

# The Open University of Sri Lanka

## Faculty of Engineering Technology



Study Programme : Bachelor of Software Engineering  
 Name of the Examination : Final Examination  
**Course Code and Title : ECM5360 Management and professional issues**  
 Academic Year : 2014/15  
 Date : 30 - 08 - 2015  
 Time : 9.30am - 12.30pm  
 Duration : 3 hours

### General Instructions

1. Read all instructions carefully before answering questions.
2. This question paper consists of **8 questions**. All questions carry equal marks.
3. Answer any **5 questions** only.

Q1 The Trial Balance on December 31, 2014 of Mr .Lakmal's retail business and the additional information are given below.

	Rs.	Rs.
Capital		116,000
Drawings	27,000	
Sales		350,000
Purchase	185,000	
Stock as at 01.01.2014	12,000	
Freehold premises at cost	80,000	
Plant and Machinery at cost	50,000	
Motor vehicle at cost	40,000	
Provision of Depreciation as at 01.01.2014		
Freehold premises		10,000
Plant and Machinery		30,000
Motor vehicle		24,000
Debtors	12000	
Provision of doubtful debts as at 01.01.2014		600
Bank Balance	20,200	
Operating Expenses	116,400	
Creditors		12,000
	<b><u>542,600</u></b>	<b><u>542,600</u></b>

**Additional Information:**

- i. Stock as at 31.12.2014 was valued at Rs.15000.
- ii. Gross profit and operational expenses can be assumed to accurate evenly over the period.
- iii. Provision of doubtful debts is adjusted to 10% of trade debtors and Rs.2000 worth of a debtor has become bad debt.
- iv. Depreciation on fixed assets has been calculated on cost as follows: Freehold premises 5% per annum, Plant and Machinery 20% per annum and Motor vehicle 10% per annum.

Prepare following final accounts of the business.

(a) Trading profit & loss account for the year ended 31.12.2014.

(b) Balance sheet as at 31.12.2014

Q2 Senaka commenced a trading business on 01.01.2015. The values of transactions took place during the month of January are given below in the accounting equation.

No	Equipment	+ Stocks	+ Debtors	+ Cash at Bank	= Trade Creditors	+ Loan	+ Capital
1				+300000			+300000
2	+240000					+240000	
3		+100000			+100000		
4		-60000	+80000				+20000
5			-3000				-3000
6			-50000	+50000			
7				-70000	-70000		
8				-72000			-72000
9	+2000						-2000
10				-7000		-5000	-2000

**Additional Information:**

- (i) The organization has to pay a monthly rent of Rs.12000 for the business premises. The rent for 6 months should be paid as an advance at the beginning of the year.
- (ii) Equipment is depreciated at 10% per annum on cost.
- (iii) The loan is payable within 48 months. The first month installment includes Rs.2000 interest.

You are required to;

- (a) Describe each transaction from 1- 10.
- (b) Calculate the net profit or loss for the month of January 2015 after adjusting the transactions mentioned under the additional information.

- Q3 (a) Explain the term "Staffing" .
- (b) Briefly explain the internal and external sources of manpower recruitment.
- (c) What are the basic steps of selection procedure?
- Q4 (a) Explain what is mean by "marketing concept".
- (b) How do you use marketing mix to market beauty culture services to high income people of urban areas?
- (c) Explain the stages of product life cycle using a graph.
- Q5 (a) Explain the importance of activity network analysis of large projects.
- (b) The Table below shows the activities of a certain project with durations and proceeding activities.

Activity	Duration (Days)	Proceeding activities
A	4	-
B	2	A
C	6	A
D	4	A
E	3	A
F	6	D, E
G	5	D
H	4	B
I	3	C, H
J	4	C, H
K	7	I
L	2	G, F
M	8	J, K, L

- (i) Construct the activity network diagram and find out earliest and latest event times related to all the activities.
- (ii) What are the critical activities and the project duration?
- (iii) What is the maximum delay that can be allowed in activity L that will not affect the project duration time?

- Q6 (a) Explain why it is necessary to keep inventories of goods.
- (b) What are costs components that contribute to stock holding cost?
- (c) Explain with aid of a graphical illustration how stock level varies in lot size model of inventory.
- (d) A company procures and stores a certain product for resale. The following information is available.

Annual demand forecast (D) = 10,000 units

Ordering cost(A) = Rs. 200 per order

Holding cost (h) = Rs. 2.50 per item per year

Supplier of the item offers a price schedule as given below.

Lot size	Unit price (Rs)
1 – 999	30
1000 – 1499	28
1500 – 1999	26
2000 and above	25

Determine the order quantity for minimum total cost.

You may use the following equation.

$$Q = \sqrt{\frac{2AD}{h}}$$

- Q7 (a) Explain what are meant by discipline and grievance procedures in a business organization and their importance.
- (b) Briefly describe key elements of disciplinary procedure.
- (c) Briefly discuss about informal groups in business organizations indicating reasons for formation of such groups and the merits and demerits of informal groups.
- Q8 (a) State what are meant by Vision and Mission of an organization that are very vital in strategic management process.
- (b) In the choice of most preferred strategic alternative, it is necessary to assess the present situation objectively. State three tools that can be used to assess the present situation of a business.
- (c) Briefly describe one of the tools mentioned in (b) above.