



ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

AA1 EXAMINATION - JANUARY 2020

(AA15) BUSINESS OPERATIONS AND MANAGEMENT

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

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

(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.

26-01-2020
Afternoon
[1.45 – 5.00]

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 Of the following, select the group which consists only of human wants:

- (1) Shirts, Food, Cloths. (2) Bread, Safety, Houses.
(3) Bread, Job security, Frocks. (4) Safety, Bread, Cloths.

1.2 Which one of the following is **not** a function of the management process?

- (1) Organizing. (2) Planning. (3) Controlling. (4) Marketing.

1.3 Which one of the following circumstances is **not** correct with reference to dissolution of a partnership by order of court?

- (1) When all partners agree to dissolve.
(2) When a partner is unable to perform duties as a partner.
(3) When a partner wilfully violates the partnership agreement.
(4) When a partner is guilty of misconduct.

1.4 Which one of the following is **not** an element of Porter's Five Forces Model?

- (1) Threat of new entrants.
- (2) Bargaining power of suppliers.
- (3) Threat of substitute products or services.
- (4) Bargaining power of employees.

1.5 Which one of the following is correct with reference to the provisions of 1890 Partnership Ordinance?

- (1) Partners are entitled for salaries.
- (2) Partners are entitled for an interest on the capital introduced.
- (3) All partners have the right to be involved in the business activities.
- (4) All of the above.

1.6 Which one of the following statements is correct with reference to Macro Environment?

- (1) It cannot be controlled by organisations.
- (2) It is very predictable environment.
- (3) It is smaller than the micro environment.
- (4) It is known as the task environment.

1.7 Which one of the following is a primary activity according to the Porter's Value Chain?

- (1) Infrastructure.
- (2) Human Resource Management.
- (3) Marketing and Sales.
- (4) Technology Development.

1.8 A strategy for Human Resource Shortage is:

- (1) Work for overtime.
- (2) Termination.
- (3) Early retirement.
- (4) Lay off.

1.9 An external determinant of rewards in an organization is:

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

1.10 Which one of the following statements is correct for an effective design process of a product or service?

- (1) It ensures that customers' requirements are met in the simplest and least costly manner.
- (2) It reduces the time required to design a new product or service.
- (3) It matches characteristics of product or service with customers' requirements.
- (4) All of the above.

1.11 Which one of the following marketing concepts is considered for improving product quality and introducing new features to enhance product performance?

- (1) Production concept.
- (2) Product concept.
- (3) Marketing concept.
- (4) Selling concept.

1.12 Which one of the following is **not** a characteristic of a successful brand as per Philip Kotler?

- (1) Attributes.
- (2) Benefits.
- (3) Culture.
- (4) Cost.

1.13 Certain products do not show the same level of demand in the market. Therefore, marketers offer flexible prices and promotional activities to create a stable demand. Such a demand is known as:

- (1) No demand.
- (2) Irregular demand.
- (3) Latent demand.
- (4) Negative demand.

1.14 Which one of the following is **not** a success factor of E-commerce?

- (1) Security and reliability.
- (2) Selection and value.
- (3) High cost and lack of flexibility.
- (4) Personal attention.

1.15 Which one of the following is **not** a reason for the business outsourcing?

- (1) Increase time to finish.
- (2) Gain access to global resources.
- (3) Gain cost saving.
- (4) Focus on core competence of the business.

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 An (*intranet / extranet*) is a network inside an organization that uses internet technology to access an internet within the organization.

1.17 (*Competitors / Value systems*) are part of the task environment.

1.18 Strengths and weaknesses are the (*external / internal*) factors of an organization.

1.19 (*Effectiveness / Efficiency*) is doing right things.

1.20 (*Job description / Job specification*) includes the tasks and responsibilities of the job. (02 marks each, Total 40 marks)

End of Section A

SECTION B

Four (04) compulsory questions

(Total 40 marks)

Question 02

Dupex (Pvt) Ltd. which is a reputed company in Sri Lanka started their business activities in South Asian region recently.

You are required to:

- (a) (i) **Explain** four(04) characteristics of a Private Limited Company. (04 marks)
- (ii) **State** three(03) advantages of a Private Limited Company when compared to a partnership. (03 marks)
- (b) **Explain** three(03) opportunities of Globalization. (03 marks)
- (Total 10 marks)

Question 03

Human Resource Management is the strategic approach to effective management of human resources in an organization. Induction is a function of Human Resource Management and it is a process of introducing new employees to the organization.

You are required to:

- (a) **Explain** three(03) reasons why induction is important for an organization. (06 marks)
- (b) **State** four(04) objectives of Human Resource Management. (04 marks)
- (Total 10 marks)

Question 04

Marketing management is the art and science of choosing target markets and getting, keeping and growing customer through creating, delivering and commuting superior customer value. The internet which is continuing to grow rapidly is one of the most important technologies that has affected marketing.

You are required to:

- (a) **Explain** three(03) advantages of using technology for marketing of an organization. (06 marks)
- (b) **State** four(04) reasons why positioning is important for an organization. (04 marks)
- (Total 10 marks)

Question 05

Operations management is a business function responsible for managing the process of goods and services. It involves planning, organizing, coordination and controlling of all the resources which are used to provide goods and services of the company. It is a core function of every company.

You are required to:

- (a) **Explain** three(03) challenges faced by an Operation Manager in the current context. (06 marks)
- (b) **State** four(04) features of an effective business communication system. (04 marks)
- (Total 10 marks)

End of Section B

SECTION C

A compulsory question.

(Total 20 marks)

Question 06

SuperMove is a Sri Lankan company engaged in the transportation industry. Its core activity is fulfilling transport needs of its customers. The company has two main branches located in Western and Central Provinces. **SuperMove** provides two types of transportation services namely passenger transport services and office staff transport services. **SuperMove's** vision is to "provide a quality transport service to its customers".

Anyone can place their transport requests through **SuperMove's** call centre, through website or mobile app of **SuperMove**. **SuperMove's** management always considers their employees as the best people who create customers' satisfaction. Forty employees who are working in the call centre of **SuperMove** are given regular training in diverse areas such as improving quality service, employees' safety and health, online business management and personality development.

Over the 2 years, **SuperMove** has secured their competitive advantage due to their quality service. They have recognised that effective communication brings strong customers' relationships. **SuperMove's** management has taken a decision to expand its operations to the Southern and Northern Provinces and to invest modern technology for its information management system.

You are required to:

- (a) **Explain** three(03) key benefits gained by **SuperMove** through an effective training program. (06 marks)
- (b) As a marketing concept, **Explain** how the customer concept is used by **SuperMove**. (04 marks)
- (c) **State** four(04) dimensions of quality for services of **SuperMove**. (04 marks)
- (d) **Explain** three(03) advantages that could be gained by **SuperMove** using the modern technology for information management. (06 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.