



ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

AA1 EXAMINATION - JULY 2018

(AA15) BUSINESS OPERATIONS AND MANAGEMENT

• **Instructions to candidates** (Please Read Carefully):

- (1) **Time allowed:** Reading - 15 minutes
Writing - 03 hours.

29-07-2018
Afternoon
[1.45 – 5.00]

- (2) **All questions should be answered.**
- (3) **Answers should be in one language, in the medium applied for, in the booklets provided.**
- (4) **State clearly assumptions made by you, if any.**
- (5) **Action Verb Check List with definitions is attached. Each question begins with an action verb excluding OTQ's. Candidates should answer the questions based on the definition of the verb given in the Action Verb Check List.**
- (6) **100 Marks.**

No. of Pages : 06
No. of Questions : 06

SECTION A

Objective Test Questions (OTQs)

Twenty (20) compulsory questions

(Total 40 marks)

Question 01

Select the most correct answer for question No. 1.1 to 1.15. Write the number of the selected answer in your answer booklet with the number assigned to the question.

1.1 The common elements of any system in a business organization are:

- (1) Input, Product and Demand. (2) Input, Process and Output.
(3) Input, Consumption and Needs. (4) Input, Services and Goods.

1.2 Which one of the following is an example for a physiological need?

- (1) Safety. (2) Prestige. (3) Water. (4) Relationships.

1.3 Which one of the following is correct regarding a Public Limited Company?

- (1) Maximum number of shareholders is 02.
(2) Shares are permitted to issue to the public.
(3) There are no legal requirements for the formation.
(4) It is not compulsory to publish the annual report.

1.4 Which one of the following is **not** a component of the task environment?

- (1) Suppliers. (2) Competitors. (3) Employees. (4) Customers.

1.5 Which one of the following could be considered as a strength for an organization?

- (1) Changes in government policies. (2) Brand name.
(3) Lack of marketing expertise. (4) Prices of competitors.

1.6 Which one of the following is **not** an element of the internal environment of a business?

- (1) Organizational culture. (2) Value system.
(3) Human resources. (4) Competitors.

1.7 Which one of the following is a feature of a good transportation system?

- (1) Safety. (2) Speed.
(3) Cost effective. (4) All of the above.

1.8 In Human Resource Management, a formal introduction of the new employee to the organization is known as:

- (1) Induction. (2) Selection. (3) Training. (4) Recruitment.

1.9 Which one of the following is an external determinant of rewards?

- (1) Compensation policy of the organization. (2) Economic condition.
(3) Employer's ability to pay. (4) Worth of a job.

1.10 Which one of the following is **not** an unethical practice from employer's aspect of Human Resource Management?

- (1) Physical violence.
(2) Using child labour.
(3) Having flexible working hours.
(4) Pressurizing employees to increase productivity.

1.11 An element included in an individual Job Specification is:

- (1) Job identification. (2) Targets to be achieved.
(3) Criteria for assessment of performance. (4) Special physical capabilities.

1.12 Which one of the following marketing concepts is concerned with profit growth by capturing customer share, loyalty and life-time value?

- (1) Societal marketing concept.
- (2) Customer concept.
- (3) Holistic marketing concept.
- (4) Selling concept.

1.13 The market which is associated with regular customers who continue to buy and consume a particular good or service is known as:

- (1) Potential market.
- (2) Available market.
- (3) Business market.
- (4) Actual market.

1.14 Which one of the following statements is **not** correct regarding information management?

- (1) The extranet is a private net that is accessible by selected outsiders.
- (2) The internet is a global network of computers that communicate via TCP/ IP protocol.
- (3) The intranet is a network outside an organization.
- (4) An intranet is protected by security measures such as passwords and fire walls.

1.15 Which one of the following is **not** an objective of facility layout?

- (1) Utilization of labour efficiency.
- (2) Minimization of material handling cost.
- (3) Encouraging proper maintenance.
- (4) Increase in labour turnover.

Select the correct word/words from those given within brackets to fill in the blanks of question No. **1.16** to **1.20**. Write the selected word/words in your answer booklet with the number assigned to the question.

1.16 [*Transaction Processing System (TPS) / Decision Support System (DSS)*] is an information system which operates at the operational level of management.

1.17 [*Enterprise Resource Planning (ERP) / Executive Support System (ESC)*] is a business process management software that allows an organization to use a system of integrated applications to manage the business.

1.18 (*Marketing and sales / Technology development*) is a support activity in Porter's Value Chain.

1.19 (*Job enlargement / Job rotation*) is the process of shifting one employee from one job to another within a certain period.

1.20 Under (*differentiated marketing / concentrated marketing*), a firm will develop products and services with separate marketing mix strategies for each of the segments.

(02 marks each, Total 40 marks)

End of Section A

SECTION B

Four (04) compulsory questions

(Total 40 marks)

Question 02

A business organization is a person or a group of persons working together in pursuit of the same commercial interest. Business organizations can be classified in different ways and the sole proprietorship is the most common form of business ownership. Supportive services play an important role in any business organization regardless of the type of the ownership.

You are required to:

- (a) **State** three(03) advantages and two(02) disadvantages of a sole proprietorship. (05 marks)
 - (b) **State** five(05) services which can be obtained from banks and financial institutions for a business organization as support services. (05 marks)
- (Total 10 marks)

Question 03

A business organization produces goods and services to meet its customers' needs. Quality has become a major factor in the selection of a particular good or service by the customer.

You are required to:

- (a) **Explain** the importance of quality management to a business organization. (06 marks)
 - (b) **Identify** any four(04) dimensions of quality for manufactured products. (04 marks)
- (Total 10 marks)

Question 04

Human resource is the most important resource of any organization. Therefore Human Resource Management is vital for the success of the organization and it includes a variety of activities.

You are required to:

- (a) **Explain** the importance of Human Resource Management for an organization. (06 marks)
 - (b) **Identify** the steps included in the training process. (04 marks)
- (Total 10 marks)

Question 05

While marketing is an essential aspect to any organization irrespective of its nature and purpose, an effective brand strategy gives a major edge in an increasingly competitive market.

You are required to:

- (a) **Explain** three(03) reasons why marketing is important for a business organization. (06 marks)
 - (b) **Identify** four(04) characteristics of a successful brand. (04 marks)
- (Total 10 marks)

End of Section B

SECTION C

A compulsory question.

(Total 20 marks)

Question 06

Bert & Sons Ltd. which was founded in 1980's in Gampaha is a family owned business. The company is well-known for selling fresh quality bakery foods island-wide at an affordable price. Currently the business operates 50 outlets located across the island with nearly 600 employees. **Bert & Sons Ltd.** has already received ISO certification for its operations. The owners recently decided to expand their business operations by turning its traditional outlets into restaurants. Meanwhile, international fast food chains are also spreading its operations island-wide. To face this stiff competition, the management of **Bert & Sons Ltd.** has decided to start home delivery services of its products through online and hotline services. The IT manager has suggested that to implement this decision, the company needs to immediately develop an attractive website with online purchasing facilities and a 24 hours call centre. The company plans to recruit another 150 delivery riders and 20 call centre staff to facilitate the proposed expansion. The Production Manager of the company has highlighted the opportunity to reduce manufacturing costs by importing an energy-efficient oven from a supplier in Singapore. **Bert & Sons Ltd.** prioritise maintaining strong relationships with its suppliers. Currently, the company buys all its inputs such as vegetables directly through farmers and registered suppliers.

You are required to:

- (a) **Explain** three(03) ways in which globalization has positively impacted to **Bert & Sons Ltd.**(06 marks)
- (b) **Explain** three(03) variables included in the marketing mix (4'P's) of **Bert & Sons Ltd.** (06 marks)
- (c) The management of **Bert & Sons Ltd.** is now considering the costs and benefits of outsourcing the call centre function rather than maintaining an in-house call centre.
State two(02) advantages and two(02) disadvantages of Business Process Outsourcing (BPO).
(04 marks)
- (d) **Identify** four(04) stakeholders of **Bert & Sons Ltd.** (04 marks)
(Total 20 marks)

End of Section C

ACTION VERB CHECK LIST

Knowledge Process	Verb List	Verb Definitions
Level 01 Comprehension Recall & explain important information	Define	Describe exactly the nature, scope, or meaning.
	Draw	Produce (a picture or diagram).
	Identify	Recognize, establish or select after consideration.
	List	Write the connected items one below the other.
	Relate	To establish logical or causal connections.
	State	Express something definitely or clearly.
	Calculate/Compute	Make a mathematical computation
	Discuss	Examine in detail by argument showing different aspects, for the purpose of arriving at a conclusion.
	Explain	Make a clear description in detail revealing relevant facts.
	Interpret	Present in an understandable terms.
	Recognize	To show validity or otherwise, using knowledge or contextual experience.
	Record	Enter relevant entries in detail.
Summarize	Give a brief statement of the main points (in facts or figures).	

Knowledge Process	Verb List	Verb Definitions
Level 02 Application Use knowledge in a setting other than the one in which it was learned / Solve closed-ended problems	Apply	Put to practical use.
	Assess	Determine the value, nature, ability, or quality.
	Demonstrate	Prove, especially with examples.
	Graph	Represent by means of a graph.
	Prepare	Make ready for a particular purpose.
	Prioritize	Arrange or do in order of importance.
	Reconcile	Make consistent with another.
	Solve	To find a solution through calculations and/or explanation.

Knowledge Process	Verb List	Verb Definitions
Level 03 Analysis Draw relations among ideas and compare and contrast / Solve open-ended problems.	Analyze	Examine in detail in order to determine the solution or outcome.
	Compare	Examine for the purpose of discovering similarities.
	Contrast	Examine in order to show unlikeness or differences.
	Differentiate	Constitute a difference that distinguishes something.
	Outline	Make a summary of significant features.