)
19TH FEBRUARY 2019**

**TIME ALLOWED: THREE (3) HOURS
TIME: 14- 17 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 in SECTIONS A and B and Choose ANY THREE (3) questions in SECTION C*
4. *Candidates should show calculations and well labelled graphs where appropriate to earn full marks*
5. *Marks for each question are indicated in brackets and/ or indicated at the beginning of each section for Sections A and B.*

SECTION A: COMPULSORY (1 MARK EACH)

- 1) If Goods X and Y are substitutes, a reduction in the price of Good X will have the following effect on the demand for Good Y:
 - a. a movement along the demand curve such that quantity demanded declines
 - b. a movement along the demand curve such that quantity demanded increases
 - c. a shift to the right of the demand curve
 - d. a shift to the left of the demand curve
- 2) When there is a surplus of a good or service:
 - a. consumers wish to purchase more of the product at the market price than is offered for sale
 - b. the quantity actually traded at the market price is determined by the supply curve
 - c. the market price is below the equilibrium price
 - d. the quantity actually traded at the market price is determined by the demand curve
- 3) The substitution effect of a price decrease causes an individual to purchase more units of a normal good because:
 - a. the change in price causes a decline in purchasing power
 - b. the good becomes more expensive relative to all other products
 - c. the change in price causes an increase in purchasing power
 - d. the good becomes less expensive relative to all other products
- 4) Revenues from the sale of a good will increase if:
 - a. income falls and the good is normal
 - b. income increases and the good is inferior
 - c. its price rises and demand is elastic
 - d. its price rises and demand is inelastic
- 5) When marginal product is decreasing, which of the following is true of marginal cost?
 - a. It increases initially, then eventually decreases.
 - b. It is decreasing.
 - c. It decreases initially, then eventually increases.
 - d. It is increasing.

- 6) Which of the following is NOT a feature of monopolistic competition?
- a. Each firm faces a horizontal demand curve.
 - b. There is freedom of entry and exit to the industry.
 - c. There are many firms supplying the market.
 - d. Firms can change their actions without influencing the behaviour of other firms.
- 7) A profit maximising monopolist is currently operating at a level of output where marginal revenue is £20 and marginal cost is £12. In order to increase profits the monopolist should:
- a. increase output and reduce price
 - b. reduce price and output
 - c. increase price and output
 - d. reduce output and increase price
- 8) The prisoners dilemma, applied to a situation involving two oligopolists, illustrates that:
- a. in avoiding the worst possible outcome the firms will fail to reach the best possible outcome
 - b. each firm will not take account of its rivals reactions when making its decision
 - c. the price set by one firm will not influence the price of the other firm
 - d. in avoiding the worst possible outcome the firms will succeed in reaching the best possible outcome
- 9) A perfectly competitive firm is not maximising profit if:
- a. total revenue is maximised
 - b. marginal cost equals price and price is above minimum average total cost
 - c. marginal cost equals average revenue
 - d. marginal cost equals marginal revenue
- 10) According to the kinked demand curve theory of oligopoly, at the quantity corresponding to the kink the firms:
- a. marginal revenue curve is discontinuous
 - b. average cost curve is discontinuous
 - c. marginal cost curve is discontinuous
 - d. average revenue curve is discontinuous

11) The multiplier is higher:

- a. the lower is the marginal propensity to consume and the lower is the marginal propensity to import
- b. the higher is the marginal propensity to consume and the lower is the marginal propensity to import
- c. the lower is the marginal propensity to consume and the higher is the marginal propensity to import
- d. the higher is the marginal propensity to consume and the higher is the marginal propensity to import

12) Which one of the following is NOT a function of money?

- a. A medium of exchange.
- b. A measure of liquidity.
- c. A store of value.
- d. A unit of account.

13) Which one of the following accurately describes the opportunity cost of producing Good X?

- a. The cost of producing Good X in money terms.
- b. The foregone output from the next best alternative use to which factors of production used to produce Good X could be put.
- c. The stream of services provided by Good X over its entire lifetime.
- d. The production of Good X foregone in the previous year to enable Good X to be produced this year.

14) The demand curve for Good X describes the amount of Good X that:

- a. buyers can but are not willing to purchase at different prices
- b. buyers are both willing and able to purchase at different prices
- c. buyers are both willing and able to purchase at one particular price
- d. will be supplied at different prices

- 15) The law of diminishing marginal utility applied to consumption of Good X implies that the:
- a. more one consumes of Good X, the less utility one derives from the first unit of consumption of Good X
 - b. total utility derived from the consumption of Good X increases by smaller amounts for each extra unit of Good X consumed
 - c. marginal utility derived from the consumption of an extra unit of Good X falls if the price of Good X falls
 - d. marginal utility derived from the consumption of an extra unit of Good X falls if the price of Good X rises
- 16) The price of Good X will not change following an increase in the demand for Good X if the price elasticity of:
- a. supply is zero
 - b. demand is zero
 - c. supply is infinite
 - d. demand is -1
- 17) Which one of the following will NOT shift the demand curve for a normal good to the left?
- a. A fall in consumers' incomes.
 - b. A rise in the price of a complementary good.
 - c. A rise in the price of the normal good.
 - d. A fall in the price of a substitute good.
- 18) Which ONE of the following statements is NOT applicable to a Giffen good?
- a. The demand curve has a positive slope.
 - b. The income effect on demand of a price change will affect demand in the opposite direction to the substitution effect.
 - c. The substitution effect of a fall in price of the good will lead to a fall in demand.
 - d. Demand falls if income increases, other things being equal.
- 19) A profit maximising monopolist that price discriminates is able to:
- a. achieve lower total production costs per unit of output
 - b. increase its profits and simultaneously lower its profit maximising output
 - c. achieve a greater average revenue than if it charged a single price
 - d. increase its profits by reducing its production costs more than its total revenue

- 20) Consumer A purchases Good X and Good Y. If consumer A's income and the prices of Good X and Good Y double Consumer A's Budget Line will:
- shift to the right but not change slope
 - shift to the right and become steeper
 - remain unchanged
 - shift to the right and become less steep
- 21) Which one of the following is NOT a feature of an industry characterised by monopolistic competition.
- There is freedom of entry and exit into the industry.
 - Firms in the industry produce differentiated products.
 - Firms in the industry charge prices above their marginal costs of production.
 - Some degree of monopoly power ensures that in the long run firms can make supernormal profits.
- 22) The "kinked" demand curve theory of oligopoly implies that the oligopolist:
- will seek to make only satisfactory rather than maximum profits
 - has a discontinuity in its marginal cost curve
 - has a discontinuity in its average revenue curve
 - has a discontinuity in its marginal revenue curve
- 23) The short run supply curve for a firm in a perfectly competitive industry is its:
- average cost curve
 - average variable cost curve
 - marginal cost curve above the lowest point of the average total cost curve
 - marginal cost curve above the lowest point of the average variable cost curve
- 24) The marginal propensity to consume out of disposable income is 0.8 and the tax rate is 50 per cent of all income. The government decides to increase public spending by K100 million. According to the simple Keynesian model what is likely to be the total change in national income resulting from this increase in government expenditure?
- K200 million
 - K500 million
 - K1,000 million
 - K166 million

- 25) Which one of the following is most likely to lead to a rise in aggregate demand?
- A decrease in government expenditure.
 - An increase autonomous savings.
 - A increase in the rate of interest.
 - A decrease in the income tax rate.

SECTION B: COMPULSORY (1 MARK EACH)

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

- Markets are problematic for example in health care because they don't provide goods efficiently and don't provide the goods with quality.
- Public Goods have two (2) qualities;
 - Nonrival: someone's consumption does reduce the amount available for others to consume.
 - Non-excludable consumer cannot be excluded from consuming the good either by having to pay or through some other mechanisms.
- For public goods, market failure exists because too little of the good is produced in public markets.
- Merit Goods are goods that are thought to be good for someone regardless of the person's own preferences such as compulsory education and the wearing of seat belts or helmets on motor cycles among others.
- According to the Harrod- Domar Growth Model, the source of growth is saving and investment in production of goods and services.
- The production possibilities curve (PPC) shows the maximum quantities of two good and services the economy can produce, assuming the following:
 - full employment or efficiency
 - fixed resources
 - constant technology
- According Todaro and Smith, "Development is a multi-dimensional process involving changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of equality, and the eradication of poverty."
- Flexible exchange rate system is where the exchange rate is pre-determined and set by the government at a particular level. It requires government to buy or sell sufficient quantities of their currencies to keep the exchange rate at an agreed value.
- The theory of Purchasing Power Parity (PPP) states that the interest rates between two currencies will adjust to reflect changes in price levels.
- Exchange rates are important because they enable us to translate different counties' prices into comparable terms.
- The Law of One Price states that the price of an identical good will be the same throughout the world, regardless of which country produces it.
- Increased demand for a country's goods causes its currency to appreciate while increased demand for imports causes the domestic currency to depreciate.

- 13) If a country is less productive relative to another country, then its currency appreciates.
- 14) In International Trade Theory, the Factor-Price Equalization Theorem states that international trade leads to complete equalization in the relative and absolute returns to heterogeneous factors across countries.
- 15) The terms of trade is the absolute price of the exportable good expressed in units of the importable good.

SECTION C: CHOOSE ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION ONE

- (a) With the aid of a diagram, explain the following;
 - i. Net Welfare Effects of a Tariff [5]
 - ii. Effects of an Export Subsidy [5]
 - iii. Effects of an import Quota [5]
- (b) Explain any three (3) arguments in favour of free trade [5]

QUESTION TWO

- a) Define the following;
 - i. Static Expectations [1]
 - ii. Rational Expectations [1]
 - iii. Adaptive Expectations [1]
 - iv. Imported Inflation [1]
 - v. Stagflation [1]
- b) Write brief notes on the Harrod- Domar Growth Model [5]
- c) With the aid of a diagram, explain fully the following;
 - i. Inflationary gap [5]
 - ii. Deflationary gap [5]

QUESTION THREE

- a) Economic growth is not an end in itself and has to enhance the lives people lead and the freedoms that they enjoy. Capability to function is what matters for status as a poor/non-poor person and it goes beyond availability of commodities. Explain fully why GDP may not be a good measure of national welfare (*Hint: Isolate your points and arguments by numbering them or using bullet points*) [10]
- b) With the aid of a diagram, explain the following;
 - i. Loss making perfectly competitive firm [5]
 - ii. Loss making monopolist [5]

QUESTION FOUR

- a) Assume a model with expenditure- income identity. If the marginal propensity to save is 0.2, the income tax rate is 0.25 and the marginal propensity to import is 0.1. Calculate the size of the investment multiplier. [4]

- b) Given a closed economy with no government with the following consumption function

$$C = 100 + 0.75Y$$

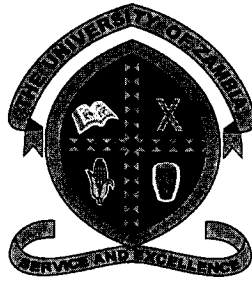
Where Y represents National Income and C Consumption Expenditure

Using this information, complete the table below (S denotes Savings) [5]

Y	0	100	200	300	400	600	700	800	900	1000
C										
I	50	50	50	50	50	50	50	50	50	50
S										

- Interpret the above consumption function [1]
- From part (i) above, compute the marginal propensity to save and interpret your answer [1]
- Using the consumption function above, derive a Savings Function as demonstrated in class [2]
- Interpret the Investment Function in the above table [1]
- Using the data from the above table, draw the savings function, consumption function, Investment function and Aggregate Demand Schedule [5]
- From your diagram in part (v) above, what is the equilibrium level of income? [1]

END OF FINAL EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MSc HUMAN RESOURCE MANAGEMENT**

FEBRUARY 2016 COHORT

(SESSIONAL EXAMINATION)

DATE: 11TH JUNE, 2019

HRM1010: EMPLOYMENT AND LABOUR LAW

EXAM TIME: 09:00 HOURS

DURATION: THREE (3) HOURS (PLUS 5 MINS. FOR READING)

INSTRUCTIONS:

1. Read ALL Instructions CAREFULLY and UNDERSTAND them.
2. Read Each and Every Question CAREFULLY and UNDERSTAND the Information Given.
3. The Paper has a Total Number of Seven (7) Questions. Question ONE is COMPULSORY.
4. Answer a Total of FOUR (4) Questions INCLUSIVE of Question ONE (1); and then attempt ONE question from each of the THREE sections.
5. Marks Allocation Indicates the Depth of the Answer Expected.
6. The following UNMARKED laws are permitted: (1) Constitution of Zambia (Cap. 1); (2) Employment Code Act, 2019 (Act No. 3/2019); (3); Employment of Young Persons and Children Act; (4) Factories Act (Cap. 441, Laws of Zambia); (5) Industrial and Labour Relations Act, 1993 (as amended) (Cap. 269); (6) Minimum Wages and Conditions of Employment Act (Cap. 276, Laws of Zambia); and (7) The Minimum Wages and Conditions of Employment (General) Order, 2011 and 2018

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

COMPULSORY QUESTION

Q. 1. (i) Please enumerate exactly 15 general statutory requirements designed to ensure that the health and safety of workers at an assembly plant (e.g. manufacturing plant) operating in Zambia are safeguarded under the law enacted for that purpose? (15/40).

(ii) Discuss the “neighbour” and “duty of care” principles, as set forth in the landmark case of **DONOGHUE v. STEVENSON**, [1932] A.C. 562; 101 L.J.P.C. 119; 147 L.T. 281; 48 T.L.R. 494; 76S.J. 396; 37 Com. Cas. 350; [1932] All E.R. Rep. 1, explaining how they transformed and secured the occupational health and safety of workers employed at industrial plants, e.g. a copper mine (25/40).

40 Marks

SECTION I: SELECT ONE OF TWO QUESTIONS

Q. 2. Mrs. Lusaka delivered a baby boy 7 days ago. She wants a trustworthy nanny to nurse her baby until he is 4 years old. Her neighbour, Ms. Monze has a niece from her village in Nalikwanda who has a reputation for the love of God, kindness, honesty, and hard work, but she has no National Registration Card (NRC) because she is 4 months short of the age when she can acquire an NRC. Mrs. Lusaka has opted to orally offer her employment to nurse the baby until he 4 years; and if she excels, to freely sponsor her to school and college from the date of being employed until she is 27 years. Mwaka, the 14-year old teenager, has jumped at the “great” offer of being paid K 1,049.00 monthly as a nanny and /or domestic worker; but consults about the legal status of the transaction after 7 days into the job just to be sure everything will work out without any future legal challenges.

As the best student in HRM1010, advise her based on what you have studied till now.

30 Marks

Q. 3. The unionised employees of Livingstone Fruit & Beverages Co. Ltd. are represented by a vibrant 4,000-member strong trade union-the Southern Workers Retailers Union. Following the Government’s introduction of the latest minimum wage, requiring all unionised shop workers to earn a salary of at least K1, 050.00 per month, they have demanded that all their members be paid a monthly wage of K 2,000.00 effective October 1, 2018; and that their revised wages be back-dated at said proposed rate to October 1, 2018. Livingstone Fruit & Beverages Co. Ltd., a major retailer in Southern Province, has refused to concede the proposed salary increment and instead counter-offered to pay an increased salary of K 1,000.00 back-dated to October 1, 2018 to all their unionised shop workers. After protracted negotiations lasting 9 months, as of June 1, 2019, the union has now issued a televised press statement calling on all their members at Livingstone Fruit & Beverages Co. Ltd. to “down tools” for 4 consecutive weeks effective June 11, 2019.

As the top HRM 1010 undergraduate student, you have been consulted by a Livingstone-based law firm to review the case and submit a report concerning the established procedure for declaring a strike in Zambia; and to specifically determine whether Livingstone Fruit & Beverages Co. Ltd. is right to insist on paying a monthly wage of no more than K 1,000.00 to their retail employees. Please submit your written advise to the law firm.

30 Marks

SECTION II: SELECT ONE OF TWO QUESTIONS

Q. 4. Write brief notes on the following three sources of Employment Law in Zambia: (i) **Constitution of Zambia (Cap. 1, Laws of Zambia)**; and (ii) International Labour Organisation (ILO) Labour Standards.

30 Marks

Q. 5 (i). When an employment contract is reduced to writing, what essential terms must be included by virtue of statute (i.e. as a statutory requirement)? **(15/30)**

(ii). Write brief notes on the following: (a) employee's contractual capacity; (b) offer distinguished from invitation to treat; and (c) acceptance of employment contract. **(15/30)**

30 Marks

SECTION III: SELECT ONE OF TWO QUESTIONS

Q. 6. Is it lawful for an employer to summarily dismiss an employee from employment for any reason in Zambia?

30 Marks

Q. 7. Write brief notes on the following:

(1) Payment of statutory **"Contributions"** and **"Benefits"** under the **National Pension Scheme Act, 1996 (No. 40 of 1996)**; and

(2) Statutory functions of the National Pension Scheme Authority with respect to administration of pensions for eligible employees.

30 Marks

END OF EXAMINATION!

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
JUNE 2019 FINAL EXAMINATIONS

COURSE : HRM 2010 – ORGANISATION AND JOB DESIGN

DURATION : THREE (3) HOURS

INSTRUCTIONS : THE EXAMINATION HAS TWO SECTIONS. SECTION A IS COMPULSORY AND SECTION B HAS FOUR (4) QUESTIONS. ANSWER ANY TWO QUESTIONS IN SECTION B. YOU ARE REQUIRED TO ANSWER A TOTAL OF SIX (6) QUESTIONS.

SECTION A (COMPULSORY) – 50 MARKS

1. Job analysis is a critical tool for effective and efficient execution of human resource management activities. Critically discuss how job analysis relates to job evaluation and job design **(15 marks)**.
2. How practical is it for any firm to incorporate both mechanistic and organic elements into its organisation, and in the organisational context, what factors should be considered when choosing the degree of centralisation? **(15 marks)**.
3. What are the implications of a significant increase in the span of control throughout a management hierarchy for (a) the shape of the organisation structure, and (b) the management of day-to-day activities? **(10 marks)**.
4. As the Director of Human Resource, what would be your justification for advocating that your company is organised along divisional lines rather than along purely functional lines? **(10 marks)**.

SECTION B (ANSWER ANY TWO QUESTIONS)- 50 MARKS

5. Critically discuss the methods and factors of job evaluation? Other than job evaluation, what other factors do organizations consider when determining the rate of pay for its employees? **(25 marks)**.
6. (a) What factors might influence the development of culture and to what extent does culture influence the effective performance of an organization and give practical examples from your own organisation or an organisation which you may be familiar with? **(15 marks)**.
(b) What factors are critical in the successful implementation of organisational change? **(10 marks)**
7. In September 2018, Government revised upwards the minimum wages for workers not represented by trade unions. The Minister of Labour and Social

Security stated that the minimum wages have been revised following tripartite consultative meetings. The Minister said that the new minimum wages are to be effected on 10th September 2018. The implication of this revision is that wages for various categories have been revised upwards with domestic workers' wages increased from K522.4 to K993.60 with transport allowance inclusive.

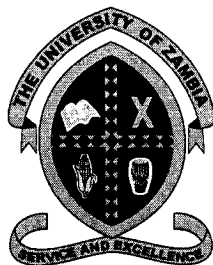
However, various stakeholders complained that the revised minimum wage for domestic workers is too high. In response to the stakeholders' concerns, the Minister of Labour and Social Security advised employers of domestic workers who are not able to pay domestic workers the revised minimum wage to use flexible hours.

Required

In the context of job design, discuss the demand for increased flexibility in patterns of work organization and structural design, and give examples of flexible working arrangements in an organization of your choice and in relation to domestic workers **(25marks)**.

8. It has been argued that 'structure' follows 'strategy'. In the context of organizational design, critically discuss how an organization structure can affect the implementation of a strategic plan and how it relates to the overall effectiveness and performance of an organisation? **(25 marks)**

-----END OF QUESTION PAPER-----



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Bsc Human Resource Management

Monday 10 June 2019

HRM 2030: HUMAN RESOURCE PLANNING AND RECRUITMENT

Instructions Format

Time Allowed: **3 hours**

There are two sections in this paper.

Section A is Compulsory. Chose three (3) questions from section B

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: ANSWER ALL QUESTIONS

1. Explain five(5) flexible employment techniques that can be used by an organisation to overcome deficits and/or surpluses (10marks)
2. What is the importance of a job Description in the Human resource planning process (5 marks)?
3. Why is it important to ensure that recruitment and selection are effectively done? (5 marks)
4. Mention the Strategies that can be used to avoid redundancy. When are these strategies useless. (12marks)
5. What tools can be used to select the right candidate for a vacant position in an organisation (8marks)

SECTION B (CHOOSE THREE QUESTIONS)

Question one

Top management in your organisation is faced with excess human resource and is in the process of implementing a redundancy policy

- a. Advise management on the alternatives to a redundancy policy implementation (10 marks)
- b. What should management do in preparation for redundancy in the event that none of the alternatives mentioned above work (10 marks)

Question Two

Your supervisor believes that human resource planning is a share waste of time. As a specialist

- a. Explain to him why it such activities are important (8marks)
- b. Clearly describe the process of HRP (12 marks)

Question Three

Even though labour turnover is inevitable it can be good or bad for the organisation

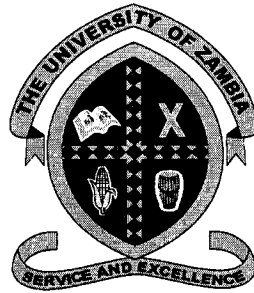
- a. When can labour turn over be functional (4marks)
- b. How can we measure turnover (2marks)
- c. What is the cost of turnover to the firm (8marks)?
- d. Describe three strategies that can be used to reduce turn over (6 marks)

Question Four

The only way to join an organisation is through recruitment and selection process.

- a. What are the likely sources of recruitment for nurses at the university teaching hospital (4 marks).
- b. For effective the selection, the test must be valid and reliable. What is meant by validity and reliability (6marks)
- c. Explain the recruitment and selection process (12 marks)

The End



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

DATE: 13th June, 2019

HRM 3011: Labour Economics

INSTRUCTIONS TO CANDIDATES:

1. Answer **ALL** Questions in this paper.
2. **DURATION: 3 Hours.**
3. **ALL** Students should have Scientific Calculators.

QUESTION ONE (15 Marks)

I. State whether the following are **TRUE** or **FALSE** and justify your answer.

- (a) Whenever the marginal revenue product of labour is equal to the marginal expense of labour, employment needs to be increased.
- (b) In the short-run and assuming a competitive product and labour market, output has to be increased whenever the price is less than the marginal product.
- (c) The firm's demand curve in the short-run is equivalent to the downward sloping segment of its Marginal Product schedule.
- (d) When the marginal product is less than the real wage, the firm should employ less labour.
- (e) Monopolies pay higher wages as compared to competitive firms.
- (f) If marginal cost is greater than marginal revenue, profits are decreasing.
- (g) If marginal revenue is equal to marginal product, profits are falling.
- (h) When profits are maximized, marginal cost is equal to marginal revenue.
- (i) A firm has to increase output when marginal revenue is equal to marginal cost.
- (j) A firm has to reduce labour when marginal revenue is less than marginal expense of labour

II. Given that the demand is $P = 45 - 0.35Q$, Marginal cost is constant at **K10** and the Real wage is **30**, answer the following:

- (a) Calculate the optimal level of output for the firm, assuming it's a monopoly.
- (b) Calculate the optimal level of output assuming the firm is perfectly competitive.
- (c) Find the nominal wage under (a) and (b) above.
- (d) Given that the Marginal product of labour is **40**, would you advise the firm in (b) to increase employment?

QUESTION TWO (15 Marks)

I. Consider the information below:

Labour	Price	Total Product	Marginal Product	Nominal Wage	Real Wage
10	30	3000	300	6000	
20	30	4500			150
30	30		330	3000	
40	30	13000			80

- (a) Fill in the missing values in the table above.
- (b) At which level of employment does the firm optimize the use of labour?
- (c) By considering the price, comment on the market structure the firm is operating in.
- II. The supply and demand of maid services in Lusaka is such that the equilibrium wage for maids is K900 per month and 40000 maids are employed at this wage.
- (a) Draw a demand and supply diagram clearly indicating the supply curves, demand curve, equilibrium wage and the equilibrium employment.
- (b) Explain how the market outcomes would change if grade 12 pass-rate improves. (assume people opt to become maids after failing at grade 12)
- (c) How would the wage rate return to K900 if the government imposes a minimum wage of k1200?
- (d) Explain how being overpaid can lead to an increase in the unemployment of labour.
- (e) What are some of the measures the government can put in place to increases the equilibrium wage for maids?

QUESTION THREE (15 Marks)

- I. Mrs. Brenda Alex has been offered a new job at Financial Scope Zambia to manage their business development department. The following are some of the contract terms of her new offer:

Wage rate of K 900 per day in the office

Wage rate of K 800 per day outside work on assignment

Health insurance valued at K 3000 per month

Housing allowance of K 5000 per month

Fuel allowance of K 4000 per month

4 vacation days per month valued at the office wage rate

6,000 monthly value of Gratuities to be paid after 3 years.

Rentals at K3,000 per month on her owned flats

Husband gives her K4,000 every month as an allowance.

- (a) Given that she will have 16 office days and 4 days on assignment on average per month, calculate her Wage Earnings.
- (b) Taking into account that she will have other allowances, calculate her Total Monthly Earnings.
- (c) What will be the Value of her Employee benefits?
- (d) Find her Total compensation for the Month?
- (e) What is the value of her monthly total income?

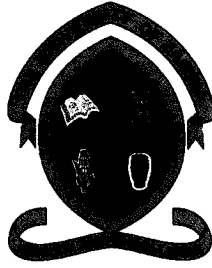
- II. State and explain the Hicks-Marshall Laws of Derived demand as they relate to wage elasticity.

QUESTION FOUR (15 Marks)

Answer the following as brief as possible.

- (a) Explain the factors behind an individual's decision to supply labor. What is the difference between the income and substitution effect of labor supply? (1 page)
- (b) Explain the decisions made by workers in demanding for college education. What are some of the predictions of the human capital investment decision model? (1 page)

END OF EXAMINATON



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BSc Human Resource Management

Friday 14th June 2019

14:00-17:00 hours

HRM3040: TRAINING AND DEVELOPMENT

Instructions

Time Allowed: **3 hours**

This paper has six (6) questions, students are required attempt any FOUR (4) questions

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

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Compare and contrast the Mc Ghee and Thayer's Theory of training needs analysis with any other theory of your choice. (25marks)

QUESTION TWO

You have been assigned by the Human Resources Director in your Organisation to plan for a training programme. Describe the steps you would take to plan for an effective training programme (25marks)

QUESTION THREE

Write notes on the following:

- i) Coaching(5marks)
- ii) Operant conditioning(5marks)
- iii) Job rotation(5marks)
- iv) Apprenticeship(5marks)
- v) Secondment(5marks)

QUESTION FOUR

Describe how to link training programmes to organisational needs(25marks)

QUESTION FIVE

- i) Explain the 70/20/10 model of learning. (10 marks)
- ii) How does the model assist managers in designing training programmes? (5 marks)
- iii) Identify any motivation theory of your choice and how it has helped in understanding the learning theory (10marks)

QUESTION SIX

- i) Define Management development and explain its importance to organisations (15marks)
- ii) Explain in detail what Myers Briggs type indicator is (10 marks)

End of examination

THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

Monday 10th June 2019

HRM 4031: STRATEGIC HUMAN RESOURCE MANAGEMENT

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: READ THE CASE BELOW AND ANSWER THE QUESTIONS

Ethics and employment flexibility

There is clearly an ethical contention at the heart of the debate over flexible working practices. At the centre of the concerns about flexible working is the perception that by accepting the perpetual insecurity associated with much flexible working as 'the way things are', work organisations are relieved of their moral responsibility to their workforce. Warren (1996: 42) suggests that the 'death of the company as a long-term employment organisation' is a proposal that is pervasive in managerial discourse in both the UK and USA but not, for example, in Japan where organisations are viewed as communities and in Continental Europe when companies are more often run like families. Warren argues that accepting pervasive job insecurity as the norm for the majority of the workforce will result both in increasing social exclusion and lowered morale of those working for the firm, contributing to a decline in citizenship behaviour which can be valuable to organisations. He argues, therefore, that whilst care should be taken not to overburden business with too many responsibilities, companies should be viewed as contributors to the moral order of society; collective citizens whose sole objective is not just to make money but also to be of wider social benefit.

Questions One

- a) Describe any four (4) approaches of flexible employment practices that HR managers can adopt. Give practical examples in your answer. (20 marks)
- b) List any two (2) employer-friendly and any two (2) employee-friendly flexibility practices. (4 marks)

Question Two

- c) To what extent do you think businesses should be responsible for the employment security of its workforce? (6 marks)
- d) Do you think that a business case argument – that job insecurity is damaging both to employee morale and, ultimately, individual performance – is sufficient to encourage businesses to prioritize stability of employment? (10 marks)

Total: 40 marks

SECTION B: ANSWER ANY THREE (3) QUESTIONS

Question Three

This states that it is the range of resources in an organization, including its human resources, that produces its unique character and creates competitive advantage.

Critically discuss how the RBV of the firm can be used to achieve an organization's strategic objectives. (20 marks)

Question Four

According to the contingency perspective (best fit) – to be effective, an organization's HR policies must be consistent with other aspects of the organization. The primary contingency factor is the organization's strategy. Explain how the following can be used to achieve best fit

- a) Lifecycle model (10 marks)
- b) Competitive strategy (10 marks)

Total: 20 marks

Question Five

- a) Conduct a SWOT analysis of a typical HR department. (8 marks)
- b) Describe any four (4) factors to consider when designing a retention strategy. (12 marks)

Total: 20 marks

Question Six

- a) Why are reward management systems critical to SHRM? (4 marks)
- b) Explain the options to consider when designing a reward strategy. (10 marks)
- c) Outline any three (3) barriers to successful strategy implementation. (6 marks)

Total: 20 marks

Question Seven

- a) Describe the nature of the internal and external labour market. (6 marks)
- b) Explain two (2) objectives recruitment strategy. (4 marks)
- c) Outline the components of the recruitment strategy. (10 marks)

Total: 20 marks

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

DECEMBER 2019 FINAL EXAMINATIONS

COURSE : HRM 4312 – HR METRICS AND ANALYTICS

DURATION : THREE (3) HOURS

INSTRUCTIONS : THIS EXAMINATION PAPER HAS TWO SECTIONS. SECTION A IS COMPULSORY AND SECTION B HAS FOUR (4) QUESTIONS. ANSWER ANY TWO QUESTIONS IN SECTION B. YOU ARE REQUIRED TO ANSWER A TOTAL OF FOUR (4) QUESTIONS.

SECTION A (COMPULSORY) – 50 MARKS

1. You are given the following information for the three companies indicated in table 1 below as at 30 June 2019:

Table 1

		Company A	Company B	Company C
1	Revenue	K1,245,000,000	K320,000	K6,000,000,000
2	Number of Employees	95	12	950
3	Expenses	K1,450,000,000	K180,000	K8,200,000,000

Required:

- (a) Calculate the revenue per employee and using the same revenue per employee ratio, which company is more productive? **(7.5 marks)**
- (b) Using predictive and prescriptive analytics, propose strategies that will turn around less productive companies. **(10 marks)**
- (c) Assuming the only expenses faced by each company are salaries, calculate the profitability ratio and which company is generating a profit? **(7.5 marks)**
2. As at 30 June 2018, Company C had 910 employees and as at 30 June 2019, the number of employees was 950. During this same period, the company lost 60 employees through dismissal, retirement and resignation.

You are given the following additional information for Company C as at 30 June 2019:

- (i) Separation costs
- (a) Exit interview cost for salary and benefits of both interviewer and departing employee during the exit interview = K15,000
- (b) Administrative and record-keeping action = K5,000

- (ii) Replacement costs
 - (a) Advertising for job openings in the media = K25,500
 - (b) Pre-employment administrative functions and record-keeping action = K1,400
 - (c) Selection interview (Venue and food for interviewers) = K12,500
 - (d) Employment tests (engaged a consultant) = K18,000
 - (e) Interview meetings (allowances for members of the interview panel) = K38,000
- (ii) Training costs
 - (a) Induction manuals and training materials = K11,000
 - (b) Facilitators' allowances = K25,000
 - (c) Hire of training venue (food and conference package) = K45,000

Required:

- (a) Calculate both the turnover rate and turnover costs for Company C and critically analyse the implications of the computed turnover rate and turnover costs on the Company? **(15 marks)**
- (b) Critically discuss the possible consequences of turnover for both Company C and employees **(10 marks)**

SECTION B (ANSWER ANY TWO QUESTIONS)- 50 MARKS

3. HR analytics compares collected data against historical norms and organizational standards. The process cannot rely on a single snapshot of data, but instead requires a continuous feed of data over time. Data also needs a comparison baseline. With relevant examples, discuss the following concepts:

- (a) Descriptive analytics
- (b) Predictive Analytics
- (c) Prescriptive Analytics

(25 marks)

4. Throughout the many facets of HR functions (e.g. recruitment, compensation, performance management, training and development, HR planning, etc.), tracking metrics is a key success.

Required

- (a) Select three (3) areas of HR functions and propose best strategies or best practices that a company of your choice could implement that are relevant to those functions.
- (b) Critically discuss how you would use metrics to determine where the company currently stands and what will happen to the company if nothing is done about the current status, and what will happen if the company implements your proposed strategies.

(25 marks)

5. When John Lubinda arrived as Director, Human Resources at a leading telecommunication company in December 2017, he was not quite sure what he wanted or needed to do. Coming from a renowned bank in Zambia, he was used to having

information about the effectiveness of all current operations, including from the HR Department; yet, as he quickly learned, these data were not available for HR operations and programmes, nor were there systems in place to generate them. He recognized the potential value of having even simple descriptive statistics about the HR organization, its people, and its operations—to highlight potential opportunities and how changes in these values could signal potential problems. However, since these data were not currently available or easily developed, he created a small team, consisting of staff from HR, ICT and Finance Departments. The team's assignment was to collect data about the human capital in the organization in an effort to learn more about the organization and its people, which Lubinda was now charged with supporting.

The team's analysis highlighted a unique characteristic of the Telecommunication Company workforce—all of its senior managers were at least 56 years old and the statutory retirement age was 60 years; it was taking long to fill vacancies in the company and in some cases, strategic positions had remained vacant for over one year despite having been advertised; the operational costs were too high and 90% of the total operational costs accounted for staff costs; the staff attrition rate was 25% and 75% of the staff turnover was attributable to technical staff – the poor network connection was largely due to the high attrition rates among the technical staff; the company's revenue and profit had drastically dwindled; some departments were overstaffed; and staff in the call centre were rude and were failing to resolve most of the customers' complaints.

The team was also given the following additional information:

- (i) On average, Customer Service Staff missed 13 of 28 work shifts in a month;
- (ii) Of the K23,010,000 monthly payroll costs, K6,300,000 was overtime.

Required

- (a) Identify the key HR metrics in the article above and associated metrics and to what extent can they be used to improve operations in this company?
- (b) Calculate absenteeism rate for the Customer Service Staff and what could be the possible reasons for the high absenteeism rate among this category of staff?
- (c) Calculate overtime as a percentage of the total payroll costs and what could be the possible reasons for the high overtime costs and what strategies would you recommend to reduce overtime costs?

(25 marks)

- 6. Corp-Northmead Hospital is a 500-bed hospital and several associated clinics in a major upmarket areas of Lusaka. It has been an aggressive adopter of computing technologies in efforts to decrease costs and improve operational efficiencies. A critical challenge facing the hospital is meeting its ongoing challenges to staff the hospital and allied clinics effectively, given the ongoing shortage of psychiatric nurses; uncertainty in health care legislation; emphasis on shortening hospital stays to reduce costs, which causes the daily census (numbers of patients in various departments) to vary dramatically from day to day and shift to shift; the continued aging of the population in its primary care area; and

the unending competition for employees with key skill sets. Employee expenses represent more than 80% of the overall costs of operation for the hospital, so identifying ways to match optimal skills and numbers of employees to the appropriate shifts is critical to achieving consistent success. However, individual shift managers struggle to make effective staffing decisions, resulting in consistent overstaffing or understaffing of shifts and departments. These staffing problems potentially increase the costs of varied levels of patient care and satisfaction and potentially increase the risk that staff turnover may escalate because of dissatisfaction with the continuing inability of managers to match staffing needs to demand.

Hospital managers recognize the potential that HR metrics and analytics might have for their organization, and they have come to you for help. They are hearing from their peers in other hospitals that metrics can help in this area but are not quite sure where to start from. They are looking for you to offer guidance on how to do HR metrics and workforce analytics.

Required:

- (a) Do you believe that a programme of HR metrics and workforce analytics might be useful in Corp-Northmead Hospital? If so, why?
- (b) Identify three analyses and associated metrics you think might be useful for Corp-Northmead Hospital to consider.
- (c) Based on the descriptive and predictive analyses identified in (b), what advice would you offer to the managers at Corp-Northmead Hospital to transform the Hospital into a financially sustainable Hospital?

(25 marks)

-----END OF QUESTION PAPER-----

HR METRICS FORMULAE

1. Revenue per Employee:

Revenue per employee = Total revenue ÷ Total number of employees

2. Employee Turnover

Turnover rate = Number of employee terminations ÷ Average number of employees

3. Turnover costs

Turnover costs = Separation costs + Replacement costs + Training costs

4. Overtime Percentage

Overtime percentage % = Overtime pay amount ÷ Total payroll

5. Absenteeism

Absenteeism % = Workdays missed ÷ Total workdays scheduled

6. Profit per Employee

Profit per employee = Business profit ÷ Number of employees

7. Timesheet & Scheduling Match

Timesheet / Scheduling match = Number of scheduled hours ÷ Number of hours worked

8. Health Care Costs per Employee

Health care costs per employee = Total health care costs ÷ Number of employees signed up for health care

9. Cost of HR per Employee

Cost of HR per employee = Total HR salary and benefits ÷ Number of employees

10. Training Spend per Employee

Training spend per employee = Total training costs divided by ÷ Number of employees

11. Training Return on Investment

Training return on investment (ROI) = Cost of employee training ÷ Value of increased performance

12. Time to Productivity

Time to productivity = Date new hire hit the target (as defined in your performance management system) – New hire start date

13. Time to Hire

Time to hire = Start date – Date of first interview

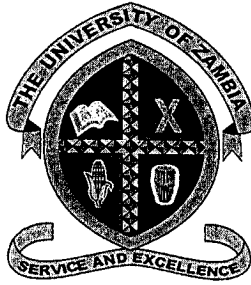
14. Annual Recruiting Costs

Annual recruiting costs = Total off all hiring expenses the year (software + advertising + fees)

15. Offer Acceptance Ratio

Offer acceptance ratio = Number of offers accepted ÷ Total job offers extended

STUDENTS ARE ALLOWED TO USE THE ABOVE FORMULAE DURING THE EXAMS



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
Bsc LOGISTICS AND TRANSPORT MANAGEMENT**

JULY 2019 COHORT

(SESSIONAL EXAMINATION)

DATE: 9TH DECEMBER, 2019

LSM3551: INTERNATIONAL TRADE LAW

EXAM TIME: 09:00 HOURS

DURATION: THREE (3) HOURS (PLUS 5 MINS. FOR READING)

INSTRUCTIONS:

1. Read ALL Instructions CAREFULLY and UNDERSTAND them.
 2. Read Each and Every Question CAREFULLY and UNDERSTAND the Information Given.
 3. The Paper has a Total Number of Seven (7) Questions. Question ONE is COMPULSORY.
 4. Answer a Total of FOUR (4) Questions INCLUSIVE of Question ONE (1); and then attempt ONE question from each of the OTHER sections.
 5. Marks Allocation Indicates the Depth of the Answer Expected.
 6. BOOKS and REFERENCE WORKS of any kind are FORBIDDEN under penalty; nor is any computing device in whatever form permitted in the examination hall.
-

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY QUESTION

Q. 1. (i) "It has been suggested by Fitzmaurice that treaties are not a source of law *stricto sensu*, but only a source of obligation between the parties."-Rosalyn Higgins, QC, *Problems & Process: International Law and How We Use it* (Oxford: Clarendon Press, 2001), p. 33.

Critically discuss the above statement. (6 Marks).

(ii) What do the following special trade terms mean in export sales transactions:

(a) FOB (6 Marks); and

(b) CIF (6 Marks).

(Total marks-18)

SECTION B: SELECT ONE OF TWO QUESTIONS

Q. 2. "The exporter first has to decide whether the quantity of goods to be exported warrants the charter of a complete ship, in which case the terms of the contract of carriage are embodied in a document called the Charterparty.... Here the terms of the contract of carriage are evidenced by a document called a bill of lading which, in effect, is a receipt by the ship-owner acknowledging that goods have been delivered to him by for the purpose of carriage"-Carole Murray et. al., *The Law and Practice of International Trade* (12th Edn.), (London: Sweet &Maxwell, 2014), p. 292.

Discuss the following trade terms in law of sea carriage:

(a) Charterparty (8 Marks);and

(b) Freight (6 Marks)

(Total marks-14)

Q. 3. Discuss the following standard international trade sale terms:

(a) C & F contracts (5 marks);

(b) Consignee (4 marks); and

(c) Ex works (5 marks).

(Total marks-14)

SECTION C: SELECT ONE OF TWO QUESTIONS

Q. 4. Critically discuss the "Warsaw system" in terms of liability for loss to cargo occasioned in international air carriage.

(Total marks-14)

Q. 5. Compare and contrast the following:

(a) Bill of Lading; and

(b) Air waybill.

(Total marks-14)

SECTION D: SELECT ONE OF TWO QUESTIONS

Q. 6. What do the following legal terms mean?

- (a) Doctrine of **forum non conveniens** in international commercial litigation (7 marks); and
- (b) **Lis alibi pendens** (7 marks).

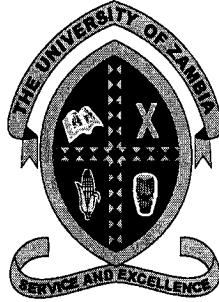
(Total marks-14)

Q. 7. What is the relevance of the World Trade Organisation (WTO) in the following fields?

- (a) Fair international trade practices (6 marks); and
- (b) International trade doctrine of "Rules of Origin" (8 marks).

(Total marks-14)

TOTAL OF EXAMINATION MARKS: 60%



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

BSc Transport and Logistics Management Sessional Examination

Monday 10th June 2019

LSM 4541: SIMULATION MODELING AND OPTIMISATION

Instructions to candidates

1. Time Allowed: **3 hours**
2. This Examination Paper carries seven (7) questions
3. Answer any five (5) questions in any order
4. All questions carry equal marks
5. Start every new question on a fresh page

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

- a) Define optimization **(4 marks)**
- b) Discuss the role(s) optimization play in industry. Use an industry of your choice to illustrate the discussion. **(16 marks)**
- Total 20 marks**

QUESTION 2

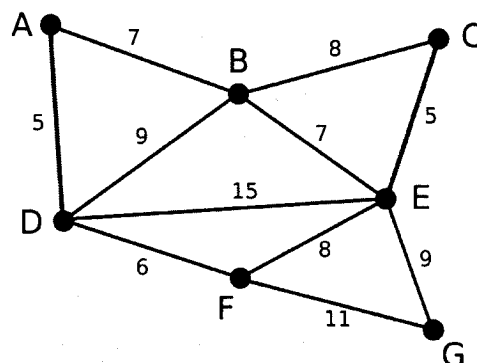
- a) Explain the roles of modelling in optimization **(4 marks)**
- b) Explain how any four (4) of the following computer-aided simulation processes can be applied in optimization **(16 marks)**
- i) Computer representation of surfaces
 - ii) Finite element analysis
 - iii) Computational fluid dynamics
 - iv) Multidisciplinary design optimization
 - v) Virtual prototyping
 - vi) Virtual Manufacturing
 - vii) Predictive engineering analytics
- Total: 20 marks**

QUESTION 3

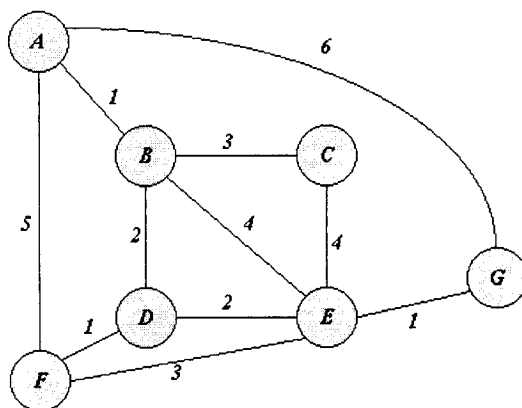
- a) Distinguish discrete event simulation process from continuous simulation process. **(4 marks)**
- b) Using practical examples of your choice, explain how each of the above simulation processes is applied. **(16 marks)**
- Total 20 marks**

QUESTION 4

- a) Use Kruskal spanning tree Algorithm to finding the shortest path between point A and point G in graph shown below. **(10 marks)**



- b) With the aid of Dijkstra's Algorithm, find the shortest path between point A and point G in the figure below. **(10 marks)**



Total 20 marks

QUESTION 5

- a) Given the following primal mathematical models

$$\text{Minimize: } z = 100y_1 + 150y_2$$

Subject to:

$$4y_1 + 3y_2 \geq 50$$

$$3y_1 + 5y_2 \geq 30$$

$$y_1, y_2 \geq 0$$

You are required to develop the dual variable mathematical models for these primal models. **(5 marks)**

- b) Give five (5) examples of industrial optimization problems. **(5 marks)**
- c) Describe the process for formulation of any one (1) of the above optimization problems. **(10 marks)**

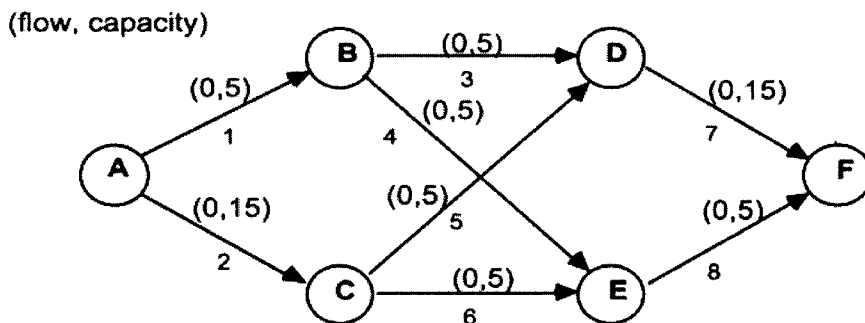
Total: 20 marks

QUESTION 6

Explain any **four (4) components** of optimal production planning, controlling and scheduling necessary for optimization.

(20 marks)**Total: 20 marks****QUESTION 7**

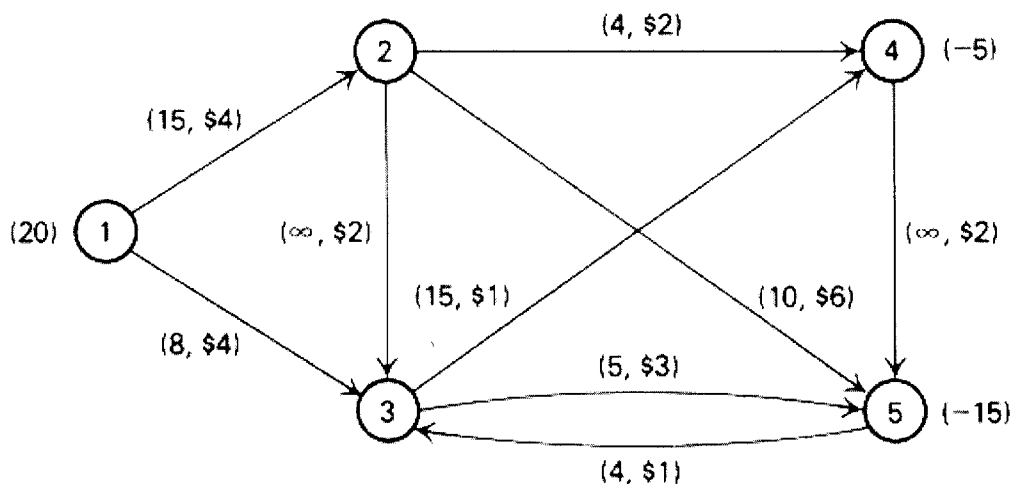
a) Given a capacitated linear network circuit shown below.



Determine the maximum flow using the flow augmentation algorithm

(10 marks)

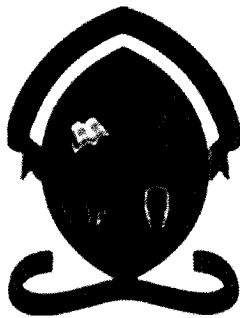
b) The figure below exhibits characteristics of minimum-cost flow network problem.



Develop objective function and flow-balance equations for all the nodes and state all the non-negativity conditions.

(10 marks)**Total: 20 marks**

End of Examination



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS (GSB)**

FINAL EXAMINATION

Introduction to Logistics

LTM 2132

Final Exam

Total marks: 60

Student Name:

Computer number:

***Special instructions:**

- Please attempt all questions in Section A and Answer only two question of your choice in section B
- This is closed book exam

Section A (30 Marks)

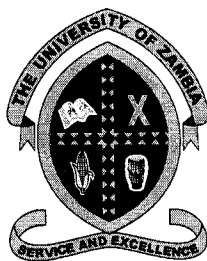
Attempt all Questions each Question is worth **FIVE** marks

1. What is Logistics? Please include the perspective of inflow and outflow, relate your explanation the five **Rs** of Logistics
2. What do you understand by the term “Logistic Channel”? List at least two examples of logistics channels
3. Explain your understanding of the term Material Management MM, List some key factors of MM
4. What is reverse Logistics? List at least three reasons for RL.
5. What are Incoterms, List four major and commonly used in Zambia.
6. Explain the Buyer’s and Seller’s Obligations of incoterm

Section B (30 Marks)

Answer any **TWO** questions of your choice

1. When it comes to international Trade, incoterms play a critical role in both the country exporting also known as country of origin (seller) and country importing (buyer), explain with examples your understanding on incoterms. Narrate the obligations of each side of the equation and the scope of incoterms. **(15 Marks)**
2. Supply chain process are prone to different levels of RISK, Explain the meaning of supply "Chain Vulnerability" in relation to risk, what are the categories of Supply Chain Risk and some of the major contributing factors to SCR. **(15 Marks)**
3. What is your understanding on Supply Chain Optimization?, include objectives and factors explaining how this can minimize the bull-whip effects along the supply chain. **(15 Marks)**



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

BSc - LTM Sessional Examination

Friday 14th June, 2019

LTM 3411: PURCHASING PRINCIPLES AND PROCESSES

Instructions to candidates:

- i. Time Allowed: **3 hours**
- ii. There are Seven (7) questions in this paper, and carries TWO Sections:
Section A: Compulsory (20 marks)
Section B: Attempt any FOUR (4) questions (80 marks)
- iii. Indicate clearly the number of questions attempted
- iv. Maximum marks obtainable are one hundred (100).

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A-COMPUSORY

QUESTION 1

Eli Laboratories is a specialist manufacturer of autoclaves, small electrically heated ovens which are used for heat sterilising electrical equipment. They have five basic models which occupy 85% of their overall sales of 10 million per annum. The rest of the turnover is made up of specials, which seems to be increasing and taking up more design time, and fabricated (welded) assemblies for a local chemical company. While these assemblies fall outside their core product range and target market they provide a regular and steady income. In addition, the sales manager is keen to keep the business as it could 'lead to bigger and better things'.

The company is the result of a management buyout several years ago and while there has been lots of enthusiasm for manufacturing and selling little attention has been given to the development of systems and procedures. This is evident in all parts of the business but particularly in purchasing and stores which is run by one buyer who reports to the production manager. In general the buyer's main role is to make sure that production is not held up. Consequently a lot of time is spent in placing panic orders from a large (850) supply base and progressing deliveries. Orders are often progressed and brought forward because of poor sales forecasting and production planning or simply because previously ordered goods have been lost. 'Panic' orders are placed on 'a price to be advised' basis but if time allows four enquiries are sent out and the supplier who quotes the lowest price gets the order.

It is now clear that the management of Eli Laboratories will have to turn their attention to developing systems and procedures and particularly so for purchasing and stores. Analysis of activities has resulted in the following areas being identified and a number of broad issues have been agreed:

- A Standardisation and variety reduction programme.
- The introduction of an appropriate stock identification/location system.
- Reduction in the amount of low value orders placed with particular emphasis on MRO spend.
- Closer working relationships between departments to avoid stock outs, panic buying and 'price to be advised' orders.

- a) Define the term 'Standardisation' and list TWO (2) of its benefits. **(4 marks)**
- b) Discuss the working relationships that exist between the functions at Eli Laboratories and the information flows that would assist the purchasing department. **(8 marks)**
- c) Identify THREE (3) benefits for Eli Laboratories' procurement department of the use of electronic systems. **(6 marks)**
- d) Suggest any TWO (2) appropriate stock identification/location systems, to be considered by Eli Laboratories. **(4 marks)**

Total (20 marks)

SECTION B: ANSWER ANY FOUR QUESTIONS

QUESTION 2

A new manufacturing organization is in the process of setting up a procurement department and you have been hired as a consultant to provide advice on procurement as a whole and how setting up this department will benefit the organization. Later, you are required to advise management of an organization on the best strategies of pricing their goods.

Required

- a) Outline the importance of procurement and supply department in an organization.
(4 marks)
- b) Suggest to management THREE (3) Cost-based Pricing and TWO (2) market-driven strategies of pricing their goods.
(10 marks)
- c) Mention any THREE (3) internal and THREE (3) external factors which management must consider as it comes up with the pricing decisions highlighted above (b).
(6 marks)

Total (20 marks)

QUESTION 3

- a) Briefly explain the following terms:
 - i. Capital equipment. **(2 marks)**
 - ii. Capital expenditure. **(2 marks)**
 - iii. Vendor rating. **(3 marks)**
 - iv. Global sourcing. **(3 marks)**
- b) Apart from the mode of purchase, finance and the return on the investment made. Explain FIVE (5) factors that should be considered when buying capital equipment.
(10 marks)

Total (20 marks)

QUESTION 4

- a) Explain THREE (3) measures of Service Quality. **(3 marks)**
- b) Illustrate THREE (3) main stages of purchasing procedures, stating at least TWO (2) activities performed at each stage. **(9 marks)**
- c) Suggest FOUR (4) forces, which drive the firms to enter the international arena. **(8 marks)**

Total (20 marks)

QUESTION 5

Bench marking is a way of discovering what is the best performance being achieved whether in a particular company, by competitor or by an entirely different industry.

- a) Identify FOUR (4) types of bench marking and their purpose. **(4 marks)**
- b) Explain FIVE (5) distinct steps or phases that can be identified before a firm fully receives the benefits of the performance bench marking process. **(10 marks)**
- c) Outline the outsourcing of process. **(6 marks)**

Total (20 marks)

QUESTION 6

- a) Write short notes on the following:
 - i. Corporate Social Responsibility. **(3 marks)**
 - ii. Vendor Managed Inventory. **(3 marks)**
 - iii. Third Party Logistics. **(3 marks)**
 - iv. Five Rights of Procurement. **(5 marks)**
- b) Leasing is a contract between the leasing and company (the lessor) and the customer (the lessee). The leasing company buys and owns the asset. The customer hires the assets from the leasing company and pays rentals over a pre-determined period for the use of asset.
Discuss briefly TWO (2) types of leases. **(6 marks)**

Total (20 marks)

QUESTION 7

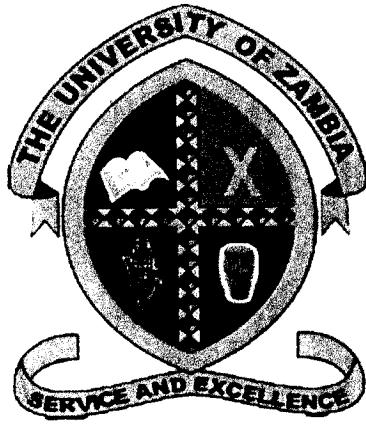
You are a Logistician working in an organization which has always provided sample specifications to its suppliers when issuing invitations to tender. A new Managing Director has been appointed and she has asked you for comments on the use of sample specifications, compared with providing suppliers with technical specifications.

Required:

- a) Provide a list of FIVE details which would normally be included in a technical specification. **(5 marks)**
- b) Provide THREE (3) disadvantages of specifications. **(3 marks)**
- c) Contrast the Performance and the Conformance specifications. **(6 marks)**
- d) Explain the following types of tenders:
 - i. Two stage tendering. **(2 marks)**
 - ii. Serial tenders. **(2 marks)**
 - iii. Negotiated tenders. **(2 marks)**

Total (20 marks)

END OF EXAMINATION



University of Zambia

GRADUATE SCHOOL OF BUSINESS

POST GRADUATE PROGRAMMES

FINAL YEAR EXAM

FINANCIAL REPORTING AND ANALYSIS – MAF 5010

18th February 2019

DURATION: This is a three (3) hour examination plus 10 minutes reading time

INSTRUCTIONS TO CANDIDATES

1. This paper consists of two sections; Section A is compulsory and **MUST** be answered. Total marks are 40 marks.
2. Answer **ANY** three from Section B. Each question is worth 20 marks. Total marks are 60 marks.
3. Show all your workings and state your reasoning where appropriate.
4. Write clearly and readable.
5. Write your answers in the answer sheet provided, were more than one answer sheet is used, please fasten them together.

Section A = 40 marks

You are advised not to spend more than 72 minutes on this section

Question one

The statements of comprehensive income for three entities for the year ended 30 September 2016 are presented below:

	GSB K'000	MED K'000	ENG K'000
Revenue	6,720	6,240	5,280
Cost of sales	-3,600	-3,360	-2,880
Gross profit	3,120	2,880	2,400
Administrative expenses	-760	-740	-650
Distribution costs	-800	-700	-550
Investment income	80	-	-
Finance costs	-360	-240	-216
Profit before tax	1,280	1,200	984
Income tax expense	-400	-360	-300
Profit for the year	880	840	684
<i>Other comprehensive income</i>			
Actuarial gains on defined benefit pension plan	110	-	40
Tax effect of other comprehensive income	-30		-15
Other comprehensive income for the year, net of tax	80	-	25
Total comprehensive income for the year	960	840	709

Additional information notes to Financial Statements**Note 1**

GSB acquired 160,000 of the 200,000 K1 issued ordinary share capital of MED on 1 May 2016 for K2,800,000. The reserves of MED at 1 May 2016 were K2,050,000. A year end impairment review indicated that goodwill on acquisition of MED was impaired by 10%. The group policy is to charge impairment losses to administrative expenses. The group policy is to value the non-controlling interest at the proportionate share of the fair value of the net assets at the date of acquisition.

The fair value of the net assets acquired was the same as the book value with the exception of property, plant and equipment, which was higher by K960,000. The uplift in value related to a depreciable property with an estimated total useful life of 50 years. At the date of acquisition MED had owned and used this property for 10 years. The group policy is to charge depreciation on buildings to administrative expenses on a monthly basis from the date of acquisition to the date of disposal.

Note 2

GSB disposed of 40,000 K1 ordinary shares of ENG on 1 July 2016 for K960,000. GSB had acquired 75,000 of the 100,000 K1 issued ordinary share capital of ENG for K980,000 on 1 November 2014, when the balance on reserves was K1,020,000. The fair value of the shareholding retained at 1 July 2016 was K792,000. There was no evidence of goodwill having been impaired since the date of acquisition. The reserves of ENG at 1 October 2015 were K1,300,000.

Note 3

MED paid a dividend of K100,000 on 1 September 2016 and GSB has recorded its share in investment income.

Note 4

GSB holds several available for sale investments, and accounts for these in accordance with IAS 39 *Financial Instruments: recognition and measurement*. Gains on subsequent measurement of K46,000 occurred in the year. The financial controller, however is unsure how this should be presented within the statement of comprehensive income and so has yet to include it.

Note 5

GSB also disposed of an available for sale investment during the year to 30 September 2016 for K630,000, when the carrying value of the investment was K580,000. The gain on disposal of K50,000 is included in administrative expenses. Previously recognised gains associated with this investment of K40,000 still remain in other reserves.

Note 6

Assume that all income and gains for the three entities accrue evenly throughout the year.

Ignore any further tax impact of available for sale investments.

Round all figures to the nearest K'000.

Required

- a. Prepare the consolidated statement of comprehensive income for the GSB group for the year ended 30 September 2016. **(30 Marks)**

Another company, NAT, a listed entity, had 10,000,000 ordinary K1 shares in issue on 1 January 2018. On 1 April 2018, NAT made a 1 for 2 bonus issue. On 1 October 2018 NAT issued 2,000,000 ordinary K1 shares at their full market price of K7.60 per share. NAT's shares were trading at K8.05 per share on 31 December 2018. NAT's profit after tax for the year ended 31 December 2018 was K8,200,000. The basic earnings per share for the year ended 31 December 2017 was previously reported at 62.3 ngwee.

NAT issued a convertible debt instrument on 1 January 2018. The liability element of the instrument had a value of K6,000,000 on 1 January 2018. The effective interest rate in respect of this liability was 5% per annum. If fully converted 1,500,000 ordinary K1 shares would be issued. NAT is subject to corporate income tax at a rate of 30%.

Required:

- b. Calculate the basic earnings per share to be reported in the financial statements of NAT for the year ended 31 December 2018, including the comparative figure, in accordance with IAS 33 Earnings Per Share. **(4 marks)**
- c. Explain the difference in the treatment of bonus issue of shares, rights issues and the share issue at full market price in the calculation of the basic earnings per share. **(6 marks)**

Total marks for Question = 40 marks

Section B - Answer ANY three from four, each question is worth 20 marks

You are advised not to spend longer than 36 minutes on each question

Question two

Your friend is seeking advice on one of his investments, GSB. GSB manufactures stationery supplies. The entity appointed a new Chairman in 2018 and since then has been implementing an expansion strategy aimed at pursuing new markets with its existing product base. The Chairman's report included in the 2019 annual report announces the success of the expansion plan, citing increased revenues and profits as evidence of the entity's success, and noting that the entity has invested in non-current assets to ensure revenue continues to increase. Your friend is intending to retain his investment in GSB based on the positive chairman's report but has asked you to consider the financial information to assess whether the figures support the chairman's claims.

	2019 K'm	2018 K'm
ASSETS		
Non-current assets		
Property, plant and equipment	480	404
Investment in associate	177	-
Available for sale investments	150	140
<i>Total non-current assets</i>	<i>807</i>	<i>544</i>
<i>Current assets</i>		
Inventories	145	65
Receivables	247	134
Cash and cash equivalents	-	22
<i>Total current assets</i>	<i>392</i>	<i>221</i>
Total assets	1,199	765
EQUITY AND LIABILITIES		
Equity		
Share capital	100	100
Revaluation reserve	74	32
Other reserves	32	22
Retained earnings	457	333
<i>Total equity</i>	<i>663</i>	<i>487</i>
<i>Non-current liabilities</i>		
Loans	400	210
<i>Current liabilities</i>		
Payables	99	68
Overdraft	37	-
<i>Total current liabilities</i>	<i>136</i>	<i>68</i>
<i>Total liabilities</i>	<i>536</i>	<i>278</i>
Total equity and liabilities	1,199	765

The statement of comprehensive income for the year ended 31 December 2019 and its comparative is shown below:

2

	2019	2018
	K'm	K'm
Revenue	1,430	1,022
Cost of sales	-1,058	-705
<i>Gross profit</i>	372	317
Administrative expenses	-74	-62
Distribution costs	-158	-100
Finance costs	-60	-30
Share of profit of associate	80	0
<i>Profit before tax</i>	160	125
Income tax expense	-40	-33
Profit for the year	120	92
<i>Other comprehensive income:</i>		
Revaluation gain on property, plant and equipment	45	15
Gains on Available for sale investments	16	6
Tax effects of other comprehensive income	-14	-5
Other comprehensive income for the year, net of tax	47	16
Total Comprehensive income for the year	167	108

Required:

Analyse the financial performance and financial position of GSB for the year to 31 December 2019 and comment on the Chairman's claims on expansion (8 marks are available for the calculation of relevant ratios).

Total = 20 marks

Question three

Answer each one of the following scenarios, marks as indicated.

Scenario one

Minky intends to dispose of a major line of business and the entity has stated that the Held for sale criteria were met under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The criteria in IFRS 5 are very strict and regulators have been known to question entities on the application of the standard. The two criteria which must be met before an asset or disposal group will be defined as recovered principally through sale are: that it must be available for immediate sale in its present condition and the sale must be highly probable.

Discuss what is meant in IFRS 5 by 'available for immediate sale in its present condition' and 'the sale must be highly probable', setting out briefly why regulators may question entities on the application of the standard. **(6 marks)**

Scenario two

RD operates in Zambia and has established the Kwacha as its functional currency.
RD acquired a piece of machinery from an overseas supplier at a cost of B\$7,525,000 on 20 November 2018.
The invoice remained unpaid at the year ended 31 December 2018.
Relevant exchange rates (where K/B\$ 2.00 means K1 = B\$2.00) are:
20 November 2018 K/B\$2.00
31 December 2018 K/B\$3.15

In accordance with IAS 21 the Effects of Changes in Foreign Exchange Rates:
Explain how RD would have established the Kwacha as its functional currency; and calculate the amounts to be included in the financial statements of RD for the year to 31 December 2018 in respect of the above transaction. (6 marks)

Scenario three

GSB Co is a listed company which is seen as a potential target for acquisition by financial analysts. The value of the company has therefore been a matter of public debate in recent weeks and the following financial information is available:

Statement of financial position information for 2018

	K'm	K'm
Non-current assets		910
Current assets		
Inventory	38	
Trade receivables	<u>45</u>	<u>83</u>
Total assets		<u>993</u>
Equity finance		
Ordinary shares	150	
Reserves	<u>272</u>	<u>422</u>
Non-current liabilities		
8% bonds		500
Current liabilities		<u>71</u>
Total liabilities		<u>993</u>

The shares of GSB Co have a nominal (par) value of 25n per share and a market value of K1.28 per share.
The cost of equity of the company is 13% per year. The business sector of GSB Co has an average price to earnings ratio of 9.5. The company paid a dividend of 9.5n per share during the year. The total revenue and profits for the year 2018 were K725m and K133.3m respectively. During the year 2018, the company paid tax of K14.7m. The expected net realisable values of the non-current assets and the inventory are K860m and K42m, respectively. In the event of liquidation, only 90% of the trade receivables are expected to be collectible while the bonds would be redeemable at a 15% premium due to breach of performance covenants.

Required:

(a) Calculate GSB Co's current Z-score and comment on the meaning of the ratio calculated. (8 marks)

$$Z = 1.2 X_1 + 1.4 X_2 + 3.3 X_3 + 0.6 X_4 + 0.999 X_5; \text{ Where:}$$

X_1 = working capital / total assets

X_2 = retained earnings / total assets

X_3 = profit before interest and tax / total assets

X_4 = market value of equity / book value of debt

X_5 = sales / total assets

Question four

GSB granted 500 share options to each of its 800 employees on 1 January 2018, with the condition that each employee continues to work for GSB for 4 years from the grant date.

The fair value of each share option was K6.00 at 1 January 2018 and K6.50 at 31 December 2018. In the year to 31 December 2018, 20 employees left and at that date another 55 were expected to leave over the next three years.

Required:

In accordance with IFRS 2 Share-based Payment:

- a. calculate the charge to GSB's statement of profit or loss for the year ended 31 December 2018 in respect of the share options AND prepare the journal entry to record it; and
- b. explain why share options, such as those granted by GSB, generate a charge to the statement of profit or loss despite no cash transaction having occurred

The IASB Framework for the preparation and presentation of financial statements states that the objective of financial statements is to provide information that is "useful to a wide range of users in making economic decisions".

- c. Explain to a holder of ordinary shares in GSB both the usefulness and limitations of the diluted earnings per share figure. **(4 marks)**
- d. Another company, MED recently made a profit of K500,000 and had a payout ratio of 80% (which is higher than the average for this sector). The average P/E ratio for this sector is 9. MED's Statement of financial position shows Shareholder's Funds of K2.25 m for 1 m shares, but the buildings are worth K1m more than their carrying value and inventory would be worth K250,000 less in a break-up of the company.

Dividend growth in the sector is expected to be 4% per annum, the risk-free rate is 6%, the Market return 11% and the company's beta estimated as 1.2. The average dividend yield for the sector is 6%.

Find the total and per share values of MED using **(each is worth 2 marks)**

1. P/E ratio
2. Dividend yield
3. Dividend valuation model
4. Balance sheet book values
5. Net realisable value.

6

Question five

Your boss recently attended a workshop on IFRS updates. During the workshop, a number of standards were discussed and explained that he found very interesting. In particular, it was emphasised that the standards have certain key concepts that must be understood, and the extent of recognising transactions in the financial statements regarding those standards. Your boss has listed a number of standards that he wants you to prepare a brief report on the standards, including the main concepts of each standard.

IFRS 5- Noncurrent assets held for sale and discontinued operations

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

IAS 20 – Accounting for Government Grants

IAS 21 – Effects of Changes in Foreign Exchange Rates

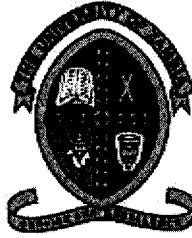
IAS 41 – Agriculture

IAS 36 – Impairment of Assets

Required

Prepare a report that addresses the concerns of your boss. **(20 marks)**. Note 2 marks are available for structure of report.

End of question paper



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
POST GRADUATE PROGRAMMES
FINAL EXAMINATION**

MAF 5010: FINANCIAL REPORTING & ANALYSIS

**16 SEPTEMBER 2019
14:00HRS – 17:00HRS**

Time Allowed: **THREE (03) Hours** plus 10 minutes reading time

INSTRUCTIONS:

1. This paper has 5 questions in total
2. You are required to answer a total of 4 questions
3. Section A is compulsory and *must* be attempted
4. Section B has four (4) questions: answer **any** three (3)
5. Your answers must be legible
6. Write your answers in the answer booklet provided
7. 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 [Total Marks: 40]

QUESTION 1

B Ltd is the parent of a listed group of companies which have a year end of 30 June 2017. B has made a number of strategic acquisitions and disposals of investments during the current financial year and the directors require advice as to the correct accounting treatment of these transactions. Knowing that you are pursuing a Master of Science in Accounting (MSc. Acc.), they have approached you for advice.

The acquisition of G Ltd:

On 1 January 2017, B Ltd acquired an 80% equity interest in G Ltd. The following is a summary of G's equity at the acquisition date.

	K'm
Equity share capital (K1 each)	20
Retained earnings	42
Other components of equity (OCE)	<u>8</u>
Total	<u>70</u>

The purchase consideration comprised 10 million of B's shares which had a nominal value of K1 each and a market price of K6.80 each. Additionally, cash of K18 million was due to be paid on 1 January 2019 if the net profit after tax of G grew by 5% in each of the two years following acquisition. The present value of the total contingent consideration at 1 January 2017 was K16 million. It was felt that there was a 25% chance of the profit target being met. At acquisition, the only adjustment required to the identifiable net assets of G was for land which had a fair value of K5 million higher than its carrying amount. This is not included within the K70 million equity of G as at 1 January 2017.

Goodwill for the consolidated financial statements has been *incorrectly* calculated as follows:

	K'm
Share consideration	68
Add: NCI at acquisition (20% x K70 million)	14
Less net assets at acquisition	<u>(70)</u>
Goodwill at acquisition	<u>12</u>

The Director of Finance (DOF) did not take into account the contingent cash since it was not probable that it would be paid. Additionally, he measured the NCI using the proportional method of net assets despite the group having a published policy to measure non-controlling interest at fair value. The share price of G at acquisition was K4.25 and should be used to value the NCI.

The acquisition and subsequent disposal of S Ltd:

B Ltd had purchased a 40% equity interest in S Ltd for K18 million a number of years ago when the fair value of the identifiable net assets was K44 million. Since acquisition, B had the

right to appoint one of the five directors on the board of S Ltd. The investment has always been equity accounted for in the consolidated financial statements of B Ltd. B Ltd disposed of 75% of its 40% investment on 1 October 2016 for K19 million when the fair values of the identifiable net assets of S Ltd were K50 million. At that date, B Ltd lost its right to appoint one director to the board. The fair value of the remaining 10% equity interest was K4.5 million at disposal but only K4 million at 30 June 2017. B Ltd has recorded a loss in reserves of K14 million calculated as the difference between the price paid of K18 million and the fair value of K4 million at the reporting date. B Ltd has stated that they have no intention to sell their remaining shares in S Ltd and wish to classify the remaining 10% interest as fair value through other comprehensive income (FVTOCI) in accordance with IFRS 9 *Financial Instruments*.

The acquisition of bonds:

On 1 July 2015, B Ltd acquired K10 million 5% bonds at par with interest being due at 30 June each year. The bonds are repayable at a substantial premium so that the effective rate of interest was 7%. B Ltd intended to hold the bonds to collect the contractual cash flows arising from the bonds and measured them at amortised cost.

On 1 July 2016, B Ltd sold the bonds to a third party for K8 million. The fair value of the bonds was K10.5 million at that date. B Ltd has the right to repurchase the bonds on 1 July 2018 for K8.8 million and it is likely that this option will be exercised. The third party is obliged to return the coupon interest to B Ltd and to pay additional cash to B Ltd should bond values rise. B Ltd will also compensate the third party for any devaluation of the bonds.

You are required to:

(a) Draft an explanatory note to the directors of B Ltd, discussing the following issues:

- (1) how goodwill should have been calculated on the acquisition of G Ltd and show the accounting entry which is required to amend the DOF's error; **[10 marks]**
- (2) why equity accounting was the appropriate treatment for S Ltd in the consolidated financial statements up to the date of its disposal and compute the carrying amount of the investment in S Ltd just prior to disposal; **[4 marks]**
- (3) how the gain or loss on disposal of S Ltd should have been recorded in the consolidated financial statements and how the investment in S Ltd should be accounted for after the part disposal. **[8 marks]**
- (4) discuss how the derecognition requirements of IFRS 9 *Financial Instruments* should be applied to the sale of the bond including calculations to show the impact on the consolidated financial statements for the year ended 30 June 2017. **[6 marks]**

(b) With absolute clarity, conclude your note by discussing the following:

- (1) the reasons for the preparation of consolidated financial statements per the financial reporting framework. **[4 marks]**

(2) how to consolidate a subsidiary and equity account for an associate in accordance with the financial reporting framework. **[4 marks]**

(3) define goodwill and clearly explain the accounting treatment of negative goodwill per IFRS 3-*Business Combinations*. **[4 marks]**

[40 Total marks]

SECTION B: Attempt 3 out of 4 [Total Marks: 60]

QUESTION 2

Asa Limited is listed on the LuSE and has produced the following set of financial statements:

Statement of Financial Position as at 31 December 2018			Stat. of Comp. Income as at 31 December 2018		
	2018	2017		2018	2018
	K	K		K	K
Assets					
Cash	2,900	3,200	Net sales		2,180
Receivables	180	-	Less: COGS	-	1,360
Inventory	340	680			820
	3,420	3,880	Less: Operating expense	288	-
Investment in affiliates	568	-	Depreciation	140	-
Buildings	3,200	2,800	Rent	96	-
Less: Accumulated depreciation	- 140	-	Interest expense	200	-
	3,628	2,800		-	724
Total assets	7,048	6,680	Income before tax expense		96
Liabilities			Tax	-	33
Short-term debt	400	-	Net income		63
Advances from customers	140	-			-
Payables	300	680	Retained earnings		-
Accrued liabilities	40	-	Balance at 1 Jan 2018		
Interest payable	100	-	Net income		63
Taxes	33	-	Dividends declared	-	56
Dividends	28	-	Balance at 31 Dec 2018		7
Current liabilities	1,041	680			
Long term liabilities	2,000	2,000			
	3,041	2,680			
Common stock	800	800			
Additional paid -in capital	3,200	3,200			
Retained earnings	7	-			
Stockholders'equity	4,007	4,000			
Total liabilities & equities	7,048	6,680			

You are required to:

(1) *prepare the statement of cash flows for Asa Ltd as at 31 December 2018, using the indirect method per the IAS 7 format.* **[12 Marks]**

(2) *compute and interpret the cash flow-to-debt ratio for Asa Ltd.* **[4 Marks]**

*(3) briefly discuss the importance of free cash flows (FCF) to Asa Ltd. [4 Marks]
[20 Total marks]*

QUESTION 3

On 1 January 2012, Cheta acquired 90% of the equity share capital of Tembo in a share exchange in which Cheta issued two new shares for every three shares it acquired in Tembo. Additionally, on 31 December 2012, Cheta will pay the shareholders of Tembo K1·76 per share acquired. Cheta's cost of capital is 10% per annum. At the date of acquisition, shares in Cheta and Tembo had a stock market value of K6·50 and K2·50 each, respectively.

Income statements for the year ended 30 September 2012.

	Cheta K'000	Tembo K'000
Revenue	64,600	38,000
Cost of sales	- 51,200	- 26,000
Gross profit	13,400	12,000
Distribution costs	- 1,600	- 1,800
Administrative expenses	- 3,800	- 2,400
Investment income	500	-
Finance costs	- 420	-
Profit before tax	8,080	7,800
Income tax expense	- 2,800	- 1,600
Profit for the year	5,280	6,200
Equity as at 1 October 2011		
Equity shares of K1 each	30,000	10,000
Retained earnings	54,000	35,000

The following information is relevant:

(1) At the date of acquisition, the fair values of Tembo's assets were equal to their carrying amounts with the exception of two items:

– An item of plant had a fair value of K1·8 million above its carrying amount. The remaining life of the plant at the date of acquisition was three years. Depreciation is charged to cost of sales.

– Tembo had a contingent liability which Cheta estimated to have a fair value of K450,000. This has not

changed as at 30 September 2012. Tembo has not incorporated these fair value changes into its financial statements.

- (2) Cheta's policy is to value the non-controlling interest at fair value at the date of acquisition. For this purpose, Tembo's share price at that date can be deemed to be representative of the fair value of the shares held by the non-controlling interest.
- (3) Sales from Cheta to Tembo throughout the year ended 30 September 2012 had consistently been K800,000 per month. Cheta made a mark-up on cost of 25% on these sales. Tembo had K1·5 million of these goods in inventory as at 30 September 2012.
- (4) Cheta's investment income is a dividend received from its investment in a 40% owned associate which it has held for several years. The underlying earnings for the associate for the year ended 30 September 2012 were K2 million.

- (5) Although Tembo has been profitable since its acquisition by Cheta, the market for Tembo's products has been badly hit in recent months and Cheta has calculated that the goodwill has been impaired by K2 million as at 30 September 2012.

You are required to:

- (a) Calculate the consolidated goodwill at the date of acquisition of Tembo. **[8 marks]**
 (b) Prepare the consolidated statement of comprehensive income for Cheta for the year ended 30 September 2012. **[12 marks]**
[20 Total marks]

QUESTION 4

Credit analysis is one of the most common uses of financial statements as it relates to a critical form of finance – debt – which is essential to the operation of a modern and growth-oriented company. Further, financial statement analysis significantly influences a decision whether or not to extend credit.

Below are Chuma Limited's financial statements:

Chuma Limited's Statement of Financial Position at 30 June 2019			
	ZWM'000		ZWM'000
	Dr		Cr
Assets: Non - current	-	Liabilities & Equity: Current	-
Property, plant & equipment	13,942	Loans & notes repayable	2,958
Intangibles	14,512	Accounts payables	4,166
Other non-current assets	2,750	Accruals - other	5,552
Non current marketable securities	538	Accruals - Salries & wages	976
		Tax on income	628
Total non-current assets	31,742	Total current liabilities	14,280
Assets: Current	-	Liabilities & Equity: Long term	-
Cash & cash equivalents	6,822	Debt	4,074
Marketable securities	4,666	Deferred tax liability	510
Accounts receivables	8,928	Employee related obligations	2,496
Inventories	5,684	Other Liabilities	2,656
Other assets	2,302	Common stock	1,002
Prepayments	2,498	Retained earnings	37,624
Total current assets	30,900		48,362
Total Assets	62,642	Total Liabilities & Equity	62,642

Chuma Limited's Statement of Comprehensive Income at 30 June 2019

	ZMW'000	ZMW'000
Sales to customers		58,278
Cost of products sold		17,722
Gross profit		40,556
Marketing & administrative expenses	-21750	-
R & D expense	-5852	-
Purchased in-process research and development	-108	-
Interest income	758	-
Interest expense, net of portion capitalized	-292	-
Sundry expenses	-134	-
Restructuring charge	66	-
	-	27,312
Earnings before provision for taxes on income		13,244
Provision for taxes on income		3,644
Net earnings		9,600

You are required to:

- 1. Critically explain reasons why ratio analysis predicated on a company's financial statements may not be sufficient for determining a company's credit worthiness.***
[5 Marks]
- 2. Discuss 3 non-financial factors that impact on credit worthiness of a company.***
[4 Marks]
- 3. Using 3 income statement ratios, analyse the credit worthiness of Chuma Limited***
[4 Marks]
- 4. Using 4 balance sheet ratios, analyse the credit worthiness of Chuma Limited***
[7 Marks]
[Total Marks: 20]

QUESTION 5

- (a) Benny Limited collected observations below on annual advertising expenditure and consequent revenue as part of the financial strategic planning process.

Revenue (K'million)	Advertising Expense (K'million)
35,000	95
18,500	41
26,400	67
30,500	80
20,100	47

Required:

Forecast how much Benny Limited would need to invest in advertising to generate sales of least K 65 billion? **[4 marks]**

- (b) The IASB has published IFRS 16 – *Leases*. The new standard comes into effect on 1 January 2019. Virtually every company uses rentals or leasing as a means to obtaining access to assets and will therefore be affected by the new standard.

Required:

(1) How will IFRS 16 - *Leases* affect leases as a financing solution? **[3 marks]**

(2) For a company with significant off-balance sheet leases, discuss the likely impact that IFRS 16 will have generally on accounting ratios and particularly on:

- Earnings before interest and tax to interest expense (interest cover);
- Earnings before interest and tax to capital employed (return on capital employed);
- Debt to earnings before interest, tax, depreciation and amortisation (EBITDA).

[6 marks]

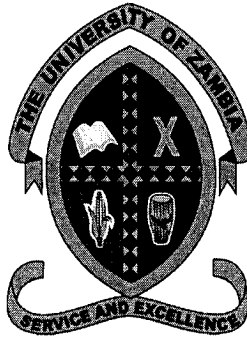
- (c) Corporate failure is of very interest to economic, financial and corporate managers. Corporate failure could be seen as the inability of an organization to attain its economic and financial objectives as well as meet obligations when they fall due.

Required:

Explain how a listed company can avoid corporate failure.

[7 marks]

THE END



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
POST GRADUATE PROGRAMMES
DEFERRED FINAL EXAMINATION**

MAF 5010: FINANCIAL REPORTING & ANALYSIS

**27 SEPTEMBER 2019
14:00HRS – 17:00HRS**

Time Allowed: **THREE (03) Hours** plus 10 minutes reading time

INSTRUCTIONS:

1. This paper has 4 questions in total
2. Section A: BOTH questions are compulsory and **MUST** be attempted
3. Section B: BOTH questions are compulsory and **MUST** be attempted
4. Your answers must be legible
5. Write your answers in the answer booklet provided
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: BOTH questions are compulsory and MUST be attempted

QUESTION 1

Summarised financial statements for three entities for the year ended 30 June 2018 are as follows:

Statements of financial position

	Borough	High	Street
	K	K	K
Assets			
Property, plant & equipment	100,000	80,000	60,000
Investments	121,000	–	–
Inventories	22,000	30,000	15,000
Receivables	70,000	10,000	2,000
Cash and cash equivalents	47,000	25,000	3,000
	360,000	145,000	80,000
Equity & Liabilities			
Equity capital (K1 shares)	100,000	75,000	35,000
Retained earnings	200,000	50,000	40,000
OCE	10,000	5,000	–
Liabilities	50,000	15,000	5,000
	360,000	145,000	80,000

On 1 July 2017, Borough purchased 45,000 shares in High for K100,000. At that date, High had retained earnings of K30,000 and no other components of equity. High's net assets had a fair value of K120,000 and the fair value of the non-controlling interest was K55,000. It is group policy to value the non-controlling interest at acquisition at fair value.

The excess of the fair value of High's net assets over their carrying amounts at the acquisition date relates to property, plant and equipment. This had a remaining estimated useful life of five years at the acquisition date. Goodwill has been subject to an impairment review and it was determined to be impaired by K7,000.

On 1 July 2017, Borough purchased 10,500 equity shares in Street for K21,000. At that date, Street had retained earnings of K25,000 and no other components of equity.

During the year Borough sold goods too High for K10,000 at a margin of 50%. By the reporting date, High had only sold 80% of these goods. Included in the receivables of Borough and the liabilities of High are intragroup balances of K5,000.

On 5 July 2018, Borough received notification that an employee was claiming damages against them as a result of a work-place accident that took place on 30 April 2018. Lawyers have advised that there is a 60% chance that Borough will lose the case and will be required to pay damages of K30,000.

Required:

- (1) Prepare the consolidated statement of financial position as at 30 June 2018. *[28 marks]*
- (2) Show how to consolidate a subsidiary and equity account for an associate making reference to specific accounting standards. *[7 marks]*

QUESTION 2

B Ltd is the parent of a listed group of companies which have a year end of 30 June 2017. B has made a number of strategic acquisitions and disposals of investments during the current financial year and the directors require advice as to the correct accounting treatment of these transactions. Knowing that you are pursuing a Master of Science in Accounting (MSc. Acc.), they have approached you for advice.

The acquisition of G Ltd:

On 1 January 2017, B Ltd acquired an 80% equity interest in G Ltd. The following is a summary of G's equity at the acquisition date.

	K'm
Equity share capital (K1 each)	20
Retained earnings	42
Other components of equity (OCE)	<u>8</u>
Total	<u>70</u>

The purchase consideration comprised 10 million of B's shares which had a nominal value of K1 each and a market price of K6.80 each. Additionally, cash of K18 million was due to be paid on 1 January 2019 if the net profit after tax of G grew by 5% in each of the two years following acquisition. The present value of the total contingent consideration at 1 January 2017 was K16 million. It was felt that there was a 25% chance of the profit target being met. At acquisition, the only adjustment required to the identifiable net assets of G was for land which had a fair value of K5 million higher than its carrying amount. This is not included within the K70 million equity of G as at 1 January 2017.

Goodwill for the consolidated financial statements has been *incorrectly* calculated as follows:

	K'm
Share consideration	68
Add: NCI at acquisition (20% x K70 million)	14
Less net assets at acquisition	<u>(70)</u>
Goodwill at acquisition	<u>12</u>

The Director of Finance (DOF) did not take into account the contingent cash since it was not probable that it would be paid. Additionally, he measured the NCI using the proportional method of net assets despite the group having a published policy to measure non-controlling

interest at fair value. The share price of G at acquisition was K4.25 and should be used to value the NCI.

You are required to:

Show how goodwill should have been calculated on the acquisition of G Ltd and show the accounting entry which is required to amend the DOF's error. **[15 marks]**

[50 Total marks]

SECTION B: BOTH questions are compulsory and MUST be attempted

QUESTION 3

- (a) Benny Limited collected observations below on annual advertising expenditure and consequent revenue as part of the financial strategic planning process.

Revenue	Advertising Expense
(K'million)	(K'million)
35,000	95
18,500	41
26,400	67
30,500	80
20,100	47

Required:

Forecast how much Benny Limited would need to invest in advertising to generate sales of least K 65 billion? **[4 marks]**

- (b) The IASB has published IFRS 16 – ***Leases***. The new standard comes into effect on 1 January 2019. Virtually every company uses rentals or leasing as a means to obtaining access to assets and will therefore be affected by the new standard.

Required:

- (1) How will IFRS 16 - ***Leases*** affect leases as a financing solution? **[5 marks]**

- (2) For a company with significant off-balance sheet leases, discuss the likely impact that IFRS 16 will have generally on accounting ratios and particularly on:
- Earnings before interest and tax to interest expense (interest cover);
 - Earnings before interest and tax to capital employed (return on capital employed);
 - Debt to earnings before interest, tax, depreciation and amortisation (EBITDA).

[6 marks]

- (c) Corporate failure is of very interest to economic, financial and corporate managers. Corporate failure could be seen as the inability of an organization to attain its economic and financial objectives as well as meet obligations when they fall due.

Required:

Explain in detail how a listed company can avoid corporate failure.

[10 marks]

[25 marks]

QUESTION 4

Asa sells jewellery through stores in retail shopping centres throughout the country. Over the last two years it has experienced declining profitability and is wondering if this is related to the sector as whole. 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 Asa's business sector based on a year end of 30 June 2012.

Return on year-end capital employed (ROCE)	16.8%
Net asset (total assets less current liabilities) turnover	1.4 times
Gross profit margin	35%
Operating profit margin	12%
Current ratio	1.25:1
Average inventory turnover	3 times
Trade payables' payment period	64 days
Debt to equity	38%

The financial statements of Asa for the year ended 30 September 2012 are:

Statement of comprehensive income

	K'000	K'000
Revenue		56,000
Opening inventory	8,300	
Purchases	43,900	
	<u>52,200</u>	
Closing inventory	(10,200)	
		<u>(42,000)</u>
Gross profit		14,000
Operating costs		(9,800)
Finance costs		<u>(800)</u>
Profit before tax		3,400
Income tax expense		<u>(1,000)</u>
Profit for the year		<u>2,400</u>

Statement of financial position

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

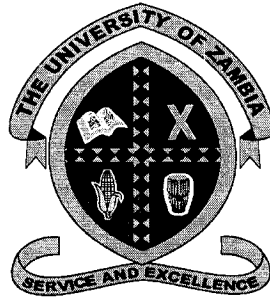
Please Note:

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

Required:

- (a) Prepare for Asa the equivalent ratios that have been provided by the agency. **[9 marks]**
- (b) Assess the financial and operating performance of Asa in comparison to its sector averages. **[12 marks]**
- (c) Explain four possible limitations of the usefulness of the above comparison. **[4 marks]**
- [25 marks]**

THE END



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

MSc ACCOUNTING AND FINANCE

MAY 2018 COHORT BLENDED/EVENING

SESSIONAL EXAMINATION

DATE: 11TH SEPTEMBER, 2019

**MAF 5122: INVESTMENT ANALYSIS AND PORTFOLIO
MANAGEMENT**

EXAM TIME: 14:00 HOURS

DURATION: THREE (3) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of Five (5) Questions. *Question ONE is COMPULSORY***
 - 2. Answer a Total of FOUR (4) Questions.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE - COMPULSORY

Sebenzani plc is a quoted company. Its directors are reviewing the company's long term investment financing strategy. The company has been criticised for being financed largely by equity. It has no significant long term borrowings. The board has asked for some calculations to enable them to decide whether the company should consider borrowing in the future. The next phase of expansion will require the company to raise K200m and will involve a general expansion of the existing lines of business.

The following information has been obtained:

Current risk free rate	4%
Equity risk premium	5%
Current corporation tax rate	30%
Equity capital	K1,000m
Sebenzani plc's Beta	1.4
Probable gross interest rate on debt	7%

Required

- A. Calculate Sebenzani plc's expected weighted average cost of capital (WACC). (5 Marks)
- B. Calculate Sebenzani plc's expected WACC after the new finance has been raised assuming that the finance is raised by borrowing. (10 Marks)
- C. Explain the concept of CAPM in relation to cost of capital and risk in investment. (5 Marks)
- D. It has been suggested that company directors are often motivated by a desire to act in their own best interests rather than those of the shareholders. Explain why directors might be reluctant to use the capital asset pricing model (CAPM) as a decision making criterion for financial planning. (5 Marks)

QUESTION TWO

Wankumbwa Chileshe plc was established nine years ago. The company has grown steadily throughout that period and the directors are beginning to plan the next stage of expansion. The company requires to raise a substantial amount of finance in order to grow and the directors are considering the options that are open to them.

One possibility is to raise funds through borrowing. Another would be to raise further equity, although the directors are of the opinion that they might have to seek a stock exchange quotation in order to do so.

Required

- A. Describe the tax implications of selecting a source of finance from the point of view of the company and the provider of the finance. (7 Marks)

- B. Explain why it might not always be appropriate for management to choose the least expensive form of capital whenever new finance is required. (6 Marks)
- C. Explain the advantages and disadvantages of seeking a stock exchange listing. (7 Marks)
- D. All of Wankumbwa Chilesa plc's shares are held by the directors, all of whom are actively involved in the running of the company. Describe one advantage and one disadvantage of having a "tight" shareholding. (5 Marks)

QUESTION THREE

- A. A company had the following results for the past five years on its portfolio.

Year	Annual Rate of Return (HPY)
2012	11%
2013	7%
2014	-6%
2015	12%
2016	4%

In addition to the statistics provided above inflation averaged 7% and interest rates are projected to average 12% for the next three years.

Required:

Compute the standard deviation for the results. (10 Marks)

- B. Discuss three (3) reasons why an investor might consider adding international securities to their investment portfolio and explain the three (3) possible problems that they may face with foreign investments. (15 Marks)

QUESTION FOUR

- A. The line that reflects the combination of risk and return available on various alternative investments in the market is called the Security Market Line (SML). It is also observed that investors usually increase their required rate of return as perceived risk increases. With the help of diagrams describe the relationship between risk and return in relation to movements along the SML, change in slope of the SML and shift in the SML. (13 Marks)
- B. Concisely discuss the three (3) basic principles of the Dow Theory;
1. The averages discount everything (4 Marks)
 2. The market exhibits three trends. The primary, secondary and minor trends. (4 Marks)
 3. The major trends moves in three phases (4 Marks)

QUESTION FIVE

- A.** Mukuba Group has a K12 million face value bond issue outstanding. The issue carries a coupon rate of 10% with interest paid quarterly. The issue matures in three years. What is the market value of the bond issue if it is priced to provide a yield of 12%? **(13 Marks)**
- B.** There is a wide variety of information source on global investment to meet the requirements of a diverse investor that wish to participate in global investment opportunities.

Required

Briefly describe the kind of information contained in the following sources of investment information:

(a) Central Bank Bulletins	(3 Marks)
(b) Economic Indicators	(3 Marks)
(c) Bank Publications	(3 Marks)
(d) Industrial Publications and Trade Associations	(3 Marks)

END OF EXAMINATION

Present Value Table

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

Where r = discount rate

n = number of periods until payment

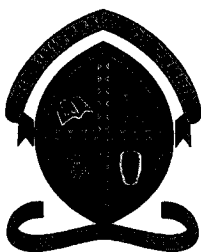
Discount rate (r)											
Periods (n)	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	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

MSc Accounting & Finance Sessional Examination

Tuesday 19th February 2019

MAF 6011: CRITICAL PERSPECTIVES IN ACCOUNTING

Instructions

Time Allowed: 3 hours

There are six (6) Questions in the Examination Paper

Attempt a total of five (5) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

- a) The definition of critical accounting is debatable. Laughlin (1999) defined critical accounting as a critical understanding of the role of accounting processes and practices and the accounting profession in the functioning of society and organisations with an intention to use that understanding to engage (where appropriate) in changing these processes, practices and the profession. Discuss whether you agree with this statement. (12 marks)
- b) Before the value of a business can be measured, the valuation assignment must specify the reason for and circumstances surrounding the business valuation. Explain these reasons and circumstances surrounding the business valuation. (8 marks)

[Total: 20marks]

QUESTION 2

- a) Accounting theory can be defined as the basic assumptions, definitions, principles, and concepts—and how we derive them—that underlie accounting rule making by a legislative body. Discuss whether this statement meet the definition of a theory. (8 marks)
- b) Political factors are an adverse influence upon the accounting standard-setting function. Discuss this statement. (7 marks)
- c) One of the three elements of business valuation is Normalization of Financial Statements: Explain the meaning of the term normalization of financial statements. (5 marks)

[Total: 20marks]

QUESTION 3

- a) The story of Enron Corp. is the story of a company that reached dramatic heights, only to face a dizzying fall. Its collapse affected thousands of employees and shook Wall Street to its core. At Enron's peak, its shares were worth \$90.75; when it declared bankruptcy on December 2, 2001, they were trading at \$0.26. To this day, many wonder how such a powerful business, at the time one of the largest companies in the U.S, disintegrated almost overnight and how it managed to fool the regulators with fake holdings and off-the-books accounting for so long. As a consequence of the scandal, new regulations and legislation were enacted to expand the accuracy of financial reporting for public

companies. One piece of legislation, the Sarbanes–Oxley Act, increased penalties for destroying, altering, or fabricating records in federal investigations or for attempting to defraud shareholders.

Do you think that changes brought about by accounting standards by failures of publicly traded companies such as ENRON should be classified under political factors or economic decisions?

Support your position.

(12 marks)

b) Discuss the consequences of low financial reporting quality.

(8 marks)

[Total: 20marks]

QUESTION 4

KLM plc plans to make a bid for the entire share capital of PK plc, a company in the same industry. It is expected that a bid of K75m for the entire share capital of PK plc will be successful.

The acquisition will increase KLM's after tax operating cash flows (ie pre interest) over the next few years by:

<i>Year</i>	<i>Km</i>
1	5.6
2	7.4
3	8.3
4 onwards	12.1

Both companies have similar gearing levels of 16.7% (debt as a % of total finance).

PK plc has K15 million par value of 5.75% irredeemable debentures trading at par.

KLM plc has an equity beta of 2.178, the risk free rate is 5.75% and the market rate is 10%.

Corporation tax is at 30%.

Required

- a) Assess whether the acquisition will enhance shareholder wealth in KLM plc. (10 marks)
- a) Explain the concept of financial reporting quality and earnings quality. Discuss whether financial reporting quality and earnings quality is attainable. (10 marks)

[Total: 20marks]

QUESTION FIVE

- b) Accounting practitioners have criticized some proposed accounting standards on the grounds that they are difficult to implement because of measurement problems. They, therefore, conclude that the underlying theory is inappropriate. Assuming that the critics are correct about the implementational difficulties, discuss whether or not you agree with their thinking. (6 marks)
- c) Using the capture theory and life cycle theory, provide a brief critique on laws and actors involved in the regulation of accounting in Zambia. (10 marks)
- d) Explain the relationship between accounting information and valuation. (4 marks)

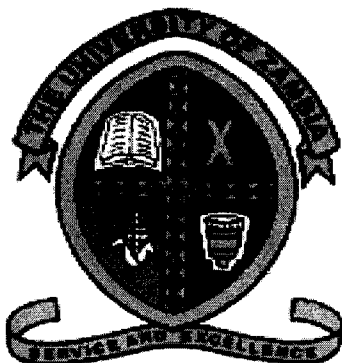
[Total: 20marks]

QUESTION SIX

- a) In the last decade and half, we have witnessed the worst corporate accounting standard scandals such ENRON, WorldCom, TYCO e.t.c. Using theories and/or concepts, discuss the incentives for managers to manipulate accounting figures. (8 marks)
- b) Accounting rule making should only be concerned with information for investors and creditors. Discuss this statement. (6 marks)
- c) There are main two accounting research perspectives which are qualitative research and quantitative research. With examples and adequate references from critical accounting literature, discuss their differences. (6 marks)

[Total: 20marks]

END OF PAPER



THE UNIVERSITY OF ZAMBIA

SCHOOL OF NATURAL SCIENCES

DEPARTMENT OF MATHEMATICS AND STATISTICS

2018/2019 ACADEMIC YEAR

MAT 5055: FINANCE AND FINANCIAL REPORTING

TEST ONE

DATE: 8TH MARCH, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of TWO (2) Questions, Answer ALL.**
 - 2. The Paper Carries a Total of Fifty (50) Marks.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

QUESTION ONE

You have been asked to assist Holder, a manufacturing company, to prepare its annual accounts. The following information has been obtained from the company's bookkeeping records:

Balances as at 31 March 2018

	<i>K'000</i>
Administrative salaries	3,600
Advertising	66,000
Bank overdraft	1,650
Buildings – depreciation	45,000
Buildings – valuation	450,000
Cost of inventory consumed	435,000
Delivery vehicle running costs	51,000
Delivery vehicles – cost	375,000
Delivery vehicles – depreciation	255,000
Dividend paid	150,000
Factory running costs	105,000
Interest	38,400
Inventory at 31 March 2018	36,000
Land – valuation	840,000
Loan (repayable 2023)	300,000
Machinery – cost	186,000
Machinery – depreciation	84,000
Manufacturing wages	195,000
Retained earnings	262,350
Revaluation reserve	240,000
Revenue	1,686,000
Sales salaries	84,000
Share capital	210,000
Trade payables	57,000
Trade receivables	126,000

The figures shown above do not include the following:

1. A revaluation exercise was conducted on 1 April 2017. Land was revalued at K1,000,000,000 and buildings at K500,000,000.
2. Depreciation has still to be charged as follows:
 - Buildings – 2% of cost or valuation
 - Delivery vehicles – 25% reducing balance
 - Machinery – 20% of cost

Required

Prepare the following statements;*

A. an income statement for the period ending 31 March 2018	(13 Marks)
B. a statement of financial position for the year ended 31 March 2018	(12 Marks)

*These statements should be in a form suitable for publication insofar as it is possible from the information provided.

QUESTION TWO

Victor Ltd manufactures office equipment.

The following trial balance has been extracted from Victor Ltd's bookkeeping records:

Trial Balance as at 31 August 2018

	<i>K'000</i>	<i>K'000</i>
Administrative expenses	4,500	
Audit fee	3,780	
Bank	11,340	
Debenture loan (8%)		43,470
Debenture loan interest	1,740	
Dividend paid	3,240	
Factory – cost	100,440	
Factory – depreciation		19,008
Inventory at 1 September 2017	2,160	
Manufacturing equipment – cost	90,504	
Manufacturing equipment – depreciation		25,920
Manufacturing overheads	3,606	
Purchases	27,000	
Retained earnings		23,760
Revenue		108,000
Share capital		60,480
Trade payables		2,844
Trade receivables	9,072	
Wages – administration	1,944	
Wages – manufacturing	11,772	
Wages – sales	12,384	
	283,482	283,482

Additional information:

1. Closing inventory was counted on 31 August 2018 and was valued at K675,000.

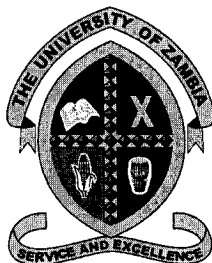
2. The debentures were issued in 2016 and are repayable in 2027. The interest for the period from 1 March 2018 to 31 August 2018 was paid in September 2018.
3. Depreciation has still to be charged as follows:
 - factory – 2% of cost
 - manufacturing equipment – 25% reducing balance
4. The following expenses have to be accrued:
 - wages (split equally between administration, manufacturing and sales) K9,000
 - administrative expenses K40,000
 - Manufacturing overheads includes insurance that has been prepaid by K10,000.
5. A tax expense of K4,190,000 has to be provided for.

Required

Prepare the following financial statements for the year ended 31 August 2014:

A. an income statement	(13 Marks)
B. a statement of financial position	(12 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

MBA Finance Sessional Examination

Friday 13th September 2019

MBF5152: PORTFOLIO MANAGEMENT AND WEALTH PLANNING

Information for Candidates

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

Instructions to candidates

1. This Question Paper consists of FIVE Questions each carrying 25 marks
2. Answer Question ONE and Choose ANY THREE other questions
3. Start the answer to each full question on a fresh page of the answer booklet.
4. Questions may be written in any order, but must be legibly numbered.
5. Write neatly and legibly, showing ALL your workings were necessary

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question One**[Total 25 Marks] - COMPULSORY**

(i) Describe the following active management styles.

- (a) Value
- (b) Growth
- (c) Momentum
- (d) Contrarian
- (e) Rotational

[9 marks]

(ii) The trustees of a pension scheme want to evaluate two active equity managers to ascertain which manager generates the higher return per unit of risk taken.

The table below sets out the managers' performance and the benchmark return over the year, as well as some summary statistics.

	Equity manager X	Equity manager Y	Benchmark Index	Risk free rate
Return	7% p.a.	9% p.a.	6% p.a.	3% p.a.
Standard Deviation	10% p.a.	15% p.a.	9% p.a.	
Correlation with benchmark	0.8	0.6	1.0	

You are given that:

$$\beta_p = \frac{\rho_{p,m} \sigma_p \sigma_m}{\sigma_m^2}$$

Treynor measure,

Sharpe measure and

Jensen measure

$$T_P = \frac{(\bar{r}_P - \bar{r}_f)}{\beta_P}, \quad S_P = \frac{(\bar{r}_P - \bar{r}_f)}{\sigma_P}, \quad \alpha_P = \bar{r}_P - \left[\bar{r}_f + \beta_P (\bar{r}_M - \bar{r}_f) \right]$$

(a) Define Beta and determine its values for the above portfolios.

[2 marks]

(b) Calculate the coefficient of variation and the above THREE risk adjusted performance measures for each equity manager.

[7 marks]

(c) Comment on the results from part (ii) in relation to each equity manager.

[2 marks]

(b) Comment on the choice of an appropriate risk-adjusted performance measure.

[3 marks]

(c) State FOUR reasons why the performance of an investment portfolio is measured.

[2 marks]

Question Two**[Total 25 Marks]**

(i) An individual in a particular country is looking to set up a self-invested individual pension arrangement (IPA).

The regulations in the country concerned allow the individual to select the assets to be held within the IPA. There are no restrictions on the assets that the investor could include within the IPA. However, the assets cannot be transferred out of the IPA until the minimum retirement age of 60 is reached.

- (a) List ten (10) potential asset classes that the individual could invest in. [5 marks]
- (b) Describe four key considerations that would be used to determine whether a particular asset class would be appropriate for the investor. [6 marks]
- (ii) Describe the difference between an active and a passive investment approach for equity investment funds. [6 marks]
- (iv) Describe how you may construct an index tracker fund on the Lusaka Stock Exchange (LuSE). [8 marks]

Question Three**[Total 25 Marks]**

- (i) Describe the validity of any two assumptions of mean-variance portfolio theory. [2 marks]
- (ii) You are given the following two assets on a stock exchange:

State	Probability	Returns (%)	
		Asset 1	Asset 2
1	0.20	19	26
2	0.30	22	15
3	0.10	27	24
4	0.40	31	7
Market capitalisation		30,000	70,000

- (a) Clearly showing all your steps and compute the standard deviation and correlation coefficient between the given two investment instruments. [7 marks]
- (b) Calculate the average portfolio return and of a market capitalisation weighted portfolio of the two assets. [2 marks]

(iii) Distinguish between financial planning and wealth planning [3 marks]

(iv) Limited savings, but numerous responsibilities in life by another name. And some of these responsibilities will run parallel to one another. For one, you can't delay saving for your retirement and you can't ignore your child's future either. Since increasing your pay or reducing expenses beyond a limit can't be an option always, we struggle with financial choices.

Prepare a short presentation to a group of young (late 20s) and new Teachers Union of Zambia members on how they can balance up the various financial dilemmas that they will face during the next two decades of life and present some practical, contextualised and efficient points.

[7 marks]

(v) The two most common order types are the market order and the limit order. Describe and numerically illustrate how these two orders work in the trading of stocks. [4 marks]

Question Four

[Total 25 Marks]

A private investor has allocated a proportion of his wealth to an investment manager who specialises in running equity portfolios. Over the last two years the flagship equity fund in which the investor is invested has underperformed its benchmark by more than 10% each year. Overall, the fund has lost 70% of its funds under management due to investor withdrawals.

The major contributor to the underperformance is the portfolio manager's heavily overweight holding in the stock of a company which has had several profit warnings.

The general market view is that the company will seek bankruptcy protection and is very unlikely to recover.

(i) Describe, for each of parts (a) and (b) below, TWO potential behaviours being exhibited by:

(a) the portfolio manager in continuing to hold an overweight position in the underperforming stock.

(b) the investor in continuing to hold units in the fund despite the underperformance of the fund.

[8 marks]

To try and rebuild the asset base the investment manager has employed a new head of sales to try and attract new clients. When discussing the sales strategy the head of sales recommends that they must always be the first presenter in a competitive sales situation.

(ii) State the behaviour the head of sales believes consumers follow when presented with multiple options. [2 marks]

(iii) Assess whether the head of sales' strategy is sensible, or whether alternatives to presenting first would be more effective. [4 marks]

(iv) Describe the philosophy and assumptions behind fundamental and technical approaches to investment analysis. [11 marks]

Question Five

[Total 25 Marks]

(i) Describe the rational expectations hypothesis and state its implications. [2 marks]

(ii) An individual has recently received an inheritance from a family member and has decided to invest in the equity market for the first time. They have approached a financial adviser to provide guidance on the individual equities in which they should invest. The individual wishes to have exposure in the consumer and mining sectors of the LuSE.

Identify the characteristics of the chosen sectors and justify the choice of this particular client based on the current and expected future economic trajectory of Zambia. [5 marks]

(iii) Explain the content of an investment policy statement and the constraints faced in its implementation by the fund manager of each of the following groups of investors.

(a) A university endowment fund [5 marks]

(b) A defined contribution pension fund [7 marks]

(c) A 35 year old high net worth financial trader with a substantial income who is considering what to do with her annual bonus, which is equal to 40 times national average earnings. [6 marks]

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

THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

2018/2019 ACADEMIC YEAR
FINAL EXAMINATIONS

MBS5012 - QUANTITATIVE METHODS FOR BUSINESS

Time Allowed: Three (3) Hours

- Instructions:
1. Answer any Five (5) Questions
 2. Show All Essential Working
 3. Statistical Tables will be provided
 4. Calculators are Allowed
-

1. (a) Define the following:
- (i) statistics [2 marks]
 - (ii) continuous variable and give one example [3 marks]
- (b) A balanced die is thrown twice. Find the probability
- (i) an even number is obtained on the first throw. [2 marks]
 - (ii) a six is obtained on both throws. [3 marks]
 - (iii) the sum of the two numbers is 5. [3 marks]
- (c) The owner of a large company claims that 10% of the employees in the company earn less than K25,000 per annum, 30% earn at least K25,000 but less than K30,000, 30% earn at least K30,000 but less than K35,000 and 30% earn at least K35,000. At the 10% level of significance, test whether the following sample data give sufficient evidence to reject the owner's claim.

Category	Number of employees
Less than K25,000	19
At least K25,000 but less than K30,000	56
At least K30,000 but less than K35,000	51
At least K35,000	40

[7 marks]

2. (a) Define the following
- (i) random variable [2 marks]
 - (iii) inferential statistics [2 marks]
- (b) The following data represent years of service of 17 employees in a certain bank:
- | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|
| 10 | 24 | 5 | 16 | 25 | 8 | 21 | 18 | 11 |
| 7 | 13 | 23 | 26 | 19 | 17 | 18 | 10 | |
- Find the
- (i) mode [2 marks]
 - (ii) median [2 marks]
 - (iii) interquartile range [5 marks]
 - (iv) coefficient of variation [2 marks]
- (c) The time taken to run a road race is normally distributed with a mean of 180 minutes and a standard deviation of 14 minutes. Find the probability that
- (i) a randomly selected runner completes the race between 170 and 215 minutes. [2 marks]
 - (ii) the average running time of 40 randomly selected runners exceeds 175 minutes. [3 marks]
3. (a) State two measures of variation [2 marks]
- (b) A computer company claims that the mean time to learn how to use its new software is 2 hours. A random sample of 12 persons who took the test had a mean of 2.23 hours and a standard deviation of 0.48 hour. Assume that the times are normally distributed
- (i) Explain how one can commit a type II error in this context. [2 marks]
 - (ii) Construct a 95% confidence interval for the true mean time to learn the software. [3 marks]
 - (iii) Explain whether the confidence interval in (ii) can be used to test the claim. If so, use it to test whether the claim is valid at the 5% level of significance. [3 marks]
- (c) A study compared fuel economies for two types of trucks. Ten Volkswagen trucks used in the study gave an average of 16 km per litre with a standard deviation of 1.0 km per litre, while 13 Toyota trucks gave an average of 14 km per litre with a standard deviation of 0.8 km per litre. Assume that the distances per litre for each truck model are approximately normally distributed.
- (i) Is there a difference in the fuel economy? Test at the 1% level of significance, assuming the population variances are equal. [5 marks]
 - (ii) Is the assumption about equality of variances made in (i) valid? Test at the 5% level of significance. [5 marks]

4. (a) The following information was given concerning the results of an examination taken by job applicants:

	Passed	Failed	Total
Blacks	42	18	60
Whites	102	18	120

- (i) Test whether the proportion of blacks who passed the examination is significantly lower than 0.8. Use a 5% level of significance. [4 marks]
- (ii) Are the proportions of blacks and whites who passed the examination significantly different? Test at the 1% level of significance. [5 marks]
- (b) A computer science lecturer recorded the number of hours logged on the computer (x) while preparing for a final exam, along with the score on the final examination (y) for a random sample of 8 students in her class. The results are given below:

Hours on computer (x)	5	8	10	12	14	15	18	20
Final exam score (y)	60	60	70	65	85	70	80	90

Hint: You may use the following summary statistics

$$\left[\sum_{i=1}^n x_i = 102, \sum_{i=1}^n x_i^2 = 1478, \sum_{i=1}^n y_i = 580, \sum_{i=1}^n y_i^2 = 42950, \sum_{i=1}^n x_i y_i = 7740 \right]$$

- (i) Find the simple linear regression equation. [4 marks]
- (ii) Interpret the estimated parameter(s) in (i) above. [3 marks]
- (iii) Find R^2 and explain its meaning. [4 marks]

5. (a) The following data give the experience (in years) and annual salaries (in millions of Kwacha) of 9 randomly selected employees of a certain organization.

Experience (x)	14	3	5	6	4	9	18	5	16
Annual salary (y)	62	29	37	43	35	60	67	32	60

You may use the following summary statistics:

$$\sum x_i = 80, \sum x_i^2 = 968, \sum y_i = 425, \sum y_i^2 = 21841, \sum x_i y_i = 4404$$

- (i) Estimate the linear correlation coefficient. [3 marks]
- (ii) Test whether there is a significant linear correlation between experience and annual salary. Use a 5% level of significance. [5 marks]

- (b) Define the following terms relating to time value of money
- (i) cashflow [1 mark]
 - (ii) nominal rate of interest [2 marks]
 - (iii) Future value [1 marks]
- (c) The rate of interest per half year is 12%. Calculate the equivalent monthly rate of interest. [2 marks]
- (d) On 15th April, 2005 Maka borrowed K200,000 to be repaid two years later by single payment of K250,000.
Maka repaid the loan early on 17th July, 2006.
- (i) Find the sum paid by Maka to terminate the contract assuming that the interest is reduced proportionately for early settlement based on simple interest. [3 marks]
 - (ii) Find the annual force of interest implied in the original contract assuming continuous compounding. [3 marks]

6. (a) Dr Mooto wishes to purchase a house and has decided to take the loan from a bank to finance the purchase. The bank agrees to finance the purchase with the following terms:
- 80% of the house cost will be financed by the bank and the remaining cost will be borne by Dr Mooto.
 - The loan is repayable by an ordinary annuity, payable annually in arrears for 15 years. The repayment at the end of first year is K400,000.

The repayments were calculated using a rate of interest of 18% per annum effective

- (i) Calculate the amount of loan granted by the bank and the total cost of the house. [4 marks]
 - (ii) Construct the amortisation schedule of repayment for the first seven years, showing the outstanding loan at the beginning of the year, the repayment installment, interest portion and capital repayment portion in each year. [7 marks]
- (b) Immediately after the seventh installment of repayment, Dr Mooto wishes to transfer its balance loan to another bank which offered him the loan at the effective rate of 16% per annum with regular annual payments of fixed amount. The new bank charges the upfront processing fees of 1% of loan outstanding. The other terms of the loan are unchanged.
- (i) Calculate the revised annual payments for Dr Mooto. [4 marks]
 - (ii) Based on your calculations comment whether it is advisable for Mr. Sam to transfer its loan to new bank [2 marks]
- (c) Explain how any two determinants of interest rates affect the level of interest rates charged in lending transactions. [3 marks]

END OF EXAMINATION

The University of Zambia

Graduate School of Business

MBS5012: QUANTITATIVE METHODS

Test

Total Marks [60]

February 2019

Time Allowed: Two (2) Hours and 30 Minutes

Instructions: 1. Answer All Questions
2. Show All Essential Working

1. (a) A box contains 6 blue balls and 8 red balls. Two balls are drawn at random from the box one after the other without replacement. Find the probability that
- (i) the first ball picked is red [1 mark]
 - (ii) two blue balls are drawn [2 marks]
 - (iii) the balls are of different colours [3 marks]
- (b) Scores of students in a statistics test are normally distributed with mean of 30 and standard deviation 8. Find the probability that
- (i) a randomly selected student obtains a score below 25. [2 marks]
 - (ii) the mean score of 50 randomly chosen students is between 28 and 31. [3 marks]
- (c) In a certain company, a sample of 68 workers showed that they earn an average wage of K41.50 per day with a standard deviation of K5.90. The minimum wage is K43.
- (i) Find a 90% confidence interval for the average wage of all workers in the company. [3 marks]
 - (ii) Is there sufficient evidence to indicate that the company's wages are below the minimum wage? Use a 10% level of significance. [4 marks]
 - (iii) Can the confidence interval in (i) be used to answer (ii)? Explain. [2 marks]
2. (a) Define the following
- (i) inferential statistics [2 marks]
 - (ii) type I error [2 marks]
- (b) At a large university, A, a poll of 150 students showed that 51 came from poor families. At another large university, B, a study showed that 96 of 200 sampled students came from poor families.
- (i) Construct a 95% confidence interval for the difference in the proportions of students coming from poor families at the two universities. [3 marks]
 - (ii) Is there sufficient evidence to indicate that the proportion of poor students at University A is lower than that at university B? Use a 1% level of significance. [4 marks]

- (c) A sociology professor claims that there is no difference in the average number of hours nonalcoholic and alcoholic fathers spend with their children per week. A sample of 13 nonalcoholic fathers showed that they spend an average of 2.7 hours per week with a standard deviation of 0.8 hour. A sample of 11 alcoholic fathers gave a mean of 2.3 hours per week with a standard deviation of 0.6 hour. Assume the samples are normal.

- (i) Test whether the claim is valid. Assume the population variances are equal. Use a 5% level of significance. [4 marks]
- (ii) Is the assumption of equal variances made in (i) valid? Use a 10% level of significance. [5 marks]

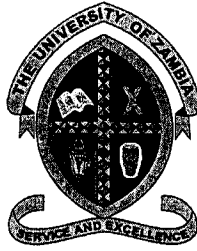
- 3 (a) The rate of interest per annum quarter is 6%. Calculate:
- i) The equivalent rate of interest per annum. [2 marks]
- ii) The equivalent monthly rate of interest. [2 marks]

- (b) On 15th April, 2005 Amit borrowed K200,000 to be repaid eighteen months later by single payment of K240,000.

Amit repaid the loan early on 17th July, 2005.

- i) Find the sum paid by Amit to terminate the contract assuming that the interest is reduced proportionately for early settlement based on simple interest. [2 marks]
- ii) Find the annual rate of interest implied in the original contract assuming compound rate of interest [2 marks]
- (c) Ratidzo took a loan of K2,500,000 from a bank to build his mansion. The loan is to be repaid by regular annual payments in arrears for 8 years and calculated on the basis of an interest rate of 20% per annum.
- i) Calculate the level annual repayments. [3 marks]
- ii) Construct an amortisation schedule for this loan [6 marks]
- iii) Use the amortization schedule to answer the following questions
- The capital repayment and interest paid at the end of Seventh year
 - After which repayment, the outstanding loan will be first less than K1,200,000
 - For which repayment, the capital content will first exceed the interest content. [3 marks]

*****END OF TEST*****



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

**MBA/MSc Sessional Examination
Tuesday 30th June 2019**

MBS5012 – QUANTITATIVE METHODS FOR BUSINESS

Information for Candidates

1. Time Allowed: **3 hours**
2. Total Marks: 100
3. Mark allocations are shown in brackets
4. Special Requirements: - A non-programmable scientific calculator

Instructions to Candidates

1. This Question Paper consists of **FOUR** questions each carrying 25 marks.
2. Answer **ALL FOUR** questions.
3. Start the answer to each full question on a fresh page of the answer booklet.
4. Questions may be written in any order, but must be legibly numbered.
5. Write neatly and legibly, showing **ALL** your workings where necessary.

Statistical tables and a formula sheet are attached at the end of this paper

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

1. (a) A company's directors have decided to provide senior managers with a performance bonus scheme. The bonus scheme entitles the managers to a cash payment of K300,000 should the company share price have increased by more than 18% at the end of the next 6 months. In addition, the managers will be entitled to 6,000 free shares each, should the share price have increased by more than 12% at the end of the next 6 months. You are given the following data:

Current share price	K94.50
Continuously-compounded risk-free rate	4% pa
Share price volatility	22% pa

No dividends to be paid over the next 6 months.

- (i) Explain four disadvantages of this bonus scheme as an incentive for managers to perform. (4)
- (ii) Some shareholders are concerned that this scheme might cause an undesirable distortion to the managers' behaviour.

Suggest four modifications to the scheme that will ensure that the managers' aims coincide with the long-term objectives of the shareholders. (4)

- (b) Mrs Banda is struggling to repay her loan of K100,000 with payments of K3,200 made monthly in arrears for 4 years.

After exactly one year, a loan company offers to "help" Mrs Banda by restructuring her loan with new monthly payments of K2,000 made in arrears.

- (i) Assuming the company charges the same APR as Mrs Banda's original loan, calculate the term of the new loan. (7)
- (ii) Calculate how much more interest in total Mrs Banda will pay on her restructured loan than on her original loan. (2)
- (c) A businessman wishes to borrow an amount of K1.21 million for a term of 3 years. The agreed rate of interest is 15% per annum effective for the first 2 years, and 12% per annum effective for the final year.

Repayments on the loan are made annually in arrears.

The amount of the level annual repayment is **K525,895.54**.

- (i) Draw up the loan schedule for the full three-year period. (4)
- (ii) Calculate what percentage of the loan has been repaid by the end of year 2. (2)
- (iii) Explain how this percentage figure would alter if the rate of interest had instead been 12% for the first two years and 15% for the final year. (2)

2. (a) Consider an insurer that offers 2 types of policy: home insurance and car insurance. 42% of all customers have a home insurance policy, and 68% of all customers have a car insurance policy. Every customer has at least one of the two types of policies.

Calculate the probability that a randomly selected customer

- (i) has car insurance, given that he has home insurance, (3)
- (ii) does not have home insurance, given that he has car insurance. (3)

- (b) Consider the number of days to maturity of 10 short-term investments below:

88 66 78 96 75 73 48 75 75 58

- (i) Make a stem-and-leaf plot for the days-to-maturity data. (3)
 - (ii) Hence, or otherwise, compute the interquartile range of the data. (4)
 - (iii) Are there any outliers in the data. (3)
- (c) An insurance company has a portfolio of 16,000 policies. Based on past data, the company estimates that the probability of a claim on any one policy in a year is 0.002. It assumes no policy will generate more than one claim in a year.
- (i) Determine the approximate probability of more than 38 claims from the portfolio of 16,000 policies in a year. (5)
 - (ii) Determine an approximate equal-tailed interval into which the number of claims per year will fall with probability 0.95. (2)
 - (iii) In practice 39 claims were received in a particular year. A Director of the company complains about the range of estimates in part (ii) being wrong. Comment on the Director's complaint. (2)

3. The promoter of a touring dance show wishes to analyse how the price per ticket affects the size of its audiences. She tests two prices, K170 and 190, over 5 shows each which give rise to the following attendances.

Price					
K170	118	110	125	122	120
K190	110	100	102	120	114

- (a) Calculate the mean and standard deviation of the attendance for each sample. (4)
- (b) Perform a statistical test to determine whether the variances of the attendance are equal under the two prices. (6)

- (c) Perform a t-test to determine whether the mean attendance is the same under the two prices. (7)
- (d) Calculate a 95% confidence interval for the difference between the mean show revenue under each price. (5)
- (e) Without doing any further calculations, comment on which price the promoter should choose. (3)
4. A quant is instructed to investigate the relationship between the size of a bond issue y and its trading volumes (value traded) x . Consider the data for 5 bonds:

x	10	20	30	40	50
y	5	9	20	30	38

- (a) (i) Construct a scatterplot of these data. (2)
- (ii) What does the scatter plot suggest about the relationship between x and y ? (2)
- (b) A linear model of the form $y = \alpha + \beta x + \varepsilon$ is fitted to the data, where the error terms (ε) independently follow a $N(0, \sigma^2)$ distribution with the variance σ^2 being an unknown parameter.
- (i) Determine the fitted line of the regression model. (4)
- (ii) Predict y when $x = 90$. (1)
- (c) A partially completed ANOVA table for this regression analysis is given below.

<i>Source of variation</i>	<i>Sums of squares</i>	<i>Degrees of freedom</i>	<i>Mean squares</i>	<i>F-value</i>
Regression	756.9	A	D	E
Error	12.3	B	C	
Total	769.2	4		

- (i) Determine the missing values A, B, C, D and E in the table. (5)
- (ii) Determine an estimate of the variance σ^2 based on the above table. (1)
- (iii) Perform an F-test to test the null hypothesis that there is no linear relationship between x and y , based on the above table. (6)
- (d) (i) Determine the percentage of variation in y explained by x . (2)
- (ii) Calculate the coefficient of correlation and give an interpretation. (2)

END OF PAPER

FORMULA SHEET FOR MBS5012 2020 EXAMINATION

$$FV = C(1 + r)^n$$

$$\hat{y} = \hat{\alpha} + \hat{\beta}x$$

$$PV = C(1 + r)^{-n}$$

$$\hat{\alpha} = \bar{y} - \hat{\beta}\bar{x}$$

$$PVA = C \left(\frac{1 - (1 + r)^{-n}}{r^{(p)}} \right)$$

$$\hat{\beta} = \frac{S_{xy}}{S_{xx}}$$

$$r^{(p)} = p \left[(1 + r)^{1/p} - 1 \right]$$

$$S_{xx} = \sum x^2 - \frac{(\sum x)^2}{n}$$

$$\frac{r - r_1}{r_2 - r_1} = \frac{C - C_1}{C_2 - C_1}$$

$$S_{xy} = \sum xy - \frac{(\sum x)(\sum y)}{n}$$

$$\bar{x} = \frac{\sum x}{n}$$

$$S_{yy} = \sum y^2 - \frac{(\sum y)^2}{n}$$

$$S^2 = \frac{n \sum x^2 - (\sum x)^2}{n(n - 1)}$$

$$r^2 = \frac{SSR}{SST}$$

$$t = \frac{(\bar{x} - \bar{y}) - (\mu_1 - \mu_2)}{S_{\text{pooled}} \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$$

$$F = \frac{S_1^2}{S_2^2}$$

$$CI = \left((\bar{x} - \bar{y}) \pm t_{\frac{\alpha}{2}, n_1 + n_2 - 2} S_{\text{pooled}} \sqrt{\frac{1}{n_1} + \frac{1}{n_2}} \right)$$

$$F = \frac{MSR}{MSE}$$

$$S_{\text{pooled}}^2 = \frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 2}$$

$$Z = \frac{\bar{x} - \mu}{\sigma}$$

$$Z = \frac{(\bar{x} - \bar{y}) - (\mu_1 - \mu_2)}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

$$Z = \frac{\bar{x} - \mu}{\sigma/\sqrt{n}}$$

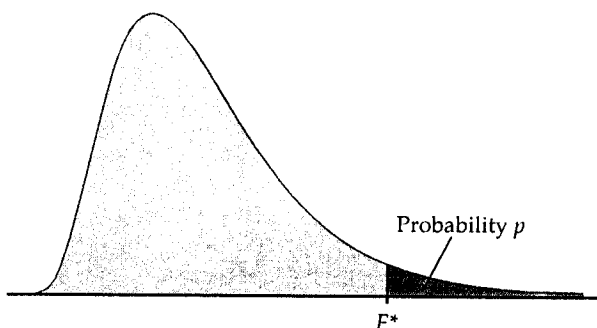
$$CI = \left((\bar{x} - \bar{y}) \pm Z_{\frac{\alpha}{2}} \sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}} \right)$$

$$t = \frac{\bar{x} - \mu}{s/\sqrt{n}}$$

STANDARD NORMAL DISTRIBUTION: Table Values Represent AREA to the LEFT of the Z score.

Z	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09
-3.9	.00005	.00005	.00004	.00004	.00004	.00004	.00004	.00004	.00003	.00003
-3.8	.00007	.00007	.00007	.00006	.00006	.00006	.00006	.00005	.00005	.00005
-3.7	.00011	.00010	.00010	.00010	.00009	.00009	.00008	.00008	.00008	.00008
-3.6	.00016	.00015	.00015	.00014	.00014	.00013	.00013	.00012	.00012	.00011
-3.5	.00023	.00022	.00022	.00021	.00020	.00019	.00019	.00018	.00017	.00017
-3.4	.00034	.00032	.00031	.00030	.00029	.00028	.00027	.00026	.00025	.00024
-3.3	.00048	.00047	.00045	.00043	.00042	.00040	.00039	.00038	.00036	.00035
-3.2	.00069	.00066	.00064	.00062	.00060	.00058	.00056	.00054	.00052	.00050
-3.1	.00097	.00094	.00090	.00087	.00084	.00082	.00079	.00076	.00074	.00071
-3.0	.00135	.00131	.00126	.00122	.00118	.00114	.00111	.00107	.00104	.00100
-2.9	.00187	.00181	.00175	.00169	.00164	.00159	.00154	.00149	.00144	.00139
-2.8	.00256	.00248	.00240	.00233	.00226	.00219	.00212	.00205	.00199	.00193
-2.7	.00347	.00336	.00326	.00317	.00307	.00298	.00289	.00280	.00272	.00264
-2.6	.00466	.00453	.00440	.00427	.00415	.00402	.00391	.00379	.00368	.00357
-2.5	.00621	.00604	.00587	.00570	.00554	.00539	.00523	.00508	.00494	.00480
-2.4	.00820	.00798	.00776	.00755	.00734	.00714	.00695	.00676	.00657	.00639
-2.3	.01072	.01044	.01017	.00990	.00964	.00939	.00914	.00889	.00866	.00842
-2.2	.01390	.01355	.01321	.01287	.01255	.01222	.01191	.01160	.01130	.01101
-2.1	.01786	.01743	.01700	.01659	.01618	.01578	.01539	.01500	.01463	.01426
-2.0	.02275	.02222	.02169	.02118	.02068	.02018	.01970	.01923	.01876	.01831
-1.9	.02872	.02807	.02743	.02680	.02619	.02559	.02500	.02442	.02385	.02330
-1.8	.03593	.03515	.03438	.03362	.03288	.03216	.03144	.03074	.03005	.02938
-1.7	.04457	.04363	.04272	.04182	.04093	.04006	.03920	.03836	.03754	.03673
-1.6	.05480	.05370	.05262	.05155	.05050	.04947	.04846	.04746	.04648	.04551
-1.5	.06681	.06552	.06426	.06301	.06178	.06057	.05938	.05821	.05705	.05592
-1.4	.08076	.07927	.07780	.07636	.07493	.07353	.07215	.07078	.06944	.06811
-1.3	.09680	.09510	.09342	.09176	.09012	.08851	.08691	.08534	.08379	.08226
-1.2	.11507	.11314	.11123	.10935	.10749	.10565	.10383	.10204	.10027	.09853
-1.1	.13567	.13350	.13136	.12924	.12714	.12507	.12302	.12100	.11900	.11702
-1.0	.15866	.15625	.15386	.15151	.14917	.14686	.14457	.14231	.14007	.13786
-0.9	.18406	.18141	.17879	.17619	.17361	.17106	.16853	.16602	.16354	.16109
-0.8	.21186	.20897	.20611	.20327	.20045	.19766	.19489	.19215	.18943	.18673
-0.7	.24196	.23885	.23576	.23270	.22965	.22663	.22363	.22065	.21770	.21476
-0.6	.27425	.27093	.26763	.26435	.26109	.25785	.25463	.25143	.24825	.24510
-0.5	.30854	.30503	.30153	.29806	.29460	.29116	.28774	.28434	.28096	.27760
-0.4	.34458	.34090	.33724	.33360	.32997	.32636	.32276	.31918	.31561	.31207
-0.3	.38209	.37828	.37448	.37070	.36693	.36317	.35942	.35569	.35197	.34827
-0.2	.42074	.41683	.41294	.40905	.40517	.40129	.39743	.39358	.38974	.38591
-0.1	.46017	.45620	.45224	.44828	.44433	.44038	.43644	.43251	.42858	.42465
-0.0	.50000	.49601	.49202	.48803	.48405	.48006	.47608	.47210	.46812	.46414

Table entry for p is the critical value F^* with probability p lying to its right.

**TABLE E****F critical values**

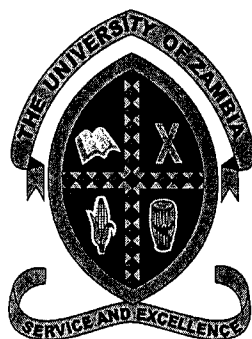
		Degrees of freedom in the numerator								
p		1	2	3	4	5	6	7	8	9
Degrees of freedom in the denominator	1	.100	39.86	49.50	53.59	55.83	57.24	58.20	58.91	59.44
		.050	161.45	199.50	215.71	224.58	230.16	233.99	236.77	238.88
		.025	647.79	799.50	864.16	899.58	921.85	937.11	948.22	956.66
		.010	4052.2	4999.5	5403.4	5624.6	5763.6	5859.0	5928.4	5981.1
		.001	405284	500000	540379	562500	576405	585937	592873	598144
	2	.100	8.53	9.00	9.16	9.24	9.29	9.33	9.35	9.37
		.050	18.51	19.00	19.16	19.25	19.30	19.33	19.35	19.37
		.025	38.51	39.00	39.17	39.25	39.30	39.33	39.36	39.37
		.010	98.50	99.00	99.17	99.25	99.30	99.33	99.36	99.37
		.001	998.50	999.00	999.17	999.25	999.30	999.33	999.36	999.37
	3	.100	5.54	5.46	5.39	5.34	5.31	5.28	5.27	5.25
		.050	10.13	9.55	9.28	9.12	9.01	8.94	8.89	8.85
		.025	17.44	16.04	15.44	15.10	14.88	14.73	14.62	14.54
		.010	34.12	30.82	29.46	28.71	28.24	27.91	27.67	27.49
		.001	167.03	148.50	141.11	137.10	134.58	132.85	131.58	130.62
	4	.100	4.54	4.32	4.19	4.11	4.05	4.01	3.98	3.95
		.050	7.71	6.94	6.59	6.39	6.26	6.16	6.09	6.04
		.025	12.22	10.65	9.98	9.60	9.36	9.20	9.07	8.98
		.010	21.20	18.00	16.69	15.98	15.52	15.21	14.98	14.80
		.001	74.14	61.25	56.18	53.44	51.71	50.53	49.66	49.00
	5	.100	4.06	3.78	3.62	3.52	3.45	3.40	3.37	3.34
		.050	6.61	5.79	5.41	5.19	5.05	4.95	4.88	4.82
		.025	10.01	8.43	7.76	7.39	7.15	6.98	6.85	6.76
		.010	16.26	13.27	12.06	11.39	10.97	10.67	10.46	10.29
		.001	47.18	37.12	33.20	31.09	29.75	28.83	28.16	27.65
	6	.100	3.78	3.46	3.29	3.18	3.11	3.05	3.01	2.98
		.050	5.99	5.14	4.76	4.53	4.39	4.28	4.21	4.15
		.025	8.81	7.26	6.60	6.23	5.99	5.82	5.70	5.60
		.010	13.75	10.92	9.78	9.15	8.75	8.47	8.26	8.10
		.001	35.51	27.00	23.70	21.92	20.80	20.03	19.46	19.03
	7	.100	3.59	3.26	3.07	2.96	2.88	2.83	2.78	2.75
		.050	5.59	4.74	4.35	4.12	3.97	3.87	3.79	3.73
		.025	8.07	6.54	5.89	5.52	5.29	5.12	4.99	4.90
		.010	12.25	9.55	8.45	7.85	7.46	7.19	6.99	6.84
		.001	29.25	21.69	18.77	17.20	16.21	15.52	15.02	14.63

TABLE E**F critical values (continued)**

		Degrees of freedom in the numerator								
<i>p</i>		1	2	3	4	5	6	7	8	9
Degrees of freedom in the denominator	8	.100	3.46	3.11	2.92	2.81	2.73	2.67	2.59	2.56
		.050	5.32	4.46	4.07	3.84	3.69	3.58	3.44	3.39
		.025	7.57	6.06	5.42	5.05	4.82	4.65	4.43	4.36
		.010	11.26	8.65	7.59	7.01	6.63	6.37	6.03	5.91
		.001	25.41	18.49	15.83	14.39	13.48	12.86	12.40	11.77
	9	.100	3.36	3.01	2.81	2.69	2.61	2.55	2.51	2.44
		.050	5.12	4.26	3.86	3.63	3.48	3.37	3.23	3.18
		.025	7.21	5.71	5.08	4.72	4.48	4.32	4.10	4.03
		.010	10.56	8.02	6.99	6.42	6.06	5.80	5.47	5.35
		.001	22.86	16.39	13.90	12.56	11.71	11.13	10.70	10.11
	10	.100	3.29	2.92	2.73	2.61	2.52	2.46	2.41	2.35
		.050	4.96	4.10	3.71	3.48	3.33	3.22	3.14	3.02
		.025	6.94	5.46	4.83	4.47	4.24	4.07	3.95	3.78
		.010	10.04	7.56	6.55	5.99	5.64	5.39	5.20	4.94
		.001	21.04	14.91	12.55	11.28	10.48	9.93	9.52	8.96
	11	.100	3.23	2.86	2.66	2.54	2.45	2.39	2.34	2.27
		.050	4.84	3.98	3.59	3.36	3.20	3.09	3.01	2.90
		.025	6.72	5.26	4.63	4.28	4.04	3.88	3.76	3.59
		.010	9.65	7.21	6.22	5.67	5.32	5.07	4.89	4.63
		.001	19.69	13.81	11.56	10.35	9.58	9.05	8.66	8.12
	12	.100	3.18	2.81	2.61	2.48	2.39	2.33	2.28	2.21
		.050	4.75	3.89	3.49	3.26	3.11	3.00	2.91	2.80
		.025	6.55	5.10	4.47	4.12	3.89	3.73	3.61	3.44
		.010	9.33	6.93	5.95	5.41	5.06	4.82	4.64	4.39
		.001	18.64	12.97	10.80	9.63	8.89	8.38	8.00	7.48
	13	.100	3.14	2.76	2.56	2.43	2.35	2.28	2.23	2.16
		.050	4.67	3.81	3.41	3.18	3.03	2.92	2.83	2.77
		.025	6.41	4.97	4.35	4.00	3.77	3.60	3.48	3.39
		.010	9.07	6.70	5.74	5.21	4.86	4.62	4.44	4.19
		.001	17.82	12.31	10.21	9.07	8.35	7.86	7.49	6.98
	14	.100	3.10	2.73	2.52	2.39	2.31	2.24	2.19	2.12
		.050	4.60	3.74	3.34	3.11	2.96	2.85	2.76	2.65
		.025	6.30	4.86	4.24	3.89	3.66	3.50	3.38	3.21
		.010	8.86	6.51	5.56	5.04	4.69	4.46	4.28	4.03
		.001	17.14	11.78	9.73	8.62	7.92	7.44	7.08	6.58
	15	.100	3.07	2.70	2.49	2.36	2.27	2.21	2.16	2.09
		.050	4.54	3.68	3.29	3.06	2.90	2.79	2.71	2.59
		.025	6.20	4.77	4.15	3.80	3.58	3.41	3.29	3.12
		.010	8.68	6.36	5.42	4.89	4.56	4.32	4.14	3.89
		.001	16.59	11.34	9.34	8.25	7.57	7.09	6.74	6.26
	16	.100	3.05	2.67	2.46	2.33	2.24	2.18	2.13	2.06
		.050	4.49	3.63	3.24	3.01	2.85	2.74	2.66	2.54
		.025	6.12	4.69	4.08	3.73	3.50	3.34	3.22	3.05
		.010	8.53	6.23	5.29	4.77	4.44	4.20	4.03	3.78
		.001	16.12	10.97	9.01	7.94	7.27	6.80	6.46	5.98
	17	.100	3.03	2.64	2.44	2.31	2.22	2.15	2.10	2.03
		.050	4.45	3.59	3.20	2.96	2.81	2.70	2.61	2.49
		.025	6.04	4.62	4.01	3.66	3.44	3.28	3.16	2.98
		.010	8.40	6.11	5.19	4.67	4.34	4.10	3.93	3.68
		.001	15.72	10.66	8.73	7.68	7.02	6.56	6.22	5.75

t Table

cum. prob one-tail two-tails	$t_{.50}$ 0.50 1.00	$t_{.75}$ 0.25 0.50	$t_{.80}$ 0.20 0.40	$t_{.85}$ 0.15 0.30	$t_{.90}$ 0.10 0.20	$t_{.95}$ 0.05 0.10	$t_{.975}$ 0.025 0.05	$t_{.99}$ 0.01 0.02	$t_{.995}$ 0.005 0.01	$t_{.999}$ 0.001 0.002	$t_{.9995}$ 0.0005 0.001
df											
1	0.000	1.000	1.376	1.963	3.078	6.314	12.71	31.82	63.66	318.31	636.62
2	0.000	0.816	1.061	1.386	1.886	2.920	4.303	6.965	9.925	22.327	31.599
3	0.000	0.765	0.978	1.250	1.638	2.353	3.182	4.541	5.841	10.215	12.924
4	0.000	0.741	0.941	1.190	1.533	2.132	2.776	3.747	4.604	7.173	8.610
5	0.000	0.727	0.920	1.156	1.476	2.015	2.571	3.365	4.032	5.893	6.869
6	0.000	0.718	0.906	1.134	1.440	1.943	2.447	3.143	3.707	5.208	5.959
7	0.000	0.711	0.896	1.119	1.415	1.895	2.365	2.998	3.499	4.785	5.408
8	0.000	0.706	0.889	1.108	1.397	1.860	2.306	2.896	3.355	4.501	5.041
9	0.000	0.703	0.883	1.100	1.383	1.833	2.262	2.821	3.250	4.297	4.781
10	0.000	0.700	0.879	1.093	1.372	1.812	2.228	2.764	3.169	4.144	4.587
11	0.000	0.697	0.876	1.088	1.363	1.796	2.201	2.718	3.106	4.025	4.437
12	0.000	0.695	0.873	1.083	1.356	1.782	2.179	2.681	3.055	3.930	4.318
13	0.000	0.694	0.870	1.079	1.350	1.771	2.160	2.650	3.012	3.852	4.221
14	0.000	0.692	0.868	1.076	1.345	1.761	2.145	2.624	2.977	3.787	4.140
15	0.000	0.691	0.866	1.074	1.341	1.753	2.131	2.602	2.947	3.733	4.073
16	0.000	0.690	0.865	1.071	1.337	1.746	2.120	2.583	2.921	3.686	4.015
17	0.000	0.689	0.863	1.069	1.333	1.740	2.110	2.567	2.898	3.646	3.965
18	0.000	0.688	0.862	1.067	1.330	1.734	2.101	2.552	2.878	3.610	3.922
19	0.000	0.688	0.861	1.066	1.328	1.729	2.093	2.539	2.861	3.579	3.883
20	0.000	0.687	0.860	1.064	1.325	1.725	2.086	2.528	2.845	3.552	3.850
21	0.000	0.686	0.859	1.063	1.323	1.721	2.080	2.518	2.831	3.527	3.819
22	0.000	0.686	0.858	1.061	1.321	1.717	2.074	2.508	2.819	3.505	3.792
23	0.000	0.685	0.858	1.060	1.319	1.714	2.069	2.500	2.807	3.485	3.768
24	0.000	0.685	0.857	1.059	1.318	1.711	2.064	2.492	2.797	3.467	3.745
25	0.000	0.684	0.856	1.058	1.316	1.708	2.060	2.485	2.787	3.450	3.725
26	0.000	0.684	0.856	1.058	1.315	1.706	2.056	2.479	2.779	3.435	3.707
27	0.000	0.684	0.855	1.057	1.314	1.703	2.052	2.473	2.771	3.421	3.690
28	0.000	0.683	0.855	1.056	1.313	1.701	2.048	2.467	2.763	3.408	3.674
29	0.000	0.683	0.854	1.055	1.311	1.699	2.045	2.462	2.756	3.396	3.659
30	0.000	0.683	0.854	1.055	1.310	1.697	2.042	2.457	2.750	3.385	3.646
40	0.000	0.681	0.851	1.050	1.303	1.684	2.021	2.423	2.704	3.307	3.551
60	0.000	0.679	0.848	1.045	1.296	1.671	2.000	2.390	2.660	3.232	3.460
80	0.000	0.678	0.846	1.043	1.292	1.664	1.990	2.374	2.639	3.195	3.416
100	0.000	0.677	0.845	1.042	1.290	1.660	1.984	2.364	2.626	3.174	3.390
1000	0.000	0.675	0.842	1.037	1.282	1.646	1.962	2.330	2.581	3.098	3.300
Z	0.000	0.674	0.842	1.036	1.282	1.645	1.960	2.326	2.576	3.090	3.291
	0%	50%	60%	70%	80%	90%	95%	98%	99%	99.8%	99.9%
	Confidence Level										



THE UNIVERSITY OF ZAMBIA

Graduate School of Business

FINAL EXAMINATION

MBS6061: E- BUSINESS STRATEGIES AND MODELS

Date: 12th September 2019
Time: 09:00hrs – 12:00hrs
Duration: 3 Hours
Venue: GSB CONFERENCE ROOM I

Instructions

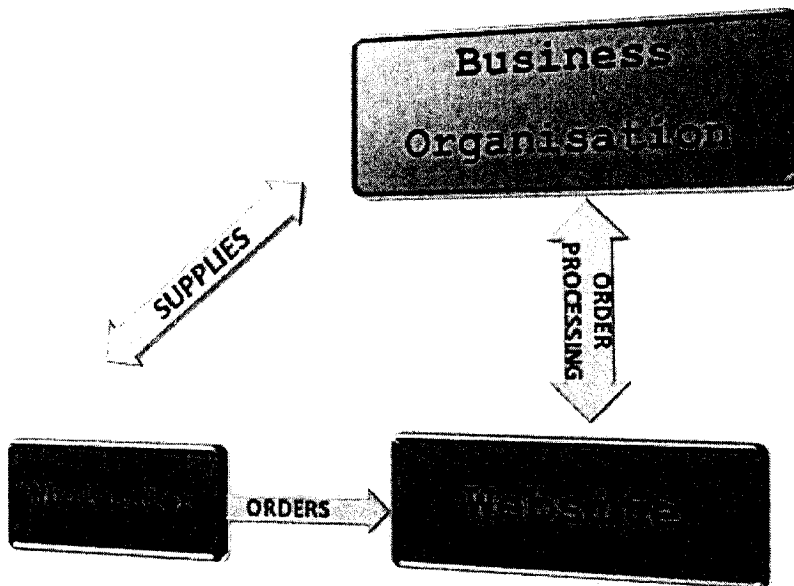
1. There are **Six (6) Questions** in this paper
 2. The paper has **Two (2) Sections**, each section with **three** questions
 3. Each question carries **20 Marks**, *you are required to answer a total of Five (5) Questions*
 4. Answer **ALL** the questions in **Section A** and Choose **Any TWO (2)** Questions from **Section B**
-

SECTION A

This Section has **THREE** Questions. Answer **ALL** the questions

QUESTION ONE

- a) Discuss each of the following in relation to E-Business with examples where possible [5 Marks]
- E-Business Model
 - E-Business Strategy
 - E-Marketing
 - E-Business Architecture
 - Online Fraud
- b) The diagram below shows an example of the B2B E-Business Model [15 Marks].



For each of the following E-Business models below,

- Draw a diagram similar to the one above
- Give a brief descriptions of model and at least one example of such a business in Zambia
- Discuss the advantages and disadvantages of each of the models below
 - Business to Customer(B2C)
 - Customer to Customer (C2C)
 - Business to Government (B2G)

QUESTION TWO

- a) In the last five years, our local Restaurants, Bakery Stores and Vegetable Markets have lost business the international chain stores which include SPAR Zambia Ltd, Pick n Pay Zambia and Shoprite Zambia. These chain stores have started selling basic food stuffs which include Nshima, local vegetables, bakery (Bread) etc. and hence killing the local small scale businesses. [10 Marks].
- i. Draw a well labeled diagram showing the **PORTER'S FIVE FORCES MODEL** (Porter, 1985)
 - ii. Discuss how these chain stores are using each of the factors of **PORTER'S FIVE FORCES MODEL** (Porter, 1985) to gain a competitive advantage over our local businesses (Restaurants, Bakery Stores and Vegetable Market)
- b) The company you work for has just learned that you recently graduated in a business programme at the University of Zambia. You specialized in E-Business Strategies and Modelling. In an effort to improve on service deliver and profit margins, you have been requested to put a write-up as an expert to management on how they can best use E-Business to improve the company performance. In your write-up, the company management has requested for the following information
- i. The preamble of the company showing you understand the current business operations and model of the company
 - ii. Your Proposed E-Business Model of the Company
 - iii. Your purposed advantages if the company were to adopt or enhance the Business through the usage E-Business services
 - iv. The possible disadvantages and challenges that may come with E-Business services to the company

Give a full detailed write up to the company management by taking into account the four major points above. [10 Marks]

QUESTION THREE

- a) Lack of E-business strategy may result in missed opportunities, lack of process support, lack of integration and cooperation in different parts of the organisation and resource wastage. To avoid these challenges, E-business strategy should be based on corporate objectives. The corporate objectives should also be based on new opportunities and threats. Draw a well labeled diagram of the **STRATEGY PROCESS MODEL**. This is a framework that gives a logical sequence to follow to ensure inclusion of all key activities of strategy development [8 Marks]
- b) The diagram below shows the output of your E-Business Course Project. You decided to work on Village Chicken and Village Chicken Eggs as shown in the diagram below. In order to complete this project, you decided to create an HTML form by writing a computer program using the HTML code as shown below. You have three images called *unzalogo.jpg*, *villagechicken.jpg* and *eggs.jpg* for the three images in the form. Write the HTML Code for the Web Page shown below [12 Marks]

Gradute School of Busir X + v

← → ↻ 🏠 🌐 <https://www.myebusinessproject.gsb.unza.zm>



UNZA GRADUATE SCHOOL OF BUSINESS

My E-Business Course Project on Village Chicken

REGISTRATION AND DELIVERY FORM

We deliver both village chicken and eggs to your homes by calling to the form below

Registration Details

Registration Name

Registration Number

Registration Address

- ☐ Village Chicken
- ☐ Village Chicken Product
- ☐ Village Chicken Eggs

SECTION B

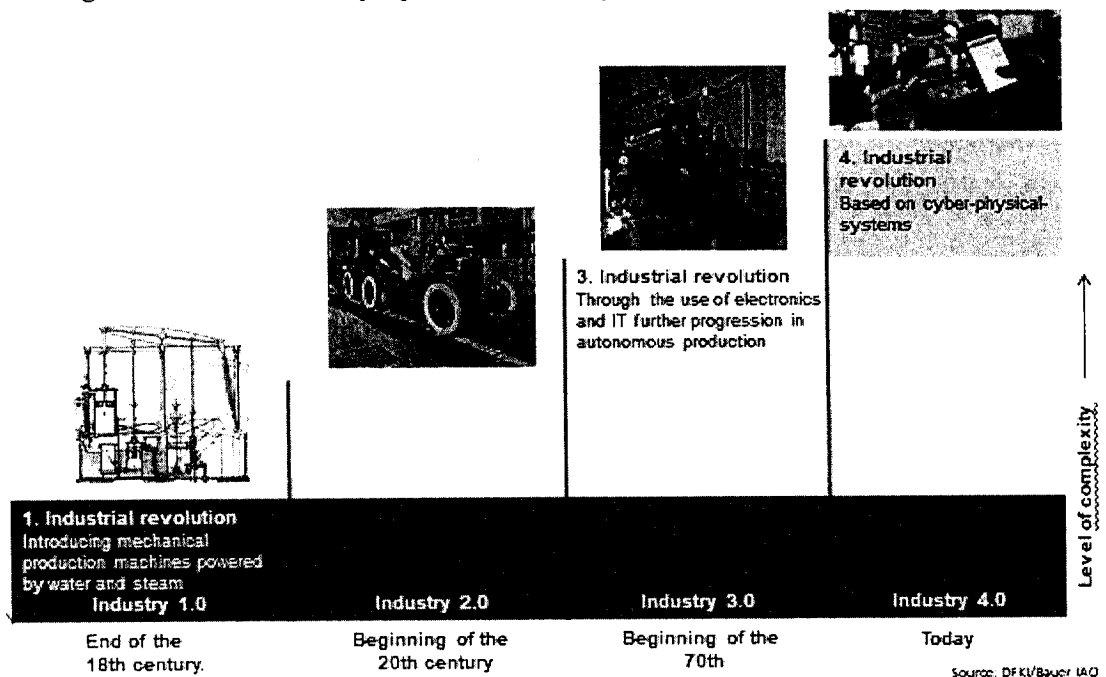
This Section has **Three (3)** Questions. Choose any **Two (2)** Questions

QUESTION ONE

- a) Briefly discuss each of the following in relation to matters regarding the E-Business ICT Policy [8 Marks].
- i. Recognition of virtual transactions
 - ii. Data privacy and protection
 - iii. Content blocking
 - iv. Monopoly restriction policies
- b) Your company has been having challenges to improve the marketing of their products. The marketing team has approached you as an E-Business expert to help improve on the company sales. Briefly discuss each of the following Web Marketing strategies and how it would help to improve company sales [4 Marks].
- i. E-mail Marketing
 - ii. Social Media Marketing
 - iii. Search Engine Marketing
 - iv. Electronic BillBoard Marketing
- c) Describe each of the following in relation to E-Marketing [8 Marks]
- i. Improving online visibility
 - ii. Targeting the right customer through appropriate segmentation
 - iii. Search engine Optimisation
 - iv. Banner ads

QUESTION TWO

- a) The diagram below shows the arrival of the new knowledge economy characterized by globalization and product obsolescence commonly referred to as Industry 4.0. [10 Marks]
- What is Industry 4.0? Discuss how Industrial 4.0 will affect our lives in Zambia and the current E-Business services
 - Give at least three services (Possible Jobs) affected by automation in Zambia in the last three years
 - Give at least two Jobs that have come up in the last three years as a results of automation and resulted in Job creation
 - Discuss the universal wage in the context of industry 4.0 and how this can help with diminishing number of job prospects
 - Give the possible workable solutions as an E-business expert for the Zambian government to better prepare for Industry 4.0



- What are some of the Potential barriers to developing an anti-fraud culture? [3 Marks]
- Discuss the major Factors Promoting Online Fraud [2 Marks]
- Briefly discuss each of the following Online Fraud category [5 Marks]
 - Employment/business opportunities
 - Identity Theft
 - Lotteries
 - Phishing/ Spoofing
 - Dating Fraud

QUESTION THREE

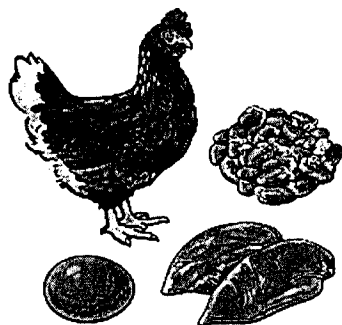
- a) The market for chickens and eggs (Especially Village Chicken) has been on the increase both in Zambia and the SADC region. Both SADC and our government are coming up with policies to help small scale farmers like you to penetrate the local and International market. You have decided to quit your current job and try to tap into this market. You have also made the decision that as an E-Business expert, you will use this knowledge to operate your business. Discuss how you would go about to setup your village chicken E-Business company in Zambia and SADC region based on the E-Business Architecture. Refer to all the three layer of the E-Business Architecture Model in your explanation. [10 Marks]

Getting The Best Out of Your Village Chicken Enterprise: The Basics

September 28, 2016 The Farmer 2



- c) Business Environment is a set of internal and external factors that influence the way that business is performed as well as the way that an organisation is operating. With the help of a diagram, discuss how environment affect E-business (Use the Village Chicken Company in Zambia above as an example in your explanation. (Make reference to Internal Environment and External Environment factors) [10 Marks]



HOME NEWS RELEASES MULTIMEDIA METRICS PORTALS ABOUT

PUBLIC RELEASE: 15-OCT-2018

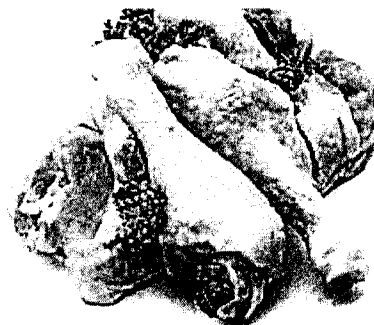
Diversity is key to sustainability for local chicken farming in Africa

UNIVERSITY OF LIVERPOOL

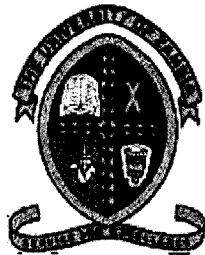
Adopting a more local and flexible approach to sustainable development could be key to boosting the productivity of small-scale chicken farms in Africa, a new study reports.

Research led by the University of Liverpool, in collaboration with UK and African partners, reveals village chicken populations in Ethiopia to be genetically diverse and mainly adapted to their local climate.

PRINT EMAIL



END OF EXAMINATION PAPER



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MASTER OF SCIENCE IN CORPORATE COMMUNICATION**

SEPTEMBER, 2019 EXAM

MCC 5032: BRANDING AND CORPORATE IDENTITY

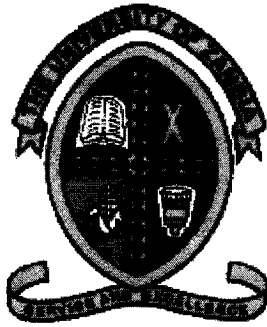
DATE: 20th SEPTEMBER, 2019

TIME: 14:00 – 17:00 HOURS

DURATION: THREE (3) HOURS

ANSWER ALL QUESTIONS (40 MARKS)

1. Discuss the history of the concept of corporate identity in the Zambia context. (5)
2. Firms have become increasingly aware of the importance of developing and managing their corporate identity as a strategic resource. This is because effective corporate identity management creates a positive image and simultaneously helps organisational stakeholders to align their work with the organisation's vision and goal.
 - a) Discuss how corporate identity can be applied to the identity of the Graduate School of Business (5)
 - b) Discuss how management at the Graduate School of Business can best use and position their students to enhance the image on the institution. (5)
3. Discuss how a corporate visual identity can support the reputation of an organisation. (5)
4. Briefly discuss the differences between corporate identity and corporate image. (5)
5. Discuss how the Graduate School of Business can build and manage its corporate identity on social media (5)
6. Different Corporations depending on the planning situation employ different steps in their corporate planning process. Outline and discuss the elements of a typical corporate planning process. (10)
7. Discuss the similarities and differences between product branding and corporate branding. (10)



University of Zambia Examinations

2019 Academic Year

Graduate School of Business

PO Box 32379, Lusaka, Zambia

COURSE: MCC 6011 STRATEGIC COMMUNICATION MANAGEMENT
DURATION: THREE HOURS
INSTRUCTIONS: Answer ALL Questions in SECTION A, but only THREE Questions in SECTION B
Write legibly

SECTION A

ANSWER ALL QUESTIONS IN THIS SECTION

1. Write brief explanatory notes on the following concepts:
 - a. Stakeholder
 - b. Publics
 - c. Afriethics
 - d. Professionalism
 - e. Dialogue
 - f. Relational Communication
 - g. Mutuality
 - h. Propinquity
 - i. Empathy
 - j. Prosumers

[20 Marks]
2. What is a Strategy?

[5 Marks]
3. What is Communication?

[5 Marks]
4. What is Management?

[5 Marks]
5. What is the significance of the concept of 'Unique Selling Proposition' in Strategic Communication Management?

[5 Marks]

SECTION B

ANSWER ONLY THREE QUESTIONS FROM THIS SECTION

6. Scholar **Carl Botan** argues that “traditional approaches to Public Relations 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.”

Discuss the differing effects of the two approaches (traditional vs dialogic) in the practice of corporate communication. *[20 Marks]*

7. Scholar **Alvin Toffler** argues that information in the media has been ‘de-massified’. Critically discuss Toffler’s concept of ‘de-massification’ and how it applies to Strategic Communication in the Post-Modern era. *[20 Marks]*

8. The fundamental purpose of Strategic Communication Management is the creation and development of on-going relationships with key stakeholders. Who are an institution’s (or corporate) stakeholders and how can this relationship be created, developed and maintained in the Digital Era? *[20 Marks]*

9. Scholar **Kenneth Andrews** of Harvard suggests that “Every organisation, department, unit, or individual **MUST** have clearly defined SET of PURPOSES and GOALS which keep them moving in a deliberately chosen path and prevents them from drifting in unwanted direction”

Critically discuss this assertion with regard to an institution you are working for, or are quite familiar with. Is this principle applied in that organisation/institution? If so, how? If not, why not (and how would you remedy the situation)? *[20 Marks]*

10. Outline and discuss how organisations, or corporates, can effectively utilise various forms of media in the Management of their Strategic Communication activities

[20 Marks]



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

MBA Entrepreneurship Sessional Examination

Thursday 17th September 2019

MIE 5022: PRODUCT DESIGN & DEVELOPMENT

Question Paper

Instructions

Time Allowed: Three (3) Hours

Number of questions in the Examination Paper: Eight (8)

Number of questions to be answered: any Five (5)

All questions carry equal marks.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question 1

Product Development is an interdisciplinary undertaking. It requires contributions from nearly all the functions of a company. The three most common and central functions are marketing, design and manufacturing.

- (a) Explain the functions of *marketing*, *design* and *manufacturing* in Product Development.
[09 Marks]
- (b) Products are developed by a project team, consisting of a “core team” and an “extended team”. Explain, with an example, the difference between a “core team” and an “extended team”.
[06 Marks]
- (c) State how each of the following five main product development dimensions is used in the development efforts of a profitable product:
- Product quality,
 - Product cost,
 - Development time,
 - Development cost and
 - Development capability.

[05 Marks]

Question 2

Table Q2 is an exhibit of five products and their associated development efforts.

Table Q2 – Attributes versus products

#	Development attribute	Products				
		Screwdriver	Skate	Printer	Car	Aircraft
1	Annual unit production volume	100,000	100,000	4,000,000	100,000	50
2	Sales lifetime (Years)	40	3	2	6	30
3	Sales price (ZMW)	50	1,500	1,300	200,000	2,600,000,000
4	Number of unique parts	3	35	200	10,000	130,000
5	Development time (Years)	1	2	1.5	3.5	4.5
6	Size of internal development team (people)	3	5	100	800	6,800
7	Size of external development team (people)	3	10	75	800	10,000
8	Development cost (ZMW)	1,500,000	7,500,000	500,000,000	4,000,000,000	30,000,000,000
9	Production investment (ZMW)	1,500,000	10,000,000	250,000,000	5,000,000,000	30,000,000,000

- (a) Briefly explain why products are rarely developed in less than 1 year, but may require 2 to 5, or even 10 years. [05 Marks]
- (b) Using table Q2 explain how you would show that the *cost of developing a product* is roughly proportional to the number of people on the team and to the duration of the project. Would you say that this is true for the sales price and the number of unique parts? [10 Marks]
- (c) Developing great products is not easy. Few companies are highly successful more than half the time. What are some of the characteristics that make developing a product challenging? List at least five. [05 Marks]

Question 3

“Harnessing the ability to cost-effectively and efficiently develop market-driven products and services is crucial for success in not only business today but also in [government where the stakes are high for implementation] ...” Commented Dr. Thomas Cellucci when he presented the then Secretary Larry Small of the Smithsonian, with the world’s first mass-produced nano-tech product shown in figure Q3 in 2006. The nano-enhanced bicycle gives a significant competitive advantage to the cyclist especially when cycling downhill. The nano-enhanced carbon fiber bicycle wheels are a carbon nanotube and graphene engineered composite material that use proprietary technology to create chemical bonds on the carbon nanotubes which result in an increase in toughness, durability, strength and stiffness compared with the traditional bicycle wheels. The cyclist does not have to stop and change the wheels as often as he would in the traditional bicycle.



Figure Q3 – The first complete, nano-enhanced bicycle given to President George W. Bush by Dr. Thomas. Cellucci

The generic Product Development (PD) process is mostly *market-pull*. The other processes, in addition, are *technology-push*, *platform*, *process-intensive*, *customized*, *high-risk*, *quick-build*, and *complex systems*.

With respect to the nano-enhanced bicycle, discuss at least four (4) of the eight (8) PD processes, which would be most applicable in the development, highlighting their characteristics and distinct features.

[20 Marks]

Question 4

Mulungushi Product Consulting is a firm that develops new products for small scale farmers on a project-by-project basis. Assuming that the individuals in the firm represent all of the different functions required to develop a new product, sketch the organization (in some appropriate graphical representation) of Mulungushi Product Consulting.

Discuss whether this organization will most likely be aligned with functions, projects or hybrid.

[20 Marks]

Question 5

- (a) About the latest iPhone, Ewan Spence, a Forbes analyst, commented, "Apple may never release a foldable iPhone that challenges the Samsung Galaxy Fold, but the design may be a profitable nest egg for Tim Cook and his team... This is totally a new opportunity horizon." Define and categorise "Opportunity" vis-a-vis market risk(s)? [08 Marks]
- (b) Explain with an example(s) the *Real-Win-Worth-it* (RWW) method. [06 Marks]
- (c) "The acronym VRIN can be used to define targets by first articulating an inventory of resources and then using the inventory as a lens for opportunity generation." Explain the acronym VRIN. [06 Marks]

Question 6

Concurrent Engineering is said to replace the more traditional sequential design flow, or 'Waterfall Model'. Concurrent Engineering is therefore designed to be "iterative" or "an integrated development method".

- (a) Describe the terms "Waterfall" and "Iterative", stating their advantages and disadvantages. You may use suitable diagrams to illustrate your answer. [12 Marks]
- (b) "The Zambia Environmental Management Authority (ZEMA) said that not all plastic carrier bags have been banned as the ban only affects bags below 30 microns in thickness." Discuss whether or not this statement is consistent with Concurrent Engineering. [08 Marks]

Question 7

- (a) With a specific example, discuss the process of creating a poster advertisement. [8 Marks]
- (b) Figure Q7 shows a 'wrongly' filled chart of Product Development Milestones made by a trainee analyst. You are required to:
- Identify and list the wrong entries, [5 Marks]
 - Redraw (by re-arranging the entries) the corrected chart. [7 Marks]

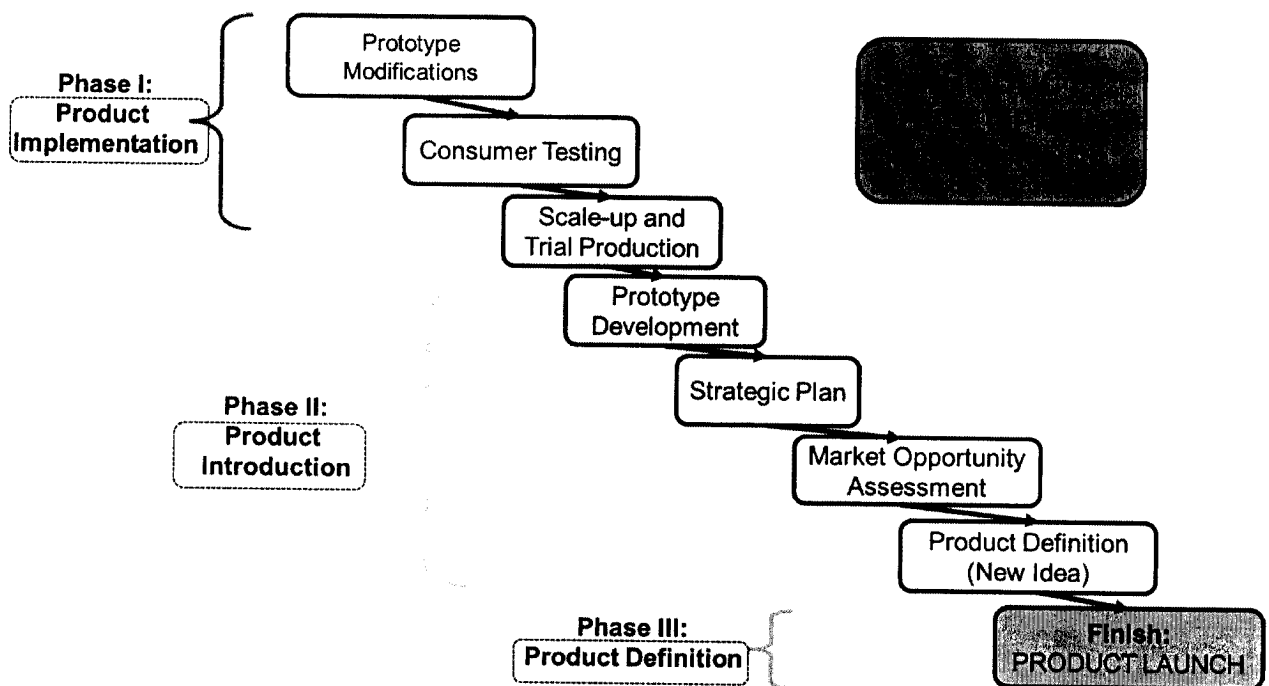


Figure Q7

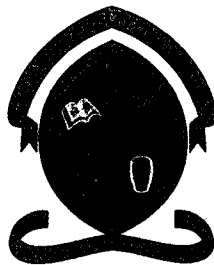
Question 8

Electronics and Telecommunication University of Zambia engineering student Pizo Mundiya has come up with an Artificial Intelligent (AI) Configuration System designed to detect diseases in plants as well remedy the diseases it detects. This is done by using a convolutional neural network that enables his device to take shots of plants and split the captured plant images into multiple segments that the device analyzes and learns.

- (a) Discuss whether this is an act of innovation or creativity. [08 Marks]

- (a) State the differences between innovation and creativity? [04 Marks]
- (b) Discuss the advantages and disadvantages of motivation and reward systems on innovation and creativity? [08 Marks]

End of MIE 5022 Examination
Prepared by: Dr. Terence Malama



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OPS-Postgraduate Sessional Examination

FRIDAY 22nd FEBRUARY 2019

MSC/OSM 5012: STRATEGIC SUPPLY CHAIN MANAGEMENT (SSCM)

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 small specialist wine importer holds stocks of three types of wine, **Chateau A**, **Chateau B** and **Chateau C**. Current stock levels are **10.000 cases of Chateau A**, **6000 cases of Chateau B** and **4000 cases of Chateau C**. Table below shows the number of each held in stock, their cost per item and the demand per year for each.

Stock Cost and Demand for Three (3) items (Chateau A, B, & C)

Item	Average Number in Stock	Cost Per Item in ZMK	Annual Demand
Chateau A	10000	600	40,000
Chateau B	6000	800	30,000
Chateau C	4000	1000	20,000

- (a) Calculate the total value of stock for the small specialist wine importer **[5 Marks]**
- (b) (i) Calculate the **Stock cover** (Period) provided by each item stocked, assuming 50 sales weeks per year and (ii) Calculate the **Stock turn** (Cycle) for each item **[10 Marks]**
- (c) Calculate the (i) Average Stock cover (Period) and (ii) Average Stock turn (Cycle) for the total items in the inventory, the individual item measures can be weighted by their demand levels as a proportion of the of the annual total demand **[10 Marks]**

QUESTION TWO

Jim and Jill are undergraduate students from the University of Zambia's Graduate School of Business (GSB), reading for a BSc in Purchasing, Supply Chain and Logistics Management and are in the Third year of their studies. They are on industrial attachment and you as the Company Buyer (Purchasing Manager) is expected to give them guidance on matters pertaining Purchasing and Supply. After the end of their industrial break, the CEO of your organization thinks that their performance has been splendid and wishes that they come back to the company on permanent basis after the end of their studies in one year's time. He/She therefore, asks for them to be interviewed in your presence. Apparently, they have difficulties understanding Purchasing, Innovation, Supplier involvement and Development and issues to do with purchasing price analysis, for which you are called to render help to these young upcoming professionals and abate the embarrassment that they may suffer when they come before the CEO for this planned interview;

- (a) What will be your advice concerning the Early Buyer Involvement (EBI) and Early Supplier Involvement (ESI) by stating and describing their key features and influencing characteristics, responsibilities and risk development in New Product Development (NPD)? **[10 Marks]**
- (b) How would you define and describe Innovation to Jim and Jill, by also stating and explaining **Five (5)** phases of Product Lifecycle and **Five (5)** types of Innovation available for products and services aimed at creating customer demand within the Market place? **[5 Marks]**
- (c) What would be your definition and explanation of the **Wynstra model** by clearly stating and describing its topological **Six (6)** configurations of purchasing participation in product development, also stating and explaining **Eight (8)** Supplier's choice of pricing strategies clearly indicating befitting scenarios of such options **[10 Marks]**

QUESTION THREE

You the Purchasing specialist together with the Management Accountant have been tasked by the Organisation's 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 "X" & "Y", for which the Cash flow details are as shown below:

		<u>Equipment X</u>	<u>Equipment Y</u>
Investment		500,000	500,000
Cash inflow	Year 1	200,000	200,000
	Year 2	260,000	190,000
	Year 3	180,000	200,000
	Year 4	190,000	160,000
	Year 5	150,000	130,000

- (a) Calculate .(i) Payback Period (ii) Net Present Value (NPV) (iii) 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 FOUR

You as a Buyer for your organization and 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 0.2% and 0.18% respectively of the value of fixed costs. Below listed are the Fixed costs and their related cost centres;

<i>Cost centres</i>	<i>Costs (ZMW)</i>
Workshop	3, 000,000
Administration offices	2, 800,000
Office equipment	2,200,000
Staff wages	3,400,000
Security & Miscellaneous	1,600,000

- (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 3250 with the Price of the Capital Machine component 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]**

QUESTION FIVE

The following questions relate to strategy and how these may influence the purchasing function and the supply chain;

- (a) Briefly explain the **Three (3)** levels of strategy commonly present in supply chain organisations **[5 Marks]**
- (b) Describe how purchasing could support an organization in the pursuit of strategy of product or service differentiation and diversification **[10 Marks]**
- (c) Explain the purpose of Mission and Vision statements in supply chain organisations **[10 Marks]**

QUESTION SIX

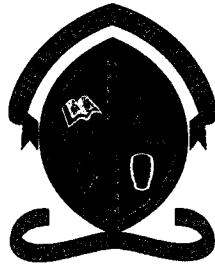
You are Senior Purchasing Manager, in charge of coordinating the Purchasing and Supply Chain of your organization through firm strategic arrangements. A new board has just been constituted and its members are grappling with the theories of **Cox** and **Bensaou** models, as critical guides to Supplier interactions and management, which appear not to be making meaningful sense to many. The other issue is their difficulty in appreciating Bayer Group's **SUPREME** model for supplier management. You have been summoned to the boardroom to go and make a presentation to the board of directors on these perturbing issues:

- (a) How will you describe the **Cox** and **Bensaou** models to the board by highlighting their critical features, attributes and constituent theories of the two models in order to bring enlightenment to board members? **[10 Marks]**
- (b) What would be your explanation to the board members for them to fully understand the **SUPREME** model by stating and describing the **Three (3)** main ingredients of this supplier management tool in terms of features and application? **[10 Marks]**
- (c) If you were to use this opportunity to lobby board members on the improvement of purchasing and supplier relationship management models, which at least **Five (5)** improvement areas would you suggest and encourage board members to consider and why? **[5 Marks]**

END OF THE EXAMINATION

Period	Discount Rate															15% 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	0.8542	0.8212	0.7894	0.7589	0.7297	0.7014	0.6740	0.6475	0.6220	0.5974	0.5737	0.5508	4
5	0.9515	0.9052	0.8626	0.8212	0.7809	0.7417	0.7036	0.6665	0.6302	0.5945	0.5594	0.5248	0.4907	0.4571	0.4240	5
6	0.9421	0.8876	0.8375	0.7890	0.7420	0.6964	0.6521	0.6090	0.5670	0.5260	0.4859	0.4467	0.4084	0.3710	0.3345	6
7	0.9327	0.8706	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	0.8553	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	0.6401	0.7317	0.6736	0.6193	0.5682	0.5203	0.4759	0.4347	0.3955	0.3582	0.3229	0.2946	0.2694	0.2472	10
11	0.8963	0.6004	0.7222	0.6580	0.5987	0.5486	0.5017	0.4574	0.4154	0.3759	0.3382	0.3027	0.2707	0.2416	0.2149	11
12	0.8874	0.5885	0.7104	0.6415	0.5853	0.5362	0.4903	0.4467	0.4051	0.3659	0.3282	0.2935	0.2597	0.2286	0.1999	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	0.4561	0.3936	0.3387	0.2919	0.2516	0.2176	0.1883	0.1631	0.1415	0.1229	0.1069	16
17	0.8444	0.7142	0.6050	0.5134	0.4336	0.3712	0.3166	0.2703	0.2304	0.1978	0.1695	0.1456	0.1252	0.1078	0.0929	17
18	0.8360	0.7002	0.5874	0.4936	0.4105	0.3505	0.2959	0.2492	0.2094	0.1779	0.1502	0.1272	0.1088	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	0.5209	0.4220	0.3418	0.2778	0.2257	0.1839	0.1502	0.1228	0.1004	0.0820	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	0.0738	0.0604	0.0493	0.0402	23
24	0.7876	0.6217	0.4919	0.3901	0.3101	0.2470	0.1971	0.1574	0.1264	0.1015	0.0817	0.0669	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	0.5742	0.4371	0.3335	0.2550	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%
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	0.5263
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	0.2770
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	0.1458
4	0.5623	0.5387	0.5158	0.4937	0.4723	0.4096	0.3601	0.3111	0.2663	0.2262	0.1915	0.1526	0.1197	0.0853
5	0.4760	0.4536	0.4317	0.4100	0.3887	0.3277	0.2693	0.2230	0.1869	0.1560	0.1317	0.0954	0.0704	0.0404
6	0.4104	0.3898	0.3704	0.3521	0.3349	0.2662	0.2072	0.1663	0.1328	0.1046	0.0878	0.0596	0.0444	0.0243
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	0.0112
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	0.0059
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	0.0031
10	0.2267	0.2080	0.1910	0.1756	0.1613	0.1014	0.0723	0.0534	0.0346	0.0243	0.0178	0.0097	0.0050	0.0016
11	0.1964	0.1776	0.1613	0.1476	0.1346	0.0859	0.0638	0.0447	0.0247	0.0168	0.0116	0.0057	0.0029	0.0009
12	0.1686	0.1520	0.1372	0.1240	0.1122	0.0638	0.0429	0.0223	0.0116	0.0077	0.0036	0.0017	0.0009	0.0005
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
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
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
16	0.0920	0.0814	0.0708	0.0618	0.0541	0.0323	0.0180	0.0082	0.0046	0.0026	0.0015	0.0005	0.0002	0.0001
17	0.0802	0.0693	0.0590	0.0520	0.0455	0.0276	0.0166	0.0068	0.0033	0.0018	0.0010	0.0003	0.0001	0.0000
18	0.0691	0.0592	0.0508	0.0437	0.0376	0.0230	0.0136	0.0045	0.0023	0.0012	0.0007	0.0002	0.0001	0.0000
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
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
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
22	0.0382	0.0318	0.0262	0.0218	0.0181	0.0074	0.0033	0.0014	0.0006	0.0003	0.0001	0.0000	0.0000	0.0000
23	0.0326	0.0270	0.0222	0.0183	0.0151	0.0063	0.0025	0.0010	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000
24	0.0273	0.0223	0.0188	0.0154	0.0126	0.0051	0.0021	0.0007	0.0003	0.0001	0.0000	0.0000	0.0000	0.0000
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
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
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
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
29	0.0138	0.0106	0.0082	0.0064	0.0051	0.0015	0.0005	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
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



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OPS-Postgraduate Sessional Examination

THURSDAY 21st February 2019

MSC/MBA-OSM 5022: GLOBAL OPERATIONS MANAGEMENT (GOM)

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

Inventory Management is an important area of Global Operations Management. When anecdotal data is not available Probability Models are used to determine the Re-order point (ROP); In a scenario of Stochastic demand and Constant Lead time, The Safety Stock Quantities could be determined. If the Re-order point (ROP) is 500 Units, the Stockout costs ZMW 400 per unit product, approximate number of orders (N) per year being 6 and the Carrying/Holding costs ZMW 50 per unit.

- (a) With the data given in the table below, determine the economical safety stock (SS) that could be used to mitigate product stockouts risk **[10 Marks]**

Number of Product Units	Probability
300	0.2
400	0.2
ROP → 500	0.3
600	0.2
700	0.1

- (b) In another scenario you as Operations Manager in your firm is required to apply probability models to determine Re-order point (ROP) and Safety Stock (SS) when the cost of Stockouts cannot be determined. Where μ = Average Demand during lead time is 3500, σ_{dlt} = Standard Deviation of demand during lead time is 100 Units. If the Stockout policy is 5%: Calculate the ROP and SS **[10 Marks]**
- (c) In another case, the Demand per day is variable and Lead Time (in days) is constant. If the daily average demand is 150 Units, the lead time is 2 days and standard deviation of daily demand is 50 Units. If the Service level is 90%, Determine the ROP and SS **[5 Marks]**

QUESTION TWO

IFAA and IFLA are models used to analyse Global operations pre-requisites in terms of Facility Acquisition and Location;

- (a) What do the acronyms 'IFAA' and 'IFLA' stand for and what are the salient differences between these **Two (2)** models **[10 Marks]**
- (b) Why is it necessary to combine IFAA and IFLA into one analysis when considering operations at a global level **[10 Marks]**
- (c) Discuss elaborately on the **Two (2)** valuation models/techniques used to ascertain how much an acquiring firm must pay for the facilities it plans to acquire and its viability? State some of the valuation model examples under these **Two (2)** **[5 Marks]**

QUESTION THREE

A Farmer has been using Fertilizer Compounds as a soil conditioner on his piece of land for a good yield. After **Seven (7)** years, the Farmer has gathered the following historical data shown in the table below pertaining to demand of fertilizer each year;

FARMER YEARLY FERTILIZER DEMAND

YEAR	FERTILIZER DEMAND (Tons)	YEAR	FERTILIZER DEMAND (Tons)
1	370	5	525
2	395	6	710
3	400	7	610
4	450	8	?

- (a) (i) Through the Least Squares Method (LSM), develop a Linear equation that the Farmer would employ in the Fertilizer Forecasting problem **[5 Marks]**
(ii) With the Linear equation developed in (i), Calculate the Farmer's Fertilizer demand in **Year Eight (8)** **[5 Marks]**

- (b) A Business entity has gone global with its Operations. The entity realizes that there is Seasonal Demand Variations (SDV) on its competitive Product for each year. The Company seeks assistance from you as an Operations Forecasting Manager on how best to deal with the SDV with the following historical performance data;

THREE YEAR PRODUCT DEMAND			
Month	Year 1	Year 2	Year 3
January	400	425	525
February	350	425	425
March	450	465	410
April	900	475	575
May	665	625	655
June	555	575	800
July	500	610	565
August	440	510	550
September	425	450	475
October	385	390	425
November	375	510	415
December	410	310	400

- (a) (i) Calculate the Seasonal Index for each month **[5 Marks]**
(ii) With the Monthly Seasonal Indexes (MSI) calculated in (i), Determine the Seasonal Forecast for **Year Four (4)** and plot the graph of Demand-Forecast Seasonal Trends for the **Four (4)** years **[5 Marks]**

- (c) (i) State **Three (3)** Pertinent Least of Squares Method (LSM) requirements

- (ii) List and briefly explain **Five (5)** steps in the process of Monthly Sessional Variations (MSV) Forecasting **[5 Marks]**

QUESTION FOUR

Quality is one of the most important performance objectives for most Global Operations Organizations. Elucidate the following;

- (d) 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]**
- (e) 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]**
- (f) State, define and briefly describe, **Two (2)** quality evaluation wheel models (Improvement cycles) or Quality cycles and the ISO 9000 quality approach for Global operations. **[5 Marks]**

QUESTION FIVE

In International operations context analysis of Facilities' location is cardinal and the **Three (3)** techniques are employed namely; Location factor rating, Centre of gravity and the Load distance;

- (a) Describe the above listed **Three (3)** analysis techniques and also state their salient features and differences through illustrations and examples? **[7 Marks]**
- (b) There are **Two (2)** potential sites and **Four (4)** eligible suppliers to be considered with their distances (X,Y) and weights (Wt) as shown in the table below;

Potential sites			Suppliers				
Sites	X	Y	Supplier	A	B	C	D
1	380	200	X	220	120	270	520
2	440	470	Y	220	520	620	320
3	270	420	Wt	75	105	135	60

- (i) Compute distance from each site to each supplier **[10 Marks]**
- (ii) Compute the load distance and determine the suitable site out of the three potential sites stating reasons for such an option **[8 Marks]**

QUESTION SIX

After Operations Facilities have been located and acquired, it is cardinal that Operation systems and processes are designed for implementation;

- (a) Mention and briefly describe **Seven (7)** decision areas which the Operations Manager needs to take into consideration when designing the Operations Processes and Systems **[5 Marks]**
- (b) State and briefly elucidate **Three (3)** Parameters that guide the Classifying of Operating Systems and Processes, by also explaining the salient factors that fall under these **Three (3)** Classifier guiders **[10 Marks]**
- (c) State and explain **Five (5)** Classifications of Operating Systems that are mainly employed in the transformations of inputs into outputs (Raw Materials to Products). Explain key issues that dictate the differences in these **Five (5)** Classifications of Operating Systems. State the pros and Cons of these Operating Systems **[10 Marks]**

END OF THE EXAMINATION

Standard Normal Probabilities

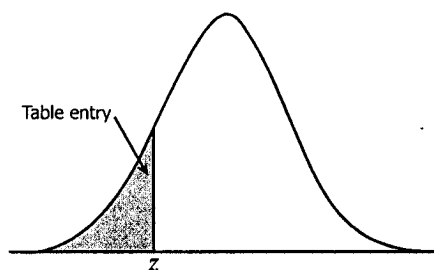


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z	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09
-3.4	.0003	.0003	.0003	.0003	.0003	.0003	.0003	.0003	.0003	.0002
-3.3	.0005	.0005	.0005	.0004	.0004	.0004	.0004	.0004	.0004	.0003
-3.2	.0007	.0007	.0006	.0006	.0006	.0006	.0006	.0005	.0005	.0005
-3.1	.0010	.0009	.0009	.0009	.0008	.0008	.0008	.0008	.0007	.0007
-3.0	.0013	.0013	.0013	.0012	.0012	.0011	.0011	.0011	.0010	.0010
-2.9	.0019	.0018	.0018	.0017	.0016	.0016	.0015	.0015	.0014	.0014
-2.8	.0026	.0025	.0024	.0023	.0023	.0022	.0021	.0021	.0020	.0019
-2.7	.0035	.0034	.0033	.0032	.0031	.0030	.0029	.0028	.0027	.0026
-2.6	.0047	.0045	.0044	.0043	.0041	.0040	.0039	.0038	.0037	.0036
-2.5	.0062	.0060	.0059	.0057	.0055	.0054	.0052	.0051	.0049	.0048
-2.4	.0082	.0080	.0078	.0075	.0073	.0071	.0069	.0068	.0066	.0064
-2.3	.0107	.0104	.0102	.0099	.0096	.0094	.0091	.0089	.0087	.0084
-2.2	.0139	.0136	.0132	.0129	.0125	.0122	.0119	.0116	.0113	.0110
-2.1	.0179	.0174	.0170	.0166	.0162	.0158	.0154	.0150	.0146	.0143
-2.0	.0228	.0222	.0217	.0212	.0207	.0202	.0197	.0192	.0188	.0183
-1.9	.0287	.0281	.0274	.0268	.0262	.0256	.0250	.0244	.0239	.0233
-1.8	.0359	.0351	.0344	.0336	.0329	.0322	.0314	.0307	.0301	.0294
-1.7	.0446	.0436	.0427	.0418	.0409	.0401	.0392	.0384	.0375	.0367
-1.6	.0548	.0537	.0526	.0516	.0505	.0495	.0485	.0475	.0465	.0455
-1.5	.0668	.0655	.0643	.0630	.0618	.0606	.0594	.0582	.0571	.0559
-1.4	.0808	.0793	.0778	.0764	.0749	.0735	.0721	.0708	.0694	.0681
-1.3	.0968	.0951	.0934	.0918	.0901	.0885	.0869	.0853	.0838	.0823
-1.2	.1151	.1131	.1112	.1093	.1075	.1056	.1038	.1020	.1003	.0985
-1.1	.1357	.1335	.1314	.1292	.1271	.1251	.1230	.1210	.1190	.1170
-1.0	.1587	.1562	.1539	.1515	.1492	.1469	.1446	.1423	.1401	.1379
-0.9	.1841	.1814	.1788	.1762	.1736	.1711	.1685	.1660	.1635	.1611
-0.8	.2119	.2090	.2061	.2033	.2005	.1977	.1949	.1922	.1894	.1867
-0.7	.2420	.2389	.2358	.2327	.2296	.2266	.2236	.2206	.2177	.2148
-0.6	.2743	.2709	.2676	.2643	.2611	.2578	.2546	.2514	.2483	.2451
-0.5	.3085	.3050	.3015	.2981	.2946	.2912	.2877	.2843	.2810	.2776
-0.4	.3446	.3409	.3372	.3336	.3300	.3264	.3228	.3192	.3156	.3121
-0.3	.3821	.3783	.3745	.3707	.3669	.3632	.3594	.3557	.3520	.3483
-0.2	.4207	.4168	.4129	.4090	.4052	.4013	.3974	.3936	.3897	.3859
-0.1	.4602	.4562	.4522	.4483	.4443	.4404	.4364	.4325	.4286	.4247
-0.0	.5000	.4960	.4920	.4880	.4840	.4801	.4761	.4721	.4681	.4641

Standard Normal Probabilities

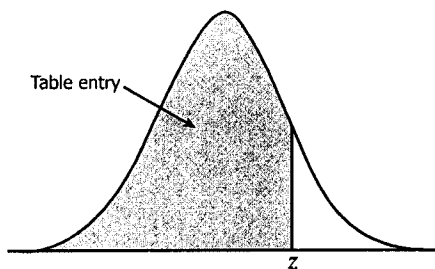


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THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OPS-Postgraduate Sessional Examination

Monday 16th September 2019

MSC/MBA-OSM 5022: GLOBAL OPERATIONS MANAGEMENT (GOM)

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

You as a Global Operations Manager has been tasked by Senior Management of your company to strategically analyse **Two (2)** types of Demand Forecasting in order to arrive at the most optimal forecast that satisfies the international with minimal deviation. From historical actual demand on the product, the firm has come up with **Two (2) Forecasts A & B** as shown in the table below;

DEMAND FORECASTING

FORECASTING A			FORECASTING B		
Quarter	Actual Demand	Forecast Demand	Quarter	Actual Demand	Forecast Demand
1	900	1000	1	900	950
2	950	1000	2	950	1000
3	1150	1000	3	1150	1200
4	1000	1100	4	1000	1100
5	1250	1100	5	1250	1000
6	1400	1100	6	1400	1100

- (a) (i) Calculate the Mean Absolute Deviation (MAD) at the end of Quarter 6 for Forecasts A & B **[5 Marks]**
(ii) Deduce the Tracking Signals (TS) for Forecasts A & B and determine the best Tracking signal obtained from the two Forecasts **[5 Marks]**
(ii) What is **tracking signal** and what statistical measure is used to determine it, including its significance in Forecasting? **[5 Marks]**
- (b) Multiple Linear Regression analysis for Forecasting for demand by Business entities and the equation $y = a + b_1x_1 + b_2x_2$ is used. This model is normally used to accommodate various variables. A company has been using this ~~variable~~ ^{Model} for forecasting of sales (y). Historical data indicates a constant (a) value of 180, index on the value of sales is denoted b_1 and x_1 is the value of sale in Zambian Kwacha expressed as 0.3 and ZMK600 Million respectively. While an index for interest rate paid on sales transactions is stated as b_2 and x_2 representing interest rate with values 500 and 0.12 accordingly. Using the Multiple Regression Model elucidate the forecast value of Sales in Million Zambian Kwacha, considering the amount of interest as cost on sales or an expenditure which reduces the incomes on sales gained. **[10 Marks]**

QUESTION TWO

Global Operations Managers are not Gamblers, but they decision makers. To achieve the goals of their organisations, Managers must understand how decisions are made and know which decision tool to use;

- (a) Identify and briefly explain the **Six (6)** steps that will be followed or considered in order to arrive at a good decision in Operations Management **[5 Marks]**
- (b) There are **Two (2)** fundamental decision-making areas in Operations Management decision paradigms. Elucidate the **Two (2)** in terms of the types

and the symbols used by giving examples of decision tree, decision table techniques and the Phillip's Poker decision process [10 Marks]

- (c) State the **Three (3)** decision – making environments and briefly explain how these environments present themselves and methods employed considering the maxims of **Maximax, Maximin and Equally likely, Expected Monetary Value – EMV and Expected Value of Perfect Information – EVPI** [10 Marks]

QUESTION THREE

Inventory Management is an important area of Global Operations Management. When anecdotal data is not available Probability Models are used to determine the Re-order point (ROP); In a scenario of Stochastic demand and Constant Lead time, The Safety Stock Quantities could be determined. If the Re-order point (ROP) is 6000 Units, the Stockout costs ZMW 600 per unit product, approximate number of orders (N) per year is 6 and the Carrying/Holding cost is ZMW 60.

- (a) With the data given in the table below, determine the economical safety stock (SS) that could be used to mitigate product stockouts risk [10 Marks]

Number of Product Units	Probability
4000	0.2
5000	0.2
ROP → 6000	0.3
7000	0.2
8000	0.1

- (b) In another scenario you as Operations Manager in your firm required to apply probability models to determine Re-order point (ROP) and Safety Stocks (SS) when the cost of Stockouts cannot be determined. Where μ = Average Demand during lead time is 3600, σ_{dlt} = Standard Deviation of demand during lead time is 100 Units. If the Stockout policy is 5%: Calculate the ROP and SS [10 Marks]
- (c) In another scenario where Demand per day is variable and Lead Time (in days) is constant. If the daily average demand is 1600 Units, lead time is 2 days and standard deviation of daily is 600 Units. If the Service level is 93%: Determine the ROP and SS [5 Marks]

QUESTION FOUR

Quality is one of the most important performance objectives for most Global Operations 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)
- (d) State, define and briefly describe, **Two (2)** quality evaluation wheel models (Improvement cycles) or Quality cycles and the ISO 9000 quality approach for Global operations. **[5 Marks]**

QUESTION FIVE

In International operations context analysis of Facilities' location is cardinal and the **Three (3)** techniques are employed namely; Location factor rating, Centre of gravity and the Load distance;

- (a) Describe the above listed **Three (3)** analysis techniques and also state their salient features and differences through illustrations and examples? **[7 Marks]**
- (b) There are **Three (3)** potential sites and **Four (4)** eligible suppliers to be considered with their distances (X,Y) and weights (Wt) as shown in the table below;

Potential sites			Suppliers				
Sites	X	Y	Supplier	A	B	C	D
1	580	400	X	420	320	470	720
2	640	670	Y	420	720	820	520
3	470	620	Wt	75	105	135	60

- (i) Compute distance from each site to each supplier **[10 Marks]**
- (ii) Compute the load distance and determine the suitable site out of the three potential sites stating reasons for such an option **[8 Marks]**

QUESTION SIX

After Operations Facilities have been located and acquired, it is cardinal that Operation systems and processes are designed for implementation;

- (a) Mention and briefly describe **Seven (7)** decision areas which the Operations Manager needs to take into consideration when designing the Operations Processes and Systems **[5 Marks]**

- (b) State and briefly elucidate **Three (3)** Parameters that guide the Classifying of Operating Systems and Processes, by also explaining the salient factors that fall under these **Three (3)** Classifier guiders **[10 Marks]**
- (c) State and explain **Five (5)** Classifications of Operating Systems that are mainly employed in the transformations of inputs into outputs (Raw Materials to Products). Explain key issues that dictate the differences in these **Five (5)** Classifications of Operating Systems. State the pros and Cons of these Operating Systems **[10 Marks]**

END OF THE EXAMINATION

Standard Normal Probabilities

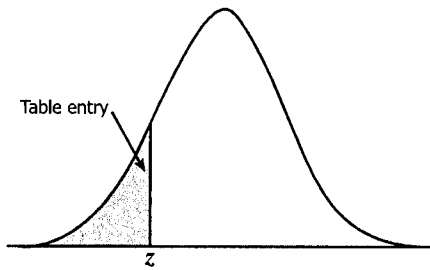


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-0.4	.3446	.3409	.3372	.3336	.3300	.3264	.3228	.3192	.3156	.3121
-0.3	.3821	.3783	.3745	.3707	.3669	.3632	.3594	.3557	.3520	.3483
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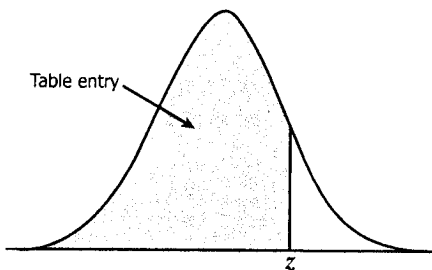


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UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OSM 5032: COMMERCIAL MANAGEMENT OF PROJECTS

MAY 2019 COHORT EVENING AND BLENDED

Final Examination

Date: 30th June, 2020

Time: 09:00hrs

Instructions to candidates:

- a) Do not turn this page before you are told
- b) Time Allowed: **3 HOURS**
- c) There are a total of **Six (6)** questions in this paper
- d) Answer question **One (1)** from section A and any of the **Three (03)** questions from Section B
- e) Mobile phones are not allowed for use during period of the examination

Section A

Question 1- Compulsory

Docatel Systems is responsible for the design and Build of a new integrated enterprise resource planning system for a client, LIV Products Ltd. The cost of the system was estimated to be K2.1 million and to take 6 months to complete. However, there have been a number of difficulties associated with the contracts management of the project. The scope of the system has had to change, following a major reorganization of LIV Products and outsourcing of its manufacturing division to a firm in South Africa. As a consequence, costs have escalated and, after an extended contract programme of an additional six months, the system is still not operational.

The managing director of LIV Products has lost all confidence with Docatel and has now decided to cancel the contract after having paid interim invoices to the value of K600, 000. Docatel System is now threatening to sue LIV Products for the value of work done, which amounts to K2.1 million.

Docatel System is concerned about taking this dispute through the courts of law and looking to resolve this matter amicably.

It is expected that Liv Product's projected cash flows are as shown in the table below:

Year	Cash inflow K 000	Cash flow Outflow K 000
0	-	5,500
1	3,000	1,456
2	4,000	1,200
3	5,234	1,654
4	4,320	2,876
5	3,264	3,200

(Note that, by convention, the initial investment in a project is treated as arising at the end of year 0', that is, now)

- Find the net present value and advise on whether the project should be undertaken. The initial capital investment is given as K5.5 Million and the discount rate is 7% (15 marks)
- Using the same figures and discount rate in (a) above, assume that the initial costs are increased by 20% and that the cash inflows are reduced

each year by 20%. How would you assess the investment using Net Present Value investment appraisal technique? (10 marks)

- c) Payback method is one of the methods used to appraise a project. Give an example of the type of investment/project which can typically be appraised using this method and advise why it would be preferred (5 Marks)
- d) Suggest at least three alternative dispute resolutions that the parties in the above case study can use in order to resolve their dispute amicably by highlighting the characteristics of each and how they differ. (10 Marks)

Section B

Question 2

List and explain the importance of each of the **three** main attributes of a typical project (20 marks)

Question 3

What is the main goal of Contract Management procurement? (4 Marks)

In a typical Construction contract, highlight and explain briefly the pertinent elements that would constitute Contract Closure. (16 Marks)

Question 4

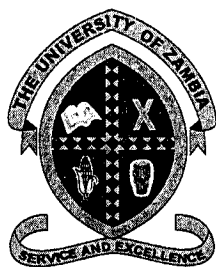
- a) Define political risks in projects (2 marks)
- b) List and explain the types of political risks in financing projects (8 marks)
- c) From the three risks below that a project can face explain what they are and identify the methods of hedging against the them (10 marks)
 - i) Supply Risks
 - ii) Demand risks
 - iii) Foreign Exchange Rate Risks

Question 5

List and explain at least the **three** distinctions between a request for a quote (RFQ) and a request for proposal (RFP) (20 marks)

Question 6

More insight in the financial performance and financial position of projects or organisations can be gained by analysing the various financial statements by means of financial ratios. Give the five major categories of financial ratios and explain the importance of interpreting of these ratios (20 Marks)



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

All Under Graduate Programmes

Wednesday 12th June 2019

SEM1011: BUSINESS COMMUNICATION

Instructions Format

Time Allowed: **3 hours**

There are Three sections in this paper.

Sections A and B are Compulsory. Choose two questions from section C

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A ANSWER ALL QUESTIONS

You have been asked to give a lecture on academic essay writing. Prepare a presentation for your audience
(20 marks)

SECTION B ANSWER ALL QUESTIONS

(30 marks)

1. Which of the following is NOT an external business written communication?
 - a. Complaint letter
 - b. Curriculum Vitae
 - c. Memo
 - d. Enquiries letter
2. Communication can be defined as....
 - a. The process of transforming information and meaning between senders and receivers in organisations.
 - b. Transfer of information from point A to point B.
 - c. The process of transforming information and meaning between senders and receivers using at least one medium.
 - d. None of the above
3. . . The following are types of communication except?
 - a. Written
 - b. Oral
 - c. Non verbal
 - d. All of the above
 - e. None of the above
4. Which of the following is not a barrier to communication?
 - a. Networks
 - b. Information overload
 - c. Noise
 - d. Lack of interest
 - e. None of the above
5. Which sequence best describes the effective communication process?
 - a. Message, Sender, Receiver, Medium, feedback.
 - b. Message, Receiver, Sender, Medium, feedback.
 - c. Decoder, Message, Medium, Receiver, feedback.
 - d. Encoder, Message, Medium, Receiver, feedback.
 - e. None of the above.
6. The purpose of objectives in your presentations is to
 - a. Guide your presentation
 - b. Help you decide the content of your presentation
 - c. Both A and B
 - d. None of the above

7. . What is the importance of rehearsal before your final presentation?
- Know your visual aids
 - Evaluate your delivery
 - Time your self
 - All the above
 - None of the above
8. . Mention two examples of barriers to effective communication in each of the following ..
(8marks)
- physical
 - Emotional
 - Cultural
 - perceptual
9. . Mention four (4) things to consider when selection a medium of communication (4marks)
10. . Mention any four (4) advantages of written communication (4marks)
11. Note taking is import for retrieval of information and aiding the learning process. Outline five (5) principles of note taking. (4marks)
12. Clearly, explain the seven (7) Cs for effective communication (14 marks)
13. Illustrate the communication process (5 marks)

SECTION B (CHOOSE FOUR QUESTIONS)

Question One

As the sales manager of ACM Electronic Equipment (12A, great east Road, Lusaka Zambia. You have recently received a number of complaints from your customers about the way they have been treated. Some of them have not been served for more than half an hour. Most of the complaints took place during lunch hour which is ACME's peak time for business. This has been brought to the attention of your boss, Mr Peter Lungu the general manager's a

Required:

You are told to write a memo to all the sales staff instructing them how they should deal with visitors and customers who visit the company. They should take shifts for lunch and maintain at least a certain number of staff at all times. They should also come to work on time and any tardiness will be subject to disciplinary action. They also need to clean up their own area of work before they leave work for the day. You are also required to prepare a notice for your customers

(25 marks)

Question Two

You are the office manager for Smart System, Inc, a start-up IT firm in Lusaka (22/F, Linkage Building, 188 president Street, Lusaka). Recently you bought 10 modems from Precision Supplies, a computer hardware supplier in Kitwe (12/F, Parkland Building, 276 Harcourt Road, Kitwe). Two weeks after installing the modems to the computer systems in your office, you discovered that two of the modems could not function properly. Since you have already paid the full amount for the modems, you are entitled to enjoy the two-year warranty that comes with the product including free replacement for any products bought within one month.

You called their customer service department to ask for a replacement last Wednesday and was told that the replacement would be delivered to your office the following Monday. It is now already Wednesday and you still have not heard anything from them. You really need the two modems immediately for your company is working on a major project with an approaching deadline. This is the first time you have ordered from Precision Supplies and may be the last.

Required:

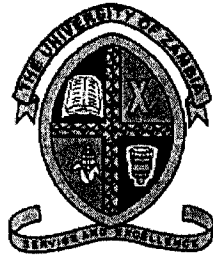
- a. Write a letter of complaint to demand for an immediate replacement or a full refund. (15 marks)
- b. Write a memo to your managing director explaining what has transpired (10 marks)

Total 25marks

Question Three

The marketing department in your organisation has not met its target in the last three months Write a report on the recent happenings in your organisation (25 marks)

The End



THE UNIVERSITY OF ZAMBIA

Graduate School of Business

SEM1021 – Introduction to Information Management & Technology

2019 FINAL EXAM

Date : Monday 10th June 2019
Venue : DRGS
Time : 09:00 – 12:00 hrs
Duration : 3 hours

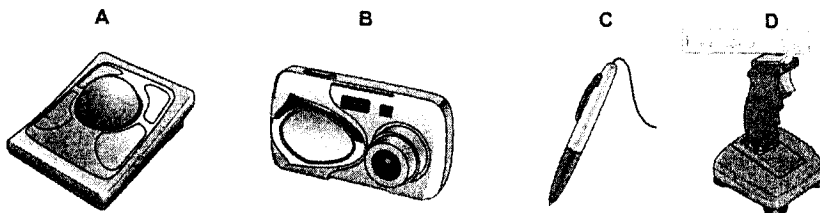
Instructions

1. This exam has **two** (2) sections.
2. Answer **all** questions in **section A** and **Any** three (3) questions from **section B**.
3. Write your answers on the answer sheet provided.

section A (Answer all questions in this section)

QUESTION 1 [20 marks]

- a) Name the input devices A, B, C and D using the words from the list. [4 mark]



- b) Draw a table showing the order and value of the following metrics: peta, mega, tera, giga. [5 marks]
- c) A bit in computing can be physically represented by an area of metal particles on the surface of a disk that are either magnetically charged or not. Give 2 other ways a bit can be physically represented. [4 marks]
- d) Give 2 advantages of going digital as well as 2 disadvantages. [4 marks]
- e) Give 6 components you would look for when shopping for a computer. [3 marks]

QUESTION 2 [20 marks]

- a) Give 4 reasons why software has become more expensive than hardware. [4 marks]
- b) Describe the 2 main types of software. [4 marks]
- c) Explain the difference between POPs and ISPs and describe 3 ways that you can access the internet [8 marks]
- d) Explain the difference between the Internet and the World Wide Web [2 marks]
- e) Give 4 examples of popular social networking sites. [2 marks]

section B (Answer any three (3) questions from this section)

QUESTION 1 [20 marks]

- a) Mobile telephones are used for accessing the internet. Give two advantages and two disadvantages of using a mobile telephone rather than using a PC to access the internet.
[4 marks]
- b) A desktop computer is already used in an office which does not have an internet connection.
- Name two items of hardware which could enable the computer to be connected to a network. **[4 marks]**
 - Name one item of hardware which would enable the network to be connected to the internet. **[1 mark]**
- c) A school keeps records of every student including details of their names, addresses, phone numbers and dates of birth. Using this information, define the terms file, field and record.
[3 marks]
- d) Multi-national companies often use video conferencing rather than face to face meetings.
- Give three advantages of video conferencing. **[3 marks]**
 - Give three disadvantages of video conferencing. **[3 marks]**
- e) Give two reasons why a WLAN would be preferable to a cabled LAN. **[2 marks]**

QUESTION 2 [20 marks]

- a) Students collect information from a variety of sources when working on assignments.

Discuss the legal issues that they should consider when using the information.

[2 marks]

- b) Many students at the University of Zambia have mobile devices such as smartphones or tablet computers. Some staff believe that using these devices enhances learning, others disagree.

Discuss the **advantages** and **disadvantages** of allowing students to use mobile devices in the university **[6 marks]**

- c) Teachers at the college communicate with staff at other colleges to discuss subject issues. They currently hold group discussions using email. Identify **two** other methods that could be used to hold group discussions.

For each method, give a brief description of how the discussions would be conducted. **[6 marks]**

- d) Draw a table showing 3 examples of audio file formats including their descriptions **[6 marks]**

QUESTION 3 [20 marks]

Below is part of a spreadsheet of candidates' examination grades. A teacher needs to create formulae to analyse these grades. There are 64 grades in the full list, in cells B6 to B69.

	A	B	C	D	E	F	G
1	Results for Centre XX123						
2							
3	Qualification: IGCSE						
4							
5	Cand. No	ICT		Totals			
6	3001	E		A*			% A* - C
7	3002	C		A			% A* - G
8	3008	C		B			
9	3012	D		C			
10	3015	C		D			
11	3017	C		E			
12	3021	A		F			
13	3024	E		G			
14	3025	C		U			
15	3026	E		X			
16	3027	C					
17	3028	D					

- a) Write the most efficient formula that could be entered in cell E6 to display the number of A* grades for ICT in the full list. The formula must be easy to replicate for the other grades.

[4 marks]

- b) The teacher wants to copy the formula down to E15 without having to re-type any of the cells. Describe how he could achieve this. [2 marks]

- c) The teacher needs to calculate the percentage of students gaining A* to C grades.

Write the most efficient formula to achieve this. [4 marks]

- d) The teacher wishes to create an appropriate chart or graph to be placed on a separate sheet. It will show the grades and the corresponding total number of students gaining those grades. Describe how the teacher could achieve this. [5 marks]

- e) Computer operating systems have developed since early computers used Command Line Interfaces (CLI). Many computers now use Graphical User Interfaces (GUI), some of which are capable of using touch screen technology.

Compare and contrast CLI and GUI [5 marks]

QUESTION 4 [20 marks]

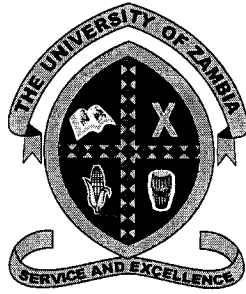
- a) Today computers are considered to be useful tools in getting work done. List four sectors of the society in which computers are now used. **[4 marks]**
- b) To defend your computer, there are various software that protects against various threats. For each of the threats listed below, state the general name given to the types of software that defend against these threats. **[2 marks]**
 - i. Viruses
 - ii. Malware
- c) The manager of a company wants to improve the security of the computer network. She has decided to use authentication techniques so that employees can identify themselves to the system. Name three authentication techniques and describe how each technique would help keep the data more secure. **[6 marks]**
- d) The prolonged use of computers can lead to health and safety problems. **[2 marks]**
- e) List two safety problems that may be caused by the use of computers. **[2 marks]**
- f) A number of people use methods to defraud online bank customers. Name and describe two of these methods. **[4 marks]**

QUESTION 5 [20 marks]

A hospital uses computers to monitor the health of patients.

- a) Give advantages of using computers rather than nurses to do this **[4 marks]**
- b) Write advantages and disadvantages of using robots over humans **[4 marks]**
- c) Why should we back up data? **[2 marks]**
- d) Describe the differences between RAM and ROM **[4 marks]**
- e) Describe disadvantages of the desktop computers when compared to laptops **[2 marks]**
- f) What input and output devices will be used in a video conferencing system? **[4 marks]**

- END -



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
SEM1031: FINANCIAL ACCOUNTING

Quiz One

27th March 2019

INSTRUCTIONS

1. There are Twelve (12) questions in this quiz, Answer all by circling the correct answer
2. Each Question Carries a Total of Two (2) Marks
3. Ensure You Fill in All Your Personal Details Correctly on the Face of the Question Paper
4. Time Allowed is 30 Minutes

Student Names:.....

Student ID:.....

1. Payment of insurance through the bank involves entries in two accounts
 - A. Insurance Account
 - B. Petty Cash Account
 - C. Bank Account
 - D. Rent Account
2. Double entry accounting reflects:
 - A. The duality concept
 - B. The prudence concept
 - C. The matching concept
 - D. The accruals concept
3. The correct double entry to record closing inventory in the accounts of a sole trader is:
 - A. Debit inventory account, credit statement of comprehensive income
 - B. Debit inventory account, credit sales account
 - C. Debit inventory account, credit purchases account
 - D. Credit inventory account, debit statement of comprehensive income

4. If a trial balance, extracted from the double entry system of a sole trader, shows that total debits equals total credits then:
- No errors will have been made in posting the transactions of the business.
 - The books are correct.
 - An equal debit for every credit will have been posted and the accounts correctly added.
 - The business is profitable.
5. M Banda bought several lots of inventory throughout a period for the following amounts 1,100, 2,200, 3,300, 4,400. He made sales on credit throughout this period of K1,100, K2,200, K3,300, K4,400. He sells inventory at cost plus 25%. His closing inventory at the end of the period is valued at:
- Zero
 - 3,300
 - 4,400
 - 2,200
6. An expenditure which is non-recurring and irregular is called:
- Revenue expenditure
 - Short term expenditure
 - Capital expenditure
 - Current expenditure
7. Expenses incurred in purchasing land property represents:
- Revenue loss
 - Deferred revenue expenditure
 - Capital loss
 - Capital expenditure
8. A debit note is a document made out when goods are
- Returned
 - Overcharged
 - Sold
 - Undercharged
9. Dylan J paid Joel and Company K600 to settle an account of K720. What entries should be made in Joel's books?
- | | | | |
|-----------|------------------|------|------|
| <i>Dr</i> | Joel and Company | K720 | |
| <i>Cr</i> | Jules | | K720 |
 - | | | | |
|-----------|------------------|------|--|
| <i>Dr</i> | Discount allowed | K120 | |
|-----------|------------------|------|--|

	<i>Dr</i>	Cash	K600	
	<i>Cr</i>	Joel and Company		K720
C.				
	<i>Dr</i>	Cash	K600	
	<i>Cr</i>	Joel and Company		K600
D.				
	<i>Dr</i>	Joel and Company	K720	
	<i>Cr</i>	Cash		K600
	<i>Cr</i>	Discount received		K120

10. Which of the following entries will be entered in the General journal?

- A. Sold goods on credit
- B. Goods purchased and paid by cash
- C. Investment made by the owner
- D. Purchase goods on credit

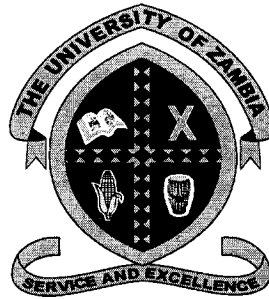
11. The process of accounting is needed to

- I. take a holiday
 - II. assist in decision making
 - III. invest in start up of a business
 - IV. track money spent
- A. I, II and III
 - B. I, II and IV
 - C. I, III and IV
 - D. II, III and IV

12. Which of the following describes the practical framework of bookkeeping?

- A. Classifying, recording and summarizing
- B. Reporting, analyzing and interpreting
- C. Classifying, analyzing and interpreting
- D. Recording, summarizing and reporting

END OF QUIZ



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

JULY 2018 COHORT

SESSIONAL EXAMINATION

DATE: 13TH JUNE, 2019

SEM 1031: FINANCIAL ACCOUNTING

EXAM TIME: 14:00 HOURS

DURATION: THREE (3) HOURS

VENUE: DRGS LECTURE ROOM III

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 ONE - *COMPULSORY*

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.

	K'000
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)

	K'000
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 TWO

During the 2017 mid-year study break, Lovemore and Lushomo agreed to go for a drink at East Park Mall to refresh after hours of preparations. On their way back to campus, Lovemore decided to play lotto at one of vending stands. Lushomo picked the numbers. A week later Lovemore won the jackpot. He acknowledged Lushomo's contribution and further extended a share of his money. They opened a wholesale in Kalingalinga in partnership sharing profits and losses in the ratio two to three.

Below is their trial balance as at 31 March 2018.

Lovemore and Lushomo

Trial Balance as at 31 March 2017

	<i>K'000</i>	<i>K'000</i>
Sales revenue		200,500
Purchases	50,000	
Returns inwards	5,000	
Returns outwards		6,100
Carriage inwards	2,000	
Carriage outwards	3,400	
Inventory at 1 April 2017	10,300	
Discounts	8,200	5,000
Trade receivables	100,000	
Payables		80,000
Bad debts	1,500	
Provision for bad debts		5,000
General expenses	4,300	
Electricity bill	6,000	
Staff Salaries	40,000	
Rent	12,000	
Office equipment (cost K70 million)	56,000	
Fixtures and fittings at cost	40,000	
Provision for depreciation as at 1 April 2017		
- Fixtures and fittings		4,000
Cash at bank	10,000	
Drawings:		
Lovemore	11,000	
Lushomo	13,000	
Capital:		
Lovemore		35,000
Lushomo		45,000
Current accounts:		
Lovemore	4,500	
Lushomo	3,400	
	<u>380,600</u>	<u>380,600</u>

Notes:

- (i) Closing inventory at 31 March 2018 was valued at K30,000,000.
- (ii) Staff salaries owing at the end of the year was K5,000,000.
- (iii) Electricity bill amount shown in the trial balance above was paid for 16 months to 31 July 2018.
- (iv) Make an allowance for receivables of 2% on receivables.
- (v) Depreciation for the year is to be made as follows:

- Office equipment at 20% using reducing balance method.
- Fixtures and fittings at 5% on cost.

(vi) Interest on capital is charged at the rate of 5% on capital.

(vii) Interest on drawing for the year is to be charged as follows;

Lovemore K550,000

Lushomo K650,000.

(viii) Partners salaries: lovemore K300, 000, Lushomo K400, 000

Required

A. Prepare Lovemore and Lushomo partnership statement of profit or loss and appropriation account for the year ended 31 March 2018. (16 Marks)

B. Prepare the partners current accounts for the year ended 31 March 2018. (9 Marks)

QUESTION THREE

On 4 December 2018, Mr Bwalya Hamukale received his monthly bank statement for November 2018. The statement showed the following.

MAKWEBO BANK

Bwalya Hamukale: Statement of Account

Date	Particulars	Debits	Credits	Balance
20X8		K'000	K'000	K'000
Nov 1	Balance			1,862
Nov 5	417864	243		1,619
Nov 5	Dividend		26	1,645
Nov 5	Bank Giro Credit		212	1,857
Nov 8	417866	174		1,683
Nov 10	417867	17		1,666
Nov 11	Sundry Credit		185	1,851
Nov 14	Standing Order	32		1,819
Nov 20	417865	307		1,512
Nov 20	Bank Giro Credit		118	1,630
Nov 21	417868	95		1,535
Nov 21	417870	161		1,374
Nov 24	Bank charges	18		1,356
Nov 27	Bank Giro Credit		47	1,403
Nov 28	Direct Debit	88		1,315
Nov 29	417873	12		1,303
Nov 29	Bank Giro Credit		279	1,582
Nov 30	417871	25		1,557

His cash book for the corresponding period showed:

CASH BOOK				
20X8	K'000	20X8	Cheque no	K'000
Dec 1. Balance b/d	1,862	Dec 1. Electricity	864	243
Dec 4. J Shanga	212	Dec 2. P Silungwe	865	307
Dec 9. M Liempe	185	Dec 5. D Masopela	866	174
Dec 19. G Hunsungule	118	Dec 6. A Yohane	867	17
Dec 26. M Mwewa	47	Dec 10. T Luyanga	868	95
Dec 27. J Sibusiso	279	Dec 14. B Chikopa	869	71
Dec 29. V Tembo	98	Dec 16. Rent	870	161
Dec 30. K Sikasanzi	134	Dec 20. P Silungwe	871	25
		Dec 21. L Phiri	872	37
		Dec 22. W Simoonga	873	12
		Dec 31. Balance c/d		<u>1,793</u>
	<u>2,935</u>			<u>2,935</u>

Required

- A. Show a revised cash book balance as at 30 November 2018 (12 Marks)
- B. Using a bank reconciliation statement reconcile the closing balances in the bank statement and the cash book (13 Marks)

QUESTION FOUR

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 K1,500
4. Sold goods for cash K800
5. Sold goods to Mohan and received a cheque for the same K1200
6. Deposited Mohan's cheque in the bank
7. Purchased stationery by cheque K200
8. Cash sales K2,000
9. Issued cheque for cash purchase of furniture to Woodland K2,500
10. Deposited cash in the bank K3,000
11. Shera paid directly into bank account K1,000
12. Received from Madhu K1,000 cash and K1,400 cheque allowed him discount of K50
13. Paid to Ray K500 in cash and a cheque of K2,500 Received discount K40
14. Received a cheque from Joseph K1,500 5% discount
15. Withdrew cash from the bank for office use K1,500
16. Cindy paid her son's college fees in cash K400

17. Paid Subhan & Co. by cheque K1,000 2 % discount
18. Joseph's cheque returned dishonoured K1,500
19. Received a cheque from Gagan. It was endorsed to Ram K700
20. Withdrew from bank for personal use K1,600
21. Issued cheque for purchase of machinery K40,000
22. Paid sundry expenses in cash K200
23. Paid rent by cheque K600
24. Deposited cash in excess of K500.

QUESTION FIVE

Discuss the following accounting concepts;

A. The Going Concern Concept	(4 Marks)
B. The Accruals Concept	(4 Marks)
C. Prudence Concept	(4 Marks)
D. Consistency Concept	(4 Marks)
E. Materiality Concept	(4 Marks)
F. The Realisation Concept	(5 Marks)

END OF EXAMINATION

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
2019 ACADEMIC YEAR
END OF YEAR FINAL EXAMINATION

SEM 1040: BUSINESS MATHEMATICS AND STATISTICS

TIME: THREE (3) HOURS

INSTRUCTIONS: ANSWER **FOUR QUESTIONS** IN TOTAL. CHOOSE ANY TWO QUESTIONS FROM SECTION A AND ANY OTHER TWO QUESTIONS FROM SECTION B IN ANY ORDER OF YOUR CHOICE, AND CLEARLY SHOW ALL YOUR WORK TO EARN MAXIMUM POINTS

SECTION A (CHOOSE ANY TWO QUESTIONS)

Question One

Mr Prosper is a retailer who orders winter coats from Mr Price. Suppose a winter coat at Mr Price is list priced at K60 with a trade discount of 20/5/10 and terms of 4/10, n/30. Find

- a. The net cost to Mr Prosper assuming both discounts are earned.
- b. Assuming there is a new brand of winter coats listed at K300 with a chain discount of 20/15/5 being offered for any orders exceeding K9000. Find
 - i. The discount
 - ii. The net price of an order of 30 coats and 40 coats
- c. What list price would result in a net cost of K61 with a series discount of 10/30/20?
- d. Suppose Mr price also sells designer winter coats and offers a series discount of 30/20 to its high valued customers. A new employee in the billing department understood the series discount 30/20 to mean 50% and thus calculated this trade discount on the list price of K5540. How much difference did this error make in the amount of the invoice?
- e. A new project by Mr Price with a four-year life span costing K225,000 generates revenues of K48,000 in year one, with cash inflows expected to increase by K19,000, K47,000, and K62,000 in years two, three and four respectively. Using the NPV method and assuming a discount rate of 15%, can the project be accepted?
- f. Can the project in (e) above be accepted using the Benefit-Cost (B-C) ratio method? And state any two disadvantages of the B-C ratio method

Question Two

- a. Graphically, show and explain the breakeven analysis
- b. State the four steps you would conduct when solving a constrained optimisation problem using the Lagrange Multiplier Method.
- c. Suppose a consumer who is fond of solely consuming two goods, bread (X) and butter (Y). Assuming that the consumer's utility function is given by $U(X, Y) = f(x, y) = X^{\frac{3}{4}}Y^{\frac{1}{4}}$, and that the price of goods X and Y are given by P_X and P_Y respectively with an income of M , find
 - i. The optimal quantities of X and Y that maximises the consumer's utility function given that the price of X is K6 per unit while the price of Y is K3 per unit, with an income of K120.
 - ii. The total utility at the optimal point, and
 - iii. The value of the Lagrangian Multiplier, and provide its economic interpretation.
- d. Let's now assume that the consumer has the following utility function: $U(X, Y) = 20X + 80Y - X^2 - 2Y^2$, where X is his consumption of CDs, with a price of K1, and Y is his consumption of movie videos, with a rental price of K2. He plans to spend K41 on both forms of entertainment. Determine the number of CDs and video rentals that will maximize the consumer's utility, and what is the marginal utility of income?

Question Three

- a. Ireen decides to deposit K1200 in an account compounded at 4% annually for two years, and thereafter she withdraws the money at the end of the two years and deposits the money in another account at the rate of 5% compounded annually for four years. What is the accumulated amount after the four years?
- b. Suppose Kennedy is interested in a 5-year annuity that makes semi-annual payments of K410 with the first payment due in six months' time. Given that the annual percent rate is 18%, find the present value of this annuity.
- c. Explain why a sinking fund could be considered one form of annuity.
- d. Contrast a sinking fund with an annuity and give business-related examples of the use of the sinking fund.
- e. Discuss in detail, with clear examples and practical uses, the different types of annuities and perpetuities, and explain any one similarity.

- f. Give any two differences between a sinking fund and amortization.

Question Four

The University of Zambia wishes to purchase a specialised printing machine for K700,000 which is expected to have a life of four years and a salvage value of K100 000 at the end of its life. Furthermore, estimates suggest annual labour and material savings resulting from the purchase of this machine to be estimated at K250 000 alongside annual estimated maintenance costs of K30 000, with a required rate of return of 15%.

- a. Compute the net cash inflow or outflow resulting from this investment opportunity.
- b. Find the Net Present Value of this investment opportunity
- c. Should The University of Zambia purchase the specialized printing machine?
- d. Explain two demerits of the Net Present Value (NPV).
- e. Explain two merits of the Internal Rate of Return (IRR)
- f. Explain why the NPV method is attractive or preferred to the Internal Rate of Return (IRR) method?
- g. Under what circumstances can the payback period method be gainfully employed?
- h. Suppose The University of Zambia is considering the purchase of a new machine costing K180,000 with annual cost savings from this machine amounting to K37,500 for 12 years. Compute the payback period for the machine, and if the University requires a payback period of four years or less, would the machine be purchase?
- i. Explain any three advantages of the Average Accounting Return (AAR) method

SECTION B (CHOOSE ANY TWO QUESTIONS)

Question One

Two experimental brands of outdoor paints are tested to see how long each will last before fading. Six cans of each brand constitute a small population. The results in months are shown below;

Brand A	Brand B
10	35
60	45
50	30
30	35
40	40
20	25

- Discuss the measures of central tendency and dispersion
- Define kurtosis and skewness
- Compute the range and the mean for brand A
- Compute the range and the mean for brand B
- Based on the range computed for brands A and B above, which brand would you buy and why?
- Compute the median for Brand A
- What is the mode for Brand B?
- Compute the Variance for Brand A
- Compute the standard deviation for Brand A
- Find the coefficient of skewness and measure of kurtosis for Brand A
- Comment on the symmetric and peakedness of the distribution

Question Two

- a. The Zambia Revenue Authority (ZRA) audits 5% of all companies every year. Suppose the companies selected for auditing in any given year are independent of the previous years' selection, find
 - i. The likelihood that a company will be selected for auditing exactly twice in the next five years
 - ii. The probability that the company will be audited exactly twice in the next two years
 - iii. The exact probability that the company will be audited at least once in the next four years
- b. In the recent past, congestion levels have worsened in the streets of Lusaka due to an influx for second hand vehicles and/or the traffic lights. Estimates show that the probability that a driver stops at any one traffic light coming to the University of Zambia is 0.2. Assuming there are 15 sets of traffic lights on the journey, find
 - i. The probability that a student must stop at exactly 2 of the 15 sets of traffic lights
 - ii. The probability that a student will be stopped at one or more of the 15 sets of traffic lights
- c. Suppose an events company has 8 women and 12 men, and that the company needs to select a team of 5 members to work on a commercial for an event.
 - i. If the members of the team are selected at random, what is the probability that 3 men and 2 women will be selected?
 - ii. What is the probability that men will constitute a majority in the team?
- d. A box contains 12 red balls, 5 green balls, and 8 blue balls. Suppose you pick 6 balls at random without replacement, what is the probability that you get 4 red balls, 1 green ball, and 1 blue ball?

Question Three

- a. The meteorological department reports that, on average, the probability of rain falling on any day in January is 0.4. Assuming that the occurrence of rain on any day is independent is independent of whether or not it rains falls on any other day, find the probability that rain will fall on any three days of a chosen week.
- b. Suppose the probability that an archer obtains a maximum score from a shot is 0.4. Calculate the probability that the archer obtains the maximum score of three times out

of the five shots given that it is known that the archer obtains the maximum score at least once.

- c. The time it takes to download a web page is normally distributed with a mean time of 6.5 minutes and a standard deviation of 2.3 minutes.
 - i. What percentage of the page downloads takes less than 5 minutes?
 - ii. What is the likelihood that the download time will be between 4 and 10 minutes?
 - iii. How many minutes will it take for 35% of the downloads to be completed?
- d. A radioactive source emits 4 particles on average during a five-second period.
 - i. Calculate the likelihood that it emits at least 3 particles during a 5-second period
 - ii. Compute the probability that it emits at least one particle during a 5-second period.
 - iii. During the 10-second period, what is the probability that 6 particles are emitted?

Question Four

- a. Explain the axioms of probability
- b. Contrast permutation with combination.
- c. Define a random variable
- d. Probability density function
- e. Briefly discuss and give examples of the following sampling techniques
 - i. Simple Random Sampling
 - ii. Systematic Sampling
 - iii. Judgement Sampling
 - iv. Snowball Sampling
- f. Compare and contrast stratified sampling with cluster sampling, and give relevant examples.
- g. Explain in detail the Central Limit Theorem (CLT)
- h. Discuss in detail the three properties of estimators

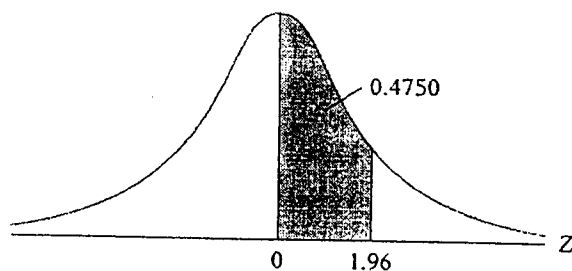
END OF FINAL EXAMINATION

AREAS UNDER THE STANDARDIZED NORMAL DISTRIBUTION

Example

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

$$\Pr(Z \geq 1.96) = 0.5 - 0.4750 = 0.025$$



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



THE UNIVERSITY OF ZAMBIA
UNIVERSITY EXAMINATIONS
GRADUATE SCHOOL OF BUSINESS
2018/2019 ACADEMIC YEAR

COURSE NAME & CODE: BUSINESS LAW (SEM 1062)

DATE: 15th JUNE, 2019

TIME: 14:00-17:00HRS

INSTRUCTIONS

QUESTION **ONE** IS COMPULSORY

ATTEMPT ANY OTHER **THREE (3)** FROM SECTION B

TIME ALLOWED IS THREE HOURS

DO NOT TURN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

SECTION A

QUESTION ONE

Lyambai Gershom has been doing business with four of his partners namely, Jabes, Shamwali, Yangeni and Suzeki. It has been agreed upon that all the business partners would share in the profits and losses equally.

On the 19th May, 2018, Lyambai's brother in law by the name of Justo voluntarily began to help Lyambai in the business. Lyambai was extremely pleased as the business began to post huge profits more than ever before. Moved by the good gesture of his brother in law, Lyambai promised Justo to pay him K7, 000 for the five months he had volunteered to help out in the business. It was later agreed that moving forward, Lyambai would be paying Justo a sum of K2, 500 monthly as remuneration.

Excited with this news, Justo applied himself fully to the job to the extent that the fortunes of the business changed positively. This positive evolution prompted Lyambai to promise Justo that he would buy him a flat in Kabwata on his 36th birthday.

Justo's 36th birthday fell on the 19th January, 2019. However, no flat in Kabwata has been bought for him. Further, Justo has not yet been paid the K7,000 he was promised neither has he been receiving his monthly salary as agreed. On the 25th April, 2019, Justo reminded Lyambai on the outstanding obligations owed to him. Lyambai, simply responded, "Young man, you must be eternally grateful that I married your ugly sister that no man would ever marry; that is enough burden I am carrying for your entire family! Please stop day dreaming about these payments that are non-existent!"

Justo is considering taking the matter to court so that the court endorses his entitlement to the payments due to him. Further, Justo wishes to bring to the attention of the court that he had brought so much value to the business of his brother in law and as such he deserved to be paid a monthly wage of K4,000 monthly pay as opposed to the agreed K2,500. Justo has in his possession business documents that are testament to the effect that the business made colossal

profits beyond projections. One of the document contains a part where Lyambai attributes the flourishing business to the magic hand of his brother in law.

Before going to court, Justo approaches you seeking legal advice on the prospect of his claims succeeding in the courts of law. With the aid of authorities, identify all the legal issues and advise Justo on the prospects of success in court on each of the claims he seeks to assert.

Total [24 Marks]

SECTION B

QUESTION TWO

The Lusaka High Court last week dismissed an action with costs instituted by Gentleman Banda against Bwalya Johnson, who was claiming the total sum of K230, 000. The facts before the court were that: Bwalya Johnson, a leading manufacturer of a popular drink called ‘Mango Juicy’ had three years ago placed an advertisement in the local paper known as, ‘Sharp Sales’ undertaking to give out a sum K30, 000 in exchange for a formula for making the said drink which would be more efficient and cost effective. The advert ran for three weeks and was never formally withdrawn. Two years later, Gentleman Banda invented a formula that he presented to Bwalya, which immediately changed the economic fortunes of the business by increasing sales with huge profits sustained over a period of six months. When Banda demanded payments for the formula tendered to the business, Bwalya responded by stating that he was not obliged to make the payment as promised. Further, he argued that the efficiency of the formula did not prove to be sustainable since profits were only recorded within six months and later the business barely made any profits.

Total [12 Marks]

QUESTION THREE

Young Bosale, a popular Rhumba singer in the Democratic Republic of Congo, is scheduled to perform alongside the ‘Tulange Band’ during the opening of the 47th Agriculture and Commercial Show in the Lusaka Showground. The amount payable as agreed between the organisers of the show and Young Bosale is K250,000. An initial deposit of K50, 000 was paid to the singer to enable him prepare and also cater for transport costs for him and his band

(dancing queens). Upon arrival, in Zambia, on the 23rd of July, 2018, he is appalled to be informed by the organisers of the show that the opening of the event had been rescheduled to a date to be communicated to him later. Young Bosale is enraged at the turn of events. “You know what, guys? Just pay me my balance so that I go back. As far as I am concerned, I have performed my part of the bargain,” shouted Young Bosale. The organisers calmed him down and explained to him that the change in the schedule of events was as a result of sudden illness of the King of Zoboland, who was to grace the event. “Regardless, I must be paid my balance in full! Is it my fault that your guest of honour or whatever you call him is unwell?” Young Bosale retorted.

The organisers of the show have come to you seeking legal advice on how they must proceed regarding the contractual agreement with Young Bosale. Advise them accordingly.

Total[12 Marks]

QUESTION FOUR

With sufficient clarity, discuss how the Infant Relief Act of 1874 has altered the common law rules that regulated the contractual ability of a minor.

Total[12 Marks]

QUESTION FIVE

“The notion of ‘*quid pro quo*’ is the very essence of a bargain in every simple contract.”

Critically analyse the above assertion.

Total [12 Marks]

QUESTION SIX

- (a) The case of *Carlill v Carbolic Smoke Ball Company* (1892) EWCA establishes critical principles in the law of contract. Briefly discuss these principles. [6 Marks]
- (b) Discuss the court structure in Zambia and the nature of the jurisdiction exercised by these courts [6 Marks]

Total[12 Marks]

QUESTION SEVEN

- (a) With aid of authorities, discuss how the agency relationship may be formed through ratification, cohabitation and statutory provisions. [6 marks]
- (b) Discuss the duties and rights of an agent. [6 Marks]

Total[12 Marks]

THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Undergraduate Sessional Examination

Monday 10th June 2019

SEM 2010: ORGANISATIONAL BEHAVIOR

Instructions

Time Allowed: **3 hours**

There are Nine (9) questions in this paper

You are required to answer seven (7) questions

Section A is **compulsory**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY

Answer ALL the questions

Read the scenario below and answer the questions that follow.

Andrews Engineering Company has recently made significant cuts in staff and the work load on existing employees has increased. A major proposal is due.

Mrs. Andrews looked at her watch – it was 7:30pm. Just then she knew she would not make it to her son's final high school football game. It took her a moment to collect herself and wipe the tear that had started down her face and onto the ragged-edged 100 plus page proposal she was working on. The proposal, the largest opportunity that her company Andrews Engineering had a chance to bid on in 6 months, was far from ready for the 9:00am deadline the following day.

Normally in this situation, Mrs Andrews would have collaborated with a proposal team putting together such a big proposal but, since the economic down-turn hit, Andrews Engineering has had to make significant cuts in its staff. It started with administrative staff - first it was two administrative assistants, then a junior engineer, then two tenured project managers. This year alone Andrews Engineering cut 35% of its staff.

Of course, that only meant the workload on the remaining team members would have to increase. Sure, there were fewer new projects, but there was no shortage of work to do – Proposals, change orders, marketing strategy plans and providing existing customers with better service. Everyone was asked to perform tasks they normally didn't do or enjoy. Needless to say, the climate at Andrews Engineering was not good. The climate went from poor to non-existent when annual raises and bonuses were deferred and an indefinite hold was put on attending professional development conferences, replacing computers and updating software.

All of this weighed on Dante, the Managing Director of Andrews Engineering. He was the one who had to make the cuts, have the termination discussions and try to keep the business profitable. Dante was struggling with the challenges both professionally and personally. Dante joined Andrews Engineering 25 years ago as a surveyor, just out of school. He's been involved in some of the firm's best projects and he took over the managing partner position 3 years ago. While he always enjoyed developing the company, recently he has found himself spending more time on administrative tasks and less on nurturing the growth of younger engineers. With all of the ups and downs that any professional services firm faces during its lifespan, none have rivalled this one. With the layoffs, the firm has had to abandon a strategic new market they had been developing for the past year and Dante hasn't even had time to explain it to the other members of the firm. For the first time in his career, Dante no longer feels that he is in control of his work and he dreams of

retirement, when he can get up and start a day without having to put out a fire, console a worried staff member or call a vendor to ask for new terms.

Question One

- a) Identify the workplace stressors that are significant in the scenario. Justify your answer by providing an example from the scenario. **10 Marks**
- b) List and explain at least five (5) stress reduction techniques that Mrs. Andrews and Dante can apply to reduce stress at work. **10 Marks**
- c) List and explain five causes/sources of stress **10 Marks**

Question Two

With a use of relevant examples, write short notes on any five of the following:

4 X 5 = 20 Marks

- a) employee motivation
- b) group cohesiveness
- c) group think
- d) the difference between negative reinforcement and punishment
- e) stress management
- f) diversity at place of work
- g) virtual groups
- h) Goal setting theory
- i) Reinforcement

SECTION B: Answer any five (5) of the questions below.

Question Three

According to Skinner's reinforcement theory, managers can use four approaches to affect employee's behavior. Discuss these four approaches. **(10 Marks)**

Question Four

The role of the team leader is different from the traditional supervisory role. Discuss four specific team leader roles that will ensure that the entire team is focused on a common goal. **(10 Marks)**

Question Five

Debate critically the validity of the contention that the motivation for staff to work well depends on more than a high salary and good working conditions. **(10 Marks)**

Question Six

Discuss the various theories of learning

(10 Marks)

Question Seven

What are the difficulties in changing attitude and what ways can be used to change attitude.

(10 marks)

Question Eight

Describe Maslow's hierarchy of needs. Mention two advantages and two disadvantages of this model?

(10 marks)

Question Nine

Compare leadership and management by providing five of the main differences between leaders and managers.

(10 marks)



**THE UNIVERSITY OF ZAMBIA
THE GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE FINAL EXAMINATION
2019 FIRST SEMESTER**

DATE: 11th June, 2019

SEM 3022: Managerial Economics

INSTRUCTIONS TO CANDIDATES:

1. Answer ANY 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? (3.0)
 - (ii) What is his monthly economic profit? (3.0)
 - (iii) Was his decision to quit his job worthwhile? (3.0)
- (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 3 years if the opportunity cost of using capital is 10 percent? (3.0)

QUESTION TWO

(15 marks)

- (a) An economic consultant for X Corp. recently provided the firm's marketing manager with this estimate of the demand function for the firm's product:

$$Q_x^d = 120,000 - 4P_x + 3P_y - 0.4M + 5A_x$$

where Q_x^d represents the amount consumed of good X, P_x is the price of good X, P_y is the price of good Y, M is income, and A_x represents the amount of advertising spent on good X. Suppose good X sells for \$200 per unit, good Y sells for \$15 per unit, the company utilizes 2,000 units of advertising, and consumer income is \$10,000.

- (i) How much of good X do consumers purchase? (2.0)
 - (ii) Are goods X and Y substitutes or complements? (2.0)
 - (iii) Is good X a normal or an inferior good? (2.0)
 - (iv) What is the price elasticity of demand at the current production? (3.0)
 - (v) Find the cross price demand elasticity of a change in the price of good Y. (3.0)
- (b) What are some of the factors which would determine the elasticity of demand for a product? (3.0)

QUESTION THREE

(15 Marks)

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

$$Q_x^d = P_x^{-0.3} P_y^{-2.8} M^{-0.2}$$

(i) Transform the demand function into its logarithmic form. (3.0)

(ii) What is the price elasticity of demand and the cross-price elasticity of demand? (3.0)

(b) Consider the following demand function for a firm's product:

$$\ln Q^d = 4 - 0.25 \ln P_x - 2.6 \ln P_y + 3 \ln M + 3 \ln A$$

Where; $P_x = 10$, $P_y = 4$, $M = 20,000$ and $A = 250$

(i) Find the current level of demand for the product (Q^d) given this information. (3.0)

(ii) Determine the own price elasticity of demand, cross-price elasticity of demand and income elasticity of demand. (3.0)

(iii) How would a 20 percent decrease in M affect the quantity demanded? (3.0)

QUESTION FOUR

(15 Marks)

(a) Consider the following demand function:

$$P = 100 - 0.3Q$$

If the firm has a constant marginal cost of 20, 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. (3.0)

(iii) Show that a monopoly earns more profits as compared to a perfectly competitive firm? (2.0)

(iv) How would a firm with insignificant product differentiation compare with the solutions above? (3.0)

(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 FIVE

(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).

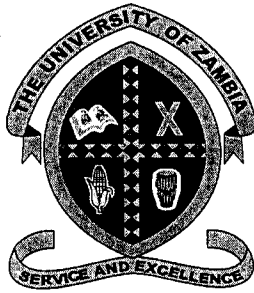
- (ii) Mahak Restaurant has very good prices for main meals but charges twice as much on drinks.
 - (iii) Ster Kinekor recently introduced a student rate on movie tickets. Students from UNZA and other universities pay 25% less for the movie as long as they present their valid student id card.
 - (iv) 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) Find the Nash Equilibrium solutions for the following game: What is the difference between a Nash Equilibrium and a secure Equilibrium?

(5.0)

Man

	Movie	Sleep	football
Movie	(2,2)	(3,1)	(0,1)
football	(1,0)	(2,3)	(1,3)

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA
THE GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE FINAL EXAMINATION
2019 FIRST SEMESTER

DATE: 12th June, 2019

SEM 4011: Research Methods

INSTRUCTIONS TO CANDIDATES:

1. Answer ALL Questions in this paper.
2. DURATION: 3 Hours.

QUESTION ONE

[20 marks]

Consider a paper by Pal, Mahendra, titled “*Financial Deepening and Economic Growth in Zambia – An Analytical Approach*” published in October, 2014 in the Indian Journal of African Studies.

“The basic objective of this paper is to study the financial sector reform policies during the reform period in Zambia. Over the period financial sector reforms have been undertaken in Zambia. It traces the relationship between financial deepening and economic growth. This empirical study examined financial deepening and economic development in Zambia between 1986 and 2012. The central focus is that a high level of financial deepening is a necessary condition for accelerating growth in an economy. This is because of the central role of the financial system in mobilizing savings and allocating same for the development process. The study made use of secondary data, sourced for a period of 25 years. The study is based on theoretical underpinnings of McKinnon-Shaw model. Analytical framework was used in the analysis. At the end of the study, we found that financial deepening index is low in Zambia over the years. We also found that the nine explanatory variables, as a whole were useful and had a statistical relationship with financial deepening. But four of the variables; lending rates, financial savings ratio, cheques/GDP ratio and the deposit money banks/GDP ratio had a significant relationship with financial deepening. We conclude that: the financial system has not sustained an effective financial intermediation, especially credit allocation and a high level of monetization of the economy. Thus the regulatory framework should be restructured to ensure good risk management, corporate governance and stemming systemic crisis in the system.”

- (a) How would you describe the problem the study is trying to investigate [3 marks]
- (b) What are the major objectives and questions the study is trying to address [3 marks]
- (c) Briefly explain the methodology of the study and the kind of data used. [3 marks]
- (d) What are the main conclusions and recommendations of the study [3 marks]
- (e) With reference to the philosophical foundations, explain which research philosophy is likely to dominate this study. [3 marks]
- (f) Critically analyze the study and offer at least two (2) pragmatic uses of the results of the study [3 marks]
- (g) Write down a full Harvard style reference for this study. [2 marks]

QUESTION TWO

[20 marks]

(a) Consider the following research topics:

[10 marks]

Topic 1: Inflation and economic growth in Zambia: 1980 to 2014

Topic 2: Bank profitability and interest rates: case of four banks in Zambia.

Topic 3: determinants of the probability of tax compliance among SMEs in Lusaka.

Indicate which of these topics, **Topic 1**, **Topic 2** or **Topic 3**, is most likely to be associated with the following. Please justify your answer.

- i. The use of time series models in the analysis.
- ii. Data collection using questionnaires.
- iii. Random effect models and fixed effect models.
- iv. Correlation analysis
- v. Simple random sampling
- vi. Return on assets and return on equity as dependent variables
- vii. Key informant interviews
- viii. Problem of negative predicted values.
- ix. OLS Regression analysis
- x. Data cleaning before analysis.

(b) With the aid of a suitable diagram, explain the stages of the research process.

[10 marks]

QUESTION THREE

[20 marks]

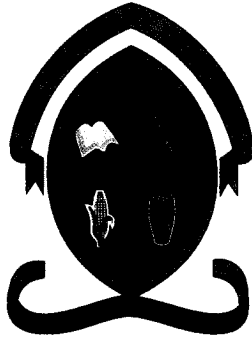
(a) Consider the topic: “The impact of employee satisfaction on customer retention in clothing stores in Lusaka”

- (i) Briefly write a possible problem statement for this research. [4 marks]
- (ii) Develop two specific objectives in line with this research topic. [4 marks]
- (iii) Explain how you would collect data and analyse it in order to achieve the objectives in (b) above. [2 marks]

(b) What is business research? State and explain the characteristics of business research. [5 marks]

(c) How does the structure and content of business research reports highlight the use of pragmatism, Normativism and positivism? [5 marks]

END OF FINAL EXAMINATION



THE UNIVERSITY OF ZAMBIA
THE GRADUATE SCHOOL OF BUSINESS
UNDERGRADUATE DEFERRED/SUPPLEMENTARY
EXAMINATION
2019 FIRST SEMESTER

DATE: 25th September, 2019

SEM 4011: Research Methods

INSTRUCTIONS TO CANDIDATES:

1. **Answer ALL Questions in this paper.**
2. **DURATION: 3 Hours.**
3. **ALL Students should have Scientific Calculators.**

QUESTION ONE

[20 marks]

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“The basic objective of this paper is to study the financial sector reform policies during the reform period in Zambia. Over the period financial sector reforms have been undertaken in Zambia. It traces the relationship between financial deepening and economic growth. This empirical study examined financial deepening and economic development in Zambia between 1986 and 2012. The central focus is that a high level of financial deepening is a necessary condition for accelerating growth in an economy. This is because of the central role of the financial system in mobilizing savings and allocating same for the development process. The study made use of secondary data, sourced for a period of 25 years. The study is based on theoretical underpinnings of McKinnon-Shaw model. Analytical framework was used in the analysis. At the end of the study, we found that financial deepening index is low in Zambia over the years. We also found that the nine explanatory variables, as a whole were useful and had a statistical relationship with financial deepening. But four of the variables; lending rates, financial savings ratio, cheques/GDP ratio and the deposit money banks/GDP ratio had a significant relationship with financial deepening. We conclude that: the financial system has not sustained an effective financial intermediation, especially credit allocation and a high level of monetization of the economy. Thus the regulatory framework should be restructured to ensure good risk management, corporate governance and stemming systemic crisis in the system.”

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- (d) What are the main conclusions and recommendations of the study [3 marks]
- (e) With reference to the philosophical foundations, explain which research philosophy is likely to dominate this study. [3 marks]

- (f) Critically analyze the study and offer at least two (2) pragmatic uses of the results of the study [3 marks]
- (g) Write down a full Harvard style reference for this study. [2 marks]

QUESTION TWO

[20 marks]

- (a) Consider the following research topics:

[10 marks]

Topic 1: Inflation and economic growth in Zambia: 1980 to 2014

Topic 2: Bank profitability and interest rates: case of four banks in Zambia.

Topic 3: determinants of the probability of tax compliance among SMEs in Lusaka.

Indicate which of these topics, **Topic 1**, **Topic 2** or **Topic 3**, is most likely to be associated with the following. Please justify your answer.

- i. The use of time series models in the analysis.
- ii. Data collection using questionnaires.
- iii. Random effect models and fixed effect models.
- iv. Correlation analysis
- v. Simple random sampling
- vi. Return on assets and return on equity as dependent variables
- vii. Key informant interviews
- viii. Problem of negative predicted values.
- ix. OLS Regression analysis
- x. Data cleaning before analysis.

- (b) With the aid of a suitable diagram, explain the stages of the research process. [10 marks]

QUESTION THREE

[20 marks]

- (a) Consider the topic: “The impact of employee satisfaction on customer retention in clothing stores in Lusaka”

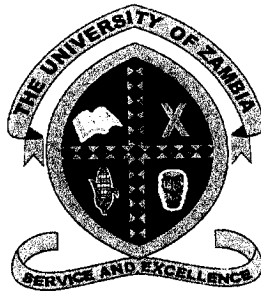
- (i) Briefly write a possible problem statement for this research. [4 marks]
- (ii) Develop two specific objectives in line with this research topic. [4 marks]
- (iii) Explain how you would collect data and analyse it in order to achieve the objectives in (b) above. [2 marks]

- (b) What is business research? State and explain the characteristics of business research.

[5 marks]

- (c) How does the structure and content of business research reports highlight the use of pragmatism, Normativism and positivism? [5 marks]

END OF FINAL EXAMINATION



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

AUGUST 2017/FEBRUARY 2018 COHORT

SESSIONAL EXAMINATION

DATE: 13TH JUNE, 2019

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

TIME: THREE (3) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of Six (6) Questions.
 2. Answer all questions in section A & B. choose any two from section C
 3. Marks Allocation Indicates the Depth of the Answer Expected.
-

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Section A (Case Study)

QUESTION ONE

Customer Service

A lady in a faded gingham dress and her husband, dressed in a homespun threadbare suit, stepped off the train in Boston, and walked timidly without an appointment into the president's outer office.

The secretary could tell in a moment that such backwoods, country hicks had no business at Harvard and probably didn't even deserve to be in Cambridge. She frowned. "We want to see the president," the man said softly. "He'll be busy all day," the secretary snapped. "We'll wait," the lady replied. For hours, the secretary ignored them, hoping that the couple would finally become discouraged and go away. They didn't. And the secretary grew frustrated and finally decided to disturb the president, even though it was a chore she always regretted to do. "Maybe if they just see you for a few minutes, they'll leave," she told him. And he signed in exasperation and nodded.

Someone of his importance obviously didn't have the time to spend with them, but he detested gingham dresses and homespun suits cluttering up his outer office. The president, stern-faced with dignity, strutted toward the couple.

The lady told him, "We had a son that attended Harvard for one year. He loved Harvard. He was happy here. But about a year ago, he was accidentally killed. And my husband and I would like to erect a memorial to him, somewhere on campus." The president wasn't touched; he was shocked. "Madam," he said gruffly. "We can't put up a statue for every person who attended Harvard and died. If we did, this place would look like a cemetery." "Oh, no," the lady explained quickly. "We don't want to erect a statue. We thought we would like to give a building to Harvard."

The president rolled his eyes. He glanced at the gingham dress and homespun suit, then exclaimed, "A building! Do you have any earthly idea how much a building costs? We have over seven and a half million dollars in the physical plant at Harvard." For a moment the lady was silent. The president was pleased. He could get rid of them now.

And the lady turned to her husband and said quietly, "Is that all it costs to start a University? Why don't we just start our own university?" Her husband nodded. The president's face wilted in confusion and bewilderment. And Mr. and Mrs. Leland Stanford walked away, traveling to Palo Alto, California, where they established the Stanford University that bears their name, a memorial to a son that Harvard no longer cared about. When the story was published on how Mr. and Mrs. Leland Stanford were treated at Harvard University, the president was fired.

SCENARIO BASED

Required

- 1) We want to see the president," the man said softly. "He'll be busy all day," the secretary snapped. Why was Mr. and Mrs. Leland Stanford persistent in wanting to meet the president and what entrepreneurship lesson could be drawn from their actions?
(15 Marks)
- 2) What opportunities did Harvard University lose due to their poor Customer Service?
(15 Marks)
- 3) Porter developed a framework for analyzing the nature and extent of competition within an industry. Understanding the nature and strength of each the five forces within an industry assists managers in developing the competitive strategy of their organization. Explain using the five forces how Stanford University would develop a competitive strategy.
(10 Marks)

SECTION B

QUESTION TWO

Write short notes on the following:

(4 Marks each)

- (i) Explain Public and Private limited liability
- (ii) Briefly explain a Partnership Deed
- (iii) Briefly explain how Interest Rate affects the Business
- (iv) Briefly explain the Red and Blue Ocean Strategies
- (v) Briefly explain the common approaches used by business to adapt to business fluctuations

SECTION C

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 organisation.

(20 Marks)

QUESTION FOUR

The last few years have recorded several fundamental changes in the business environment. These changes have created both opportunities and challenges for the entrepreneur.

- A. Write an essay in which you identify and analyze some of the Key challenges faced by Small Businesses.
(10 Marks)
- B. Why do you think that some successful entrepreneurs have had difficulties in managing their companies

beyond the start-up stage?

(10 Marks)

QUESTION FIVE

Explain how entrepreneurship is the engine of growth in an economy like Zambia, further explain the role of government in ensuring entrepreneurship growth.

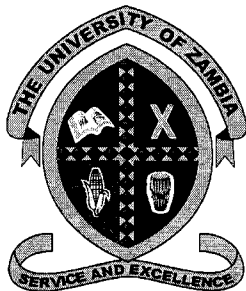
(20 Marks)

QUESTION SIX

It is mandatory in Zambia that all Businesses are compliant to corporate taxes. Explain the importance of adhering to tax regulation in among Small Businesses.

(20 Marks)

End of examination



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
SOB 2010: FINANCIAL MANAGEMENT

Quiz One

29th March 2019

INSTRUCTIONS

1. There are Fifteen (15) questions in this quiz, Answer all by circling the correct answer
2. Each Question Carries a Total of Two (2) Marks
3. Ensure You Fill in All Your Personal Details Correctly on the Face of the Question Paper
4. Time Allowed is 30 Minutes

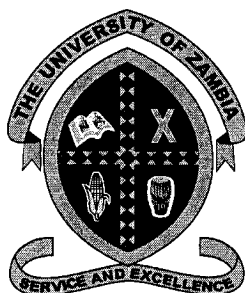
Student Names:..... Student ID:.....

1. Which of these activities does not exclusively come within the scope of financial management decision-making?
 - a) How much should be invested?
 - b) How much is to be allocated to the marketing budget?
 - c) Which type of finance should be chosen?
 - d) How much finance should be raised?
2. Which of the following is a legitimate reason why firm value maximization is preferred to profit maximization as the ideal goal for the firm?
 - a) Value takes account of both profit and cash flow.
 - b) Value or discounted cash flow is less ambiguous than profit.
 - c) Value takes account of depreciation.
 - d) Profit is too concerned with the longer term.
3. What is the stakeholder view of the firm?
 - a) Shareholders should eventually be returned their stake in the firm.
 - b) The firm must honour its wider social obligations as well as making money.

- c) The only obligation on the firm is to maximize profit.
 - d) The firm exists to maximize return.
4. Which of the following is not one of the qualities which makes debt attractive to firms?
- a) The cost of debt is generally less than the cost of share capital and hence can lower the overall cost of capital for a firm.
 - b) Debt interest only gets paid when the company is making a profit.
 - c) It reduces the amount of corporate tax payable by firms by reducing the amount of taxable profit.
 - d) The required return on debt is lower because, from the lender's point of view, debt is less risky than equity.
5. The decision function of financial management can be broken down into the decisions.
- a) financing and investment
 - b) investment, financing, and asset management
 - c) financing and dividend
 - d) capital budgeting, cash management, and credit management
6. Which of the following statements are true?
- 1) Cash flow forecasting is primarily the responsibility of Financial Reporting
 - 2) Whether to undertake a particular new project is a Financial Management decision
- a) Both statements are true
 - b) Both statements are false
 - c) Statement 1 is true and statement 2 is false
 - d) Statement 2 is true and statement 1 is false
7. Which of the following is an example of a financial objective that a company might choose to pursue?
- a) Provision of good wages and salaries
 - b) Dealing honestly and fairly with customers on all occasions
 - c) Producing environmentally friendly products
 - d) Restricting the level of gearing to below a specified target level
8. Which of the following actions is LEAST likely to increase shareholder wealth?
- a) The average cost of capital is decreased by a recent financing decision
 - b) The financial rewards of directors are linked to increasing earnings per share
 - c) The board of directors decides to invest in a project with a positive net present value
 - d) The annual report declares full compliance with the corporate governance code
9. Which of the following is most appropriate as an objective of a not-for-profit organisation?
- a) To achieve long term growth in earnings
 - b) To maximise shareholder wealth

- UNIVERSITY
- c) To make efficient use of resources
 - d) To minimise input costs
10. One role of primary financial markets is to facilitate and exchange between:
- a) Borrower of funds and sellers of financial assets
 - b) Lenders of funds and surplus economic units
 - c) Deficit economic units and buyers of financial assets
 - d) Buyers of financial assets and lenders of funds
11. When a security is sold in the financial market for the first time, then:
- a) Funds flow from the borrower to the saver
 - b) Funds flow to the issuer from the saver
 - c) It represents a secondary transaction to the underwriter
 - d) It is an asset for the borrower
12. Which of the following financial assets is traded in the capital market rather than the money market?
- a) Commercial bill
 - b) Treasury bond
 - c) Repurchase agreement
 - d) Debenture bond
13. Which of the following represents a feature of ordinary equity securities that does not normally apply to debt security?
- a) The securities are issued for a specified period of time
 - b) The securities represents a residual claim
 - c) The return on the securities is fixed at the time they are issued
 - d) The securities can be traded in a secondary market
14. Identify which item is not one of the six parts of the financial system.
- a) Financial markets
 - b) Central banks
 - c) Credit cards
 - d) Financial institutions
15. Which of the following statements best describes financial instruments?
- a) All financial instruments are a means of payment
 - b) Financial instruments can transfer resources between people but not risk
 - c) Financial instruments can transfer resources and risk between people
 - d) Financial instruments can transfer risk but not resources between people

END OF QUIZ



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
SOB 2010: FINANCIAL MANAGEMENT

Quiz Two

15th May 2019

INSTRUCTIONS

1. There are Fifteen (15) questions in this quiz, Answer all by circling the correct answer
2. Each Question Carries a Total of Two (2) Marks
3. Ensure You Fill in All Your Personal Details Correctly on the Face of the Question Paper
4. Time Allowed is 40 Minutes

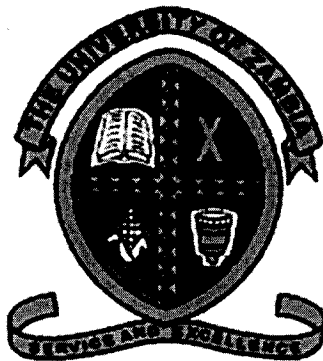
Student Names:..... Student ID:.....

1. Which of the following statements is incorrect:
 - A. Companies can issue ordinary shares below the par value.
 - B. Ordinary shares normally offer a higher expected return than other classes of security.
 - C. A company's authorised share capital will be laid down in its Memorandum of Association.
 - D. An appropriate way of valuing ordinary shares is to find the present value of the future dividend stream.
2. Which of the following is not true for a finance lease?
 - A. The lease agreement has a primary period which covers all or most of the useful economic life of the asset.
 - B. The lessee is normally responsible for servicing and maintenance of the asset.
 - C. The lease payments will appear in the profit and loss account as an expense.
 - D. The lessee records the leased asset as a fixed asset in its balance sheet.
3. Which of the following would NOT be included in a firm's capital structure?
 - A. Retained earnings

- B. Dividends
 - C. Capital surplus
 - D. Convertible debentures
4. Which of the following is NOT a method of short term borrowing?
- A. Commercial paper
 - B. Bill of exchange
 - C. Factoring
 - D. Leasing
5. The nominal value of a bond is received by the bondholder:
- A. At the time of purchase
 - B. Annually
 - C. Whenever coupon payments are made
 - D. At maturity
6. Which of the following statements is NOT true of companies issuing commercial paper?
- A. They must be listed on the Lusaka Securities Exchange.
 - B. They must issue a statement that they comply with the requirements of the Stock Exchange.
 - C. They must have a minimum level of net assets of K50m.
 - D. They must have the commercial paper endorsed by a merchant bank.
7. Which of the following statements is NOT true of factoring.
- A. A factoring service may be with recourse or without recourse.
 - B. Factoring is the sale of debts to a factor at a discount.
 - C. Factoring companies often provide their clients with bookkeeping services to save them from keeping their own records of debtor balances.
 - D. The factor will make payment to the client as soon as the debt is collected.
8. Which of the following best describes a company's "authorised capital"?
- A. The amount of share capital it has issued.
 - B. The amount of share capital for which payment has been received.
 - C. The total amount of share capital it is allowed to issue.
 - D. The total amount of loan capital it has issued.
9. X plc has issued both ordinary and preference shares. The directors have suspended payment of the preference dividend. Which of the following is UNLIKELY to be true?
- A. The company will be unable to pay an ordinary dividend.
 - B. The preference shareholders will be entitled to vote at the annual general meeting.
 - C. The market value of the preference shares will decrease.
 - D. The preference shareholders will be entitled to sue the company for non-payment of preference dividend.
10. Which of the following types of financial instrument is best described as follows: a fixed return, a fixed repayment date, it is secured and the return is classified as an expense?
- A. Medium term bank loan

- B. Preference share
 - C. Ordinary share
 - D. Debenture
11. Preference share capital has been more popular in recent years. Which of the following is the most likely explanation for this?
- A. Preference dividends are more tax efficient than ordinary dividends.
 - B. Preference shares are always redeemable.
 - C. Preference shares can be structured so as to improve the issuer's gearing ratio.
 - D. Preference shares impose no risks on the ordinary shareholders.
12. A company must raise finance in order to acquire a piece of machinery. Which of the following is likely to be the least appropriate form of finance for this purpose?
- A. Borrow the cost of the machine from a bank.
 - B. Lease the machine from a finance company.
 - C. Purchase the machine by cheque, increasing the company's overdraft by the cost of the machine.
 - D. Purchase the machine on hire purchase from the manufacturer.
13. Preference shares are often thought of as being more like debt than equity. Which of the following best explains this?
- A. The tax treatment of preference dividends
 - B. The ability to buy and sell preference shares
 - C. The fixed nature of participation in profits
 - D. The ability to make capital gains or losses
14. A business has decided to acquire a specialised piece of machinery using a finance lease. A bank has agreed to buy the asset on the business behalf and will lease the asset for the whole of its useful life. When will the asset become the property of the business?
- A. On delivery of the asset.
 - B. On the first lease payment.
 - C. Once the final lease payment has been made.
 - D. Never.
15. A company has had a substantial overdraft for several years. When is this loan likely to become repayable in full?
- A. At the end of the period specified in the overdraft facility.
 - B. At the bank's discretion.
 - C. At the company's discretion.
 - D. Never.

END OF QUIZ



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

SOB 2010: FINANCIAL MANAGEMENT

TEST ONE

DATE: 16TH MAY, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of THREE (3) Questions; Answer ANY TWO.
 2. Marks Allocation Indicates the Depth of the Answer Expected
-

QUESTION ONE

Mr Kunda is 63 years old and recently retired. He wishes to provide retirement income for himself and is considering an annuity contract with Madison Life Insurance Company. Such a contract pays him an equal-kwacha each year that he lives. For this cash-flow stream, he must put up a specific amount of money at the beginning. According to actuary tables, his life expectancy is 15 years, and that is the duration on which the insurance company bases its calculations regardless of how long he actually lives.

Required

- A. If Madison Life uses a compound annual interest rate of 5 percent in its calculations, what must Mr Kunda pay at the outset for an annuity to provide him with K10,000 per year? (Assume that expected payments to be made at the end of each of the 15 years.)
(13 Marks)
- B. What would be the purchase price if the compound annual interest rate is 10 percent?
(6 Marks)

- C. Mr Kunda had K30,000 to put into an annuity. How much would he receive each year if the insurance company uses a 5 percent compound annual interest rate in its calculations? (6 Marks)

QUESTION TWO

Establish loan amortization schedules for the following loans to two decimal places.

- A. A 14-month loan of K20,000 with equal instalment payments at the end of each month. The interest rate is 2 percent per month. (13 Marks)
- B. A 12-year mortgage loan of K190,000 at a 10 percent compound annual interest rate with equal instalment payments at the end of each year. (12 Marks)

QUESTION THREE

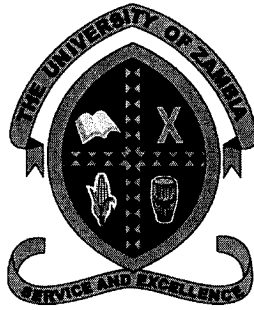
Quarry Mines Ltd is considering investing in Zambia. It makes a bid to the government to participate in the development of a mine, the profits of which will be realized at the end of five years. The mine is expected to produce K5 billion in cash to Quarry Mines Ltd at that time. Other than the bid at the outset, no other cash flows will occur, as the government will reimburse the company for all costs. If Quarry Mines Ltd requires a nominal annual returns of 20 percent (ignoring any tax consequences).

Required

Compute the maximum bid Quarry Mines Ltd should make for the participation right if interest is compounded;

- A. Annually (7 Marks)
- B. Semi-annually (9 Marks)
- C. Quarterly (9 Marks)

END OF TEST



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
COHORT: AUGUST 2017 EVENING**

SOB 2010: FINANCIAL MANAGEMENT

TEST ONE

DATE: 23RD MAY, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of THREE (3) Questions; Answer ANY TWO.**
 - 2. Marks Allocation Indicates the Depth of the Answer Expected**
-

QUESTION ONE

The following are the statements of account for Konkola Limited for a three year period.

Konkola Ltd Income Statement: Years Ended December 31, 2015, 2016 and 2017

	2017	2016	2015
	K'000	K'000	K'000
Net sales	15,307	13,363	11,778
Cost of goods sold	11,140	9,682	8,514
Gross profit	4,167	3,681	3,264
Selling and administration expenses	3,332	2,973	2,660
Operating profit margin	835	708	604
Interest expense	42	2	3
Operating income before income taxes	793	706	601
Corporation taxes	282	270	229
Net income	511	436	372

Konkola Ltd Statement of Financial Position for the Years Ended December 31, 2015, 2016 and 2017.

	2017		2016		2015	
	K'000	K'000	K'000	K'000	K'000	K'000
ASSETS						
Nets fixed assets		2,144		1,754		1,448
Other non-current assets		135		127		166
		<u>2,279</u>		<u>1,881</u>		<u>1,614</u>
CURRENT ASSETS						
Cash	144		73		9	
Accounts receivables	373		376		288	
Inventory	2,027		1,733		1,632	
Other	79		144		90	
	<u>2,623</u>		<u>2,326</u>		<u>2,019</u>	
CURRENT LIABILITIES						
Accounts payables	907		813		692	
Accrued expenses	618		554		467	
Taxes payable	55		72		23	
		<u>1,043</u>		<u>887</u>		<u>837</u>
Long term liabilities		473		395		408
		<u>2,849</u>		<u>2,373</u>		<u>2,043</u>
FINANCED BY						
Equity capital		196		107		77
Reserves		2,653		2,266		1,966
		<u>2,849</u>		<u>2,373</u>		<u>2,043</u>

Required

Calculate the cash conversion cycles for Konkola Ltd for the years 2016 and 2017.

(25 Marks)

QUESTION TWO

Mr Kunda is 63 years old and recently retired. He wishes to provide retirement income for himself and is considering an annuity contract with Madison Life Insurance Company. Such a contract pays him an equal-kwacha each year that he lives. For this cash-flow stream, he must put up a specific amount of money at the beginning. According to actuary tables, his life expectancy is 15 years, and that is the duration on which the insurance company bases its calculations regardless of how long he actually lives.

Required

- A. If Madison Life uses a compound annual interest rate of 5 percent in its calculations, what must Mr Kunda pay at the outset for an annuity to provide him with K10,000 per year?

(Assume that expected payments to be made at the end of each of the 15 years.

(13 Marks)

B. What would be the purchase price if the compound annual interest rate is 10 percent?

(6 Marks)

QUESTION THREE

Establish loan amortization schedules for the following loans to two decimal places.

A. A 14-month loan of K20,000 with equal instalment payments at the end of each month.

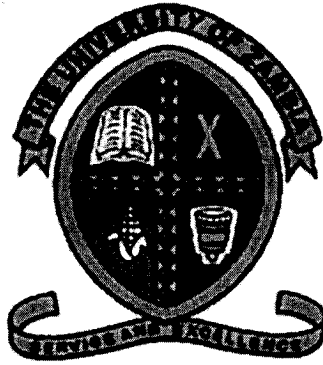
The interest rate is 2 percent per month.

(13 Marks)

B. A 12-year mortgage loan of K190,000 at a 10 percent compound annual interest rate with equal instalment payments at the end of each year.

(12 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

SOB 2010: FINANCIAL MANAGEMENT
FEBRUARY 2018 COHORT – FULL TIME

TEST TWO

DATE: 24TH SEPTEMBER, 2019

TIME: TWO (2) HOURS

INSTRUCTIONS:

1. The Paper has a Total Number of THREE (3) Questions; Answer ANY TWO.
 2. Marks Allocation Indicates the Depth of the Answer Expected
-

QUESTION ONE

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 TWO

Mukubesa Ltd currently runs a centralised billing system. For Payments by cheque, they are made by all customers directly to head office. It requires, on average, four days for customers' mailed cheques to reach the head office. An additional one and half days is required to update payments in the system before a deposit can be made. The firm has an average daily cheque collection of K500,000. The company has recently investigated the possibility of initiating a lockbox system for all payments by cheque. It has estimated that with such a system customers' mailed payments would reach the receipt location two and half days sooner. Further, the processing time could be reduced by an additional day because each lockbox bank would pick up mailed deposits twice daily.

Required

- A. Determine how much cash would be freed up (released) through the use of a lockbox system. (10 Marks)
- B. Determine the annual gross kwacha benefit of the lockbox system, assuming the firm could earn a 5% percent return on the released funds in part (A) by investing in short term instruments. (10 Marks)
- C. If the annual cost of the lock system will be K75,000, should such a system be initiated? (5 Marks)

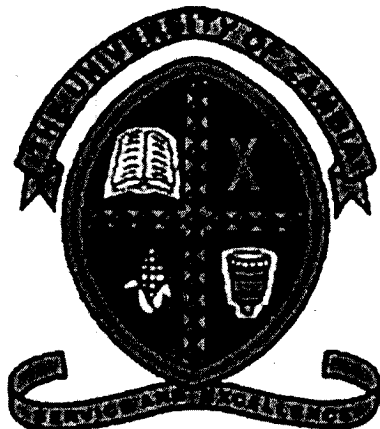
QUESTION THREE

Assume that a lower control limit of K10,000 is decided upon, the interest rate is 2.5% per cent pay day. While the variance of the daily cash flow has been measured as K2,500,000 with switching costs of K200 per transaction.

Required

- A. Calculate the spread (10 Marks)
- B. The upper limit (7 Marks)
- C. The return point (8 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
FEBRUARY/JULY 2018 COHORT - EVENING
SOB 2032: COST ACCOUNTING

Quiz One (1)

21st September 2019

INSTRUCTIONS

1. There are Fifteen (15) questions in this quiz, Answer all by circling the correct answer
2. Ensure You Fill in All Your Personal Details Correctly on the Face of the Question Paper
3. Time Allowed is 45 Minutes

Student Names:.....

Student ID:.....

1. The role of the management accountant would not normally involve which of the following:
 - A. Communicating future production plans to all departments
 - B. Ensuring that there is sufficient manufacturing capacity for the next period
 - C. Preparing half yearly accounts for presentation to the board of directors
 - D. Comparing actual performance with the budgeted targets
2. Which of the following statements would not necessarily be used in a description of good management information? It is:
 - A. Relevant to a particular decision
 - B. Very cheap to produce
 - C. Accurate and produced in time
 - D. In a readily understandable format

3. Which of the following best describes a fixed cost? A cost which:
 - A. Represents a fixed proportion of total costs
 - B. Remains at the same level up to a particular level of output
 - C. Has a direct relationship with output
 - D. Remains at the same level when output increases
4. A business' telephone bill should normally be classified into which one of the following categories?
 - A. Fixed costs
 - B. Stepped fixed costs
 - C. Semi-variable cost
 - D. Variable cost
5. If the raw material are suffering from inflation, which of the following methods of valuing stocks will give the lowest gross profit?
 - A. LIFO
 - B. Replacement cost
 - C. FIFO
 - D. Simple average
6. Which of the following is a disadvantage of the FIFO method of stock valuation?
 - A. Physical issues must follow the same order as physical receipts
 - B. One issue may be split between two or more different deliveries for costing purposes
 - C. Jobs started on the same day must be issued with stock from the same delivery
 - D. It is necessary to analyse which deliveries particular issues have been obtained from
7. Which of the following would not create an expense due to idle time of direct labour?
 - A. Machine breakdown
 - B. Poor work planning
 - C. Reduced demand
 - D. Strike action
8. For a company involved in the production of a number of different product lines, which of the following machines costs would normally form part of the prime cost of production?
 - A. Operator's cost
 - B. Oils
 - C. Depreciation
 - D. Repairs
9. If the overhead to be absorbed was the foreman's salary the most likely appropriate basis for absorption would be:
 - A. Weight of material

- B. Direct labour hours
- C. Selling price
- D. Prime cost

10. Which of the following would not cause either an under or over absorption of overheads:

- A. Actual direct labour time per unit being greater than budget
- B. Actual cost of direct labour being greater than budget
- C. Actual overheads incurred being less than budget
- D. The number of units produced being greater than budget

11. A company has produced a set of cost figures for its accounting period:

	K
Direct labour	98,000
Direct expenses	5,000
Administration overheads	15,000
Indirect factory costs	20,000
Direct materials	200,000
Selling and distribution overheads	22,000

What is the production cost of units made in the period?

- A. K303,000
- B. K323,000
- C. K338,000
- D. K360,000

12. The total production cost for making 20,000 units was K21,000 and the total production cost for making 50,000 units was K34,000. Once production exceeds 25,000 units, additional fixed costs of K4,000 are incurred. The full production cost per unit for making 30,000 units is:

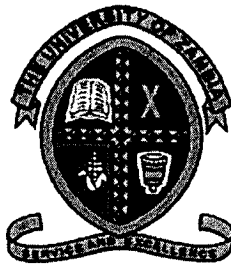
- A. K0.30
- B. K0.68
- C. K0.84
- D. K0.93

13. For a manufacturing company involved in a make or buy decision of its product, which of the following items would not be relevant?

- A. Apportioned departmental rent and rates costs
- B. Rental income from letting the factory's spare capacity
- C. Supervision costs of the manufacturing process
- D. Current market price of its product

14. Which of the following does not usually appear on a GRN?
- A. Date received
 - B. Quantity received
 - C. Price of goods
 - D. Description of goods
15. Fixed costs are conventionally deemed to be:
- A. Constant per unit of output
 - B. Constant in total when production volume changes
 - C. Outside the control of management
 - D. Those unaffected by inflation

END OF QUIZ



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

FEBRUARY/JULY 2018 COHORT

SOB 2032: COST ACCOUNTING

Test Three (3) – Full Time

15th November 2019

INSTRUCTIONS

1. There are Twelve (12) questions in this Test, Answer all by circling the correct answer
2. Ensure You Fill in All Your Personal Details Correctly on the Face of the Question Paper
3. Time Allowed is One (1) Hours

Student Names:.....

Student ID:.....

Tick Mode of Learning:

Full Time	Evening

-
1. Which of the following best describes a fixed cost? A cost which:
(A) Represents a fixed proportion of total costs
(B) Remains at the same level up to a particular level of output
(C) Has a direct relationship with output
(D) Remains at the same level when output increases (2 Marks)
 2. A business' telephone bill should normally be classified into which one of the following categories?
(A) Fixed costs
(B) Stepped fixed costs
(C) Semi-variable cost
(D) Variable cost (2 Marks)
 3. Which of the following would not create an expense due to idle time of direct labour?
(A) Machine breakdown
(B) Poor work planning
(C) Reduced demand

(D) Strike action

(2 Marks)

4. For a company involved in the production of a number of different product lines, which of the following machines costs would normally form part of the prime cost of production?

(A) Operator's cost

(B) Oils

(C) Depreciation

(D) Repairs

(2 Marks)

5. A method of dealing with overheads involves spreading common costs over cost centres on the basis of benefit received. This is known as:

(A) Overhead absorption. (B) Overhead apportionment.

(C) Overhead allocation. (D) Overhead analysis.

(2 Marks)

6. An overhead absorption rate is used to:

(A) Share out common costs over benefiting cost centres.

(B) Find the total overheads for a cost centre.

(C) Charge overheads to products.

(D) Control overheads.

(2 Marks)

7. Over-absorbed overheads occur when:

(A) Absorbed overheads exceed actual overheads.

(B) Absorbed overheads exceed budgeted overheads.

(C) Actual overheads exceed budgeted overheads.

(D) Budgeted overheads exceed absorbed overheads.

(2 Marks)

8. If the overhead to be absorbed was the foreman's salary the most likely appropriate basis for absorption would be:

(A) Weight of material (B) Direct labour hours (C) Selling price (D) Prime cost

(2 Marks)

9. Process B had no opening WIP. 13,500 units of raw material were transferred in at K4.50 per unit. Additional material at K1.25 per unit was added in process. Labour and overheads were K6.25 per completed unit and K2.50 per unit incomplete. If 11,750 completed units were transferred out, what was the closing WIP in process B?

(A) K77,625

(B) K14,437.50

(C) K141,000

(D) K21,000

(3 Marks)

10. A chemical process has a normal wastage of 10 per cent of input. In a period, 2,500 kg of material were input and there was an abnormal loss of 75 kg. What quantity of good production was achieved?

(A) 2,175 kg

(B) 2,250 kg

(C) 2,325 kg

(D) 2,475 kg

(3 Marks)

11. The following data relates to two output levels of a department.

Machine hours	17,000	18,500
Overheads	K246,500	K251,750

The variable overhead rate per hour is K3.50.

The amount of fixed overheads is

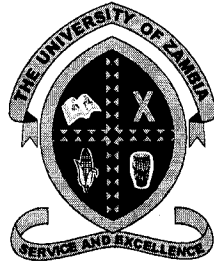
- (A) K5,250 (B) K59,500 (C) K187,000 (D) K246,500 (3 Marks)

12. P Ltd absorbs overheads on the basis of direct labour hours. The overhead absorption rate for the period has been based on budgeted overheads of K150,000 and 50,000 direct labour hours. During the period, overheads of K180,000 were incurred and 60,000 direct labour hours were used. Which of the following statements is correct?

- (A) Overhead was K30,000 over-absorbed.
 (B) Overhead was K30,000 under-absorbed.
 (C) No under- or over-absorption occurred.
 (D) None of the above.

(3 Marks)

END OF TEST



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Sessional Examination

Tuesday 11th June 2019

FINANCIAL RISK MANAGEMENT

Instructions

Time Allowed: **3 hours**

There are five (5) Questions in the Examination Paper

Attempt a total of four (4) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

- (a) Explain the main stages of the risk management process (8 marks)
- (b) Describe the main objectives of risk management (6 marks)
- (c) Briefly explain the benefits of risk management (6 marks)
- (d) Briefly describe personal risk management (5 marks)

(Total 25 Marks)

QUESTION 2

- (a) Briefly explain operational risk (3 marks)
- (b) Describe the main types of operational risks (5 marks)
- (c) Explain the principles for operational risk management (12 marks)
- (d) Briefly explain measure for mitigating operational risk (5 marks)

(Total 25 Marks)

QUESTION 3

- (a) Briefly explain equity price risk (3 marks)
- (b) Explain foreign exchange risk (3 marks)
- (c) List and explain the main types of foreign exchange exposure (9 marks)
- (d) Briefly explain how an international firm can manage foreign exchange risk (10 marks)

(Total 25 Marks)

QUESTION 4

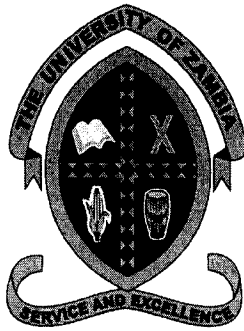
- (a) Define credit risk (5 marks)
- (b) Briefly explain credit administration in a commercial bank (7 marks)
- (c) Explain early warning indicators of problem loans (7 marks)
- (d) Describe how credit risk measurement (6 marks)

(Total 25 Marks)

QUESTION 5

Briefly describe financial derivatives and how they can be used to manage financial risks

(Total 25 Marks)



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

HUMAN RESOURCE STRATEGY /HUMAN RESOURCE PLANNING
FINAL EXAMS

DURATION; 03HOURS

INSTRUCTIONS

ANSWER 5 QUESTIONS ONLY (THREE QUESTIONS FROM SECTION A AND TWO QUESTIONS FROM SECTION B). QUESTION 1 FROM SECTION A IS COMPULSORY. EACH QUESTION CARRIES 20 MARKS.

SECTION A

ANSWER THREE QUESTIONS.Q1 IS COMPULSORY.

QUESTION ONE (COMPULSORY)

A fit between demands for creativity and abilities for creativity is related to lower strain and higher job satisfaction. By incorporating both the Supply Value and Demand ability versions of fit, assess this preposition. **(20 Marks.)**

QUESTION TWO.

Strategic Human Resource Management is an evolving concept which is still at its nascent stage and its relevance to organizations is immensely gaining ground. Illustrate the HR Value Chain and explain to what extent the HR Strategic scan can influence the Value Chain. **(20 marks)**

QUESTION THREE.

In order to ensure the growth and development of most organizations in Zambia, the efficiency of the Human Capital must be augmented in the right perspective. HR traditional concepts suggested that expenditure in HR is treated as a change agent revenue as it does not create any physical assets.

Using your knowledge of HR accounting answer the following questions;

- a) Explain in detail the Monetary and non-Monetary measurement methods of HR Accounting.
(10MARKS)
- b) Discuss the merits and limitations of the Cost Approach method in Human Resource Accounting**(10MARKS)**

QUESTION FOUR

Cumulative research streams in the SHRM literature have proven the advantageous existence of the synergetic effect of HRM practices in all 21st Century organizations globally. By incorporating your scholarly ideas of internal fit, external fit, and the focus on employees' cognitive mechanisms Explain the Return on Investment approach in Human Capital valuation with an illustration.**(20 Marks)**

QUESTION FIVE

The Person-Environment Fit paradigm has been successfully integrated within a developmental framework. It postulates that the combination of an individual's developmental stage and the surrounding environment produces adaptive change within the individual thus defeating strategic misalignment.

Explain in detail how synchronizing the trajectory of development to the characteristics and changes in the organization fosters strategic alignment. **(20 Marks)**

SECTION B

ANSWER ANY TWO QUESTIONS.

QUESTION SIX

The name "Balanced Scorecard" comes from the idea of looking at strategic measures in addition to traditional financial measures to get a more "balanced" view of performance. The concept of balanced scorecard has evolved beyond the simple use of perspectives and it is now a holistic system for managing strategy. Developed by Kaplan and Norton, a key benefit of using a disciplined framework is that it gives organizations a way to "connect the dots" between the various components of strategic planning and management, meaning that there will be a visible connection between the projects and programs that people are working on, the measurements being used to track success (KPIs), the strategic objectives the organization is trying to accomplish, and the mission, vision, and strategy of the organization. Answer the following questions on the BSC;

- a) Kaplan and Norton indicated that the metaphor for the BSC should be a flight simulator, not a dashboard of instrument dials. Explain what is meant by this assertion. **(10 Marks)**
- b) Discuss and compare the Measure Network with the Balanced Scorecard highlighting the criticisms of the BSC. **(10Marks)**

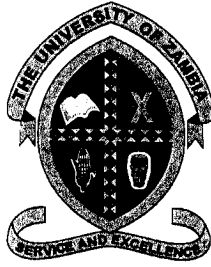
QUESTION SEVEN

Porters five forces like PEST (or SLEPT) analysis, helps organizations to understand their task, industry or competitive environment. using your understanding of the pest analysis show how the following strategies can overcome competitive rivalry;

- a) Horizontal integration **(10Marks)**
- b) Vertical integration.**(10 Marks)**

QUESTION EIGHT

Discuss the Human resource forecasting process and its importance in a hypothetical 21st Century Zambian business environment. **(20 Marks)**



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

MBA Finance Sessional Examination

Monday 9th September 2019

INTERNATIONAL BUSINESS FINANCE

Instructions

Time Allowed: **3 hours**

There are five (5) Questions in the Examination Paper

Attempt a total of four (4) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

(a) On Monday morning, an investor takes a short position in a DM futures contract that matures on Wednesday afternoon. The agreed-upon price is \$0.7371 for DM125, 000. At the close of trading on Monday, the futures price has fallen to \$0.7315. At Tuesday close, the price falls further to \$0.7291. At Wednesday close, the price rises to \$0.7422, and the contract matures. The investor delivers the DM at the prevailing price of \$0.7422.

Required

- (a) Detail the daily settlement process (20 Marks)
- (b) What will be the investor's profit/loss? (5 Marks)

(Total 25 Marks)

QUESTION 2

- (a) Define offshore banking center (5 marks)
- (b) Explain the main characteristics of offshore banking zones (5 marks)
- (c) List IMF recognized offshore banking centers (7 marks)
- (d) Explain how Zambia can grow its economy by converting its banking system into an offshore banking center (8 marks)

(Total 25 Marks)

QUESTION 3

- (a) Define the term "Cross exchange rate" and explain its usefulness (4 marks)
- (b) Suppose $ZMW/USD = K13.2$ and $RUR/USD = 64$ Rubles. Find ZMK/RUR ? (5 marks)
- (c) Discuss the forms of purchasing power parity (6 marks)
- (d) The USA and Russia are running inflation rates of 6% and 4% respectively. The spot rate is 1Ruble = \$0.75. Calculate the value of the Russian Ruble in 3 years if Purchasing power parity holds. (6 marks)

(Total 25 Marks)

QUESTION 4

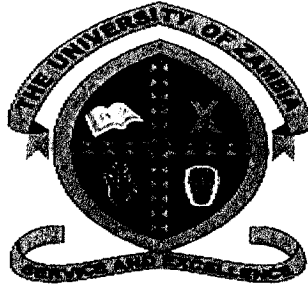
- (a) Explain the core of the international money market (3 marks)
 - (b) Describe the main instruments found on the international money market (6 marks)
 - (c) Explain the factors affecting international portfolio investments (6 marks)
 - (d) Describe Mutual Funds, ADRs, WEBS, Country Funds and Hedge Funds (10 marks)
- (Total 25 Marks)**

QUESTION 5

For the past one year, the Zambian kwacha has been losing value against major currencies like the US dollar. As finance manager for a transnational company based in Zambia, you are requested by the board of directors to explain the main problems that your company might face if the kwacha continues to weaken.

Required:

- (a) Explain the type of risk the transnational firm is likely to face (3 marks)
 - (b) How can the transnational firm reduce its losses as a result of reduced earnings from future transactions? (16 marks)
 - (c) For future prediction of exchange rates, explain the methods a trader can use to forecast exchange rates (6 marks)
- (Total 25 Marks)**



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

MARKETING STRATEGY

FINAL SEMESTER EXAMINATION

Date: 9th September 2019

Time Allowed: Three(3) hours

Instructions:

1. There are Six (6) questions in this paper, and you are required to attempt any five questions.
2. Note that question **ONE** is **COMPULSORY**.
3. Answer any Four (4) questions from Section B.
4. Marks for each question are indicated in the brackets.
5. Answers must be in complete sentences. No credit will be given for any answer that is in point form.

SECTION A: COMPULSORY

Question 1

MINI CASE:

The Tea industry is characterized by oversupply and overcapacity, with surpluses of 120 000 tonnes a year. Tea plantations swallow a lot of capital, and the return is not as attractive as in industries such as technology or services. Tea cannot be stockpiled, unlike coffee, keeping it for two years at most. Tea is auctioned in London and prices are the same in absolute terms as they were 15 years ago. Tea is produced in Africa and India, Sri Lanka and China. Because of the huge capital investment involved, the most recent investments have been quasi government, such as those by commonwealth Development Corporation ailing estates in East Africa. There is no single demarcation between buyers and sellers. Tea bag manufacturers own their own estates, as well as buying in tea from outside sources.

Recently tea prices were described in India at least being “exceptionally firm”. The shortage and high prices of coffee have also raised demand for tea which remains the cheapest of all beverages in spite of recent rise in prices. Demand from Russia, Poland, and Iran and are expected to rise.

- (a) Carry out a five-force analysis of Tea industry. (10 Marks)
- (b) Suggest possible marketing strategy for a tea grower with a number of estates which has traditionally sold its tea at the auction. (10 Marks)

SECTION B: ANSWER ANY FOUR QUESTIONS

Question two

Discuss Ansoff's product/market matrix in the context of identifying and assessing alternative strategic directions for growth. (20 Marks)

Question three

An organisation's competitive position usually falls into one of four categories according to its relative market share.

Outline and discuss the main alternative strategies available to organisations in each of the following four categories of market position.

(a) Market leaders	(5 Marks)
(b) Market challengers	(5 Marks)
(c) Market followers	(5 Marks)
(d) Market nichers	(5 Marks)

Question four

a) Distinguish between cost leadership strategy and Differentiation strategy. (4 Marks)

b) Explain how a firm can achieve cost leadership and state the disadvantages of cost leadership strategy. (10 Marks)

c) What is corporate strategy? (6marks)

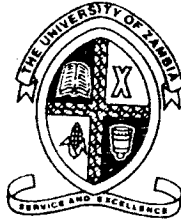
Question five

Mr. Sibeso has been a Barclays Bank Manager for twenty years and is now retired. He recently went to one branch of Barclays Bank in Lusaka to withdraw some money but a bank official at the branch politely told him that particular branch served only 'prestige' customers and that the main branch in the city centre would be happy to assist him.

Discuss this scenario in the context of the concept of market segmentation. (20 Marks)

Question 6

Outline and describe the major changes taking place in today's markets. Detail those that are likely to have the most impact on business as we settle in into the twenty-first century. Provide examples of ways in which new competitive strategies can be fashioned to exploit the opportunities that are emerging. (20 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