



UNIVERSITY OF COLOMBO, SRI LANKA



DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)
Academic Year 2010/2011 – 2nd Year Examination – Semester 3

IT3404: Business Management
PART 2 - Structured Question Paper

27th February 2011
(ONE HOUR)

To be completed by the candidate

BIT Examination Index No:

Important Instructions:

- The duration of the paper is **1 (One) hour**.
- The medium of instruction and questions is English.
- This paper has **2 questions** and **11 pages**.
- **Answer both questions.**
- Both questions will carry equal marks.
- **Write your answers** in English using the space provided **in this question paper**.
- Do not tear off any part of this answer book.
- Under no circumstances may this book, used or unused, be removed from the Examination Hall by a candidate.
- Note that questions appear on both sides of the paper.
If a page is not printed, please inform the supervisor immediately.

Questions Answered

Indicate by a cross (X), (e.g. ☐ X) the numbers of the questions answered.

To be completed by the candidate by marking a cross (X).	1	2	
To be completed by the examiners:			

CASE STUDY

‘Baker’s Treat’ is a bakery chain situated in and around Colombo which commenced operation in year 2000. It was started by a former bakery owner and his daughter. The daughter studied the bakery business abroad and came back to Sri Lanka with an MBA and a good training on bakery Production and Marketing. The vision of ‘Baker’s Treat’ is “To be the most preferred baker in the country”. Their products include a variety of items such as bread, buns, cakes and a wide range of easy breakfast / lunch / dinner products.

The owners of ‘Bakers Treat’ invested in latest technology at the commencement of the business. They have been focusing their business on product quality and customer satisfaction. The industry they are in is very competitive due to the high demand for fast food to cater to the busy lifestyles of working people. Since ‘Baker’s Treat’ is focusing on the market-for main meals as well as short eats, it caters to a wider segment of the market. In future, they want to focus on bread for diabetics, low calorie bread and nutritious bread in addition to other healthy food.

Workers of this company are paid competitive salaries. However, there is a concern among the staff about their long working hours and absence of holidays to spend time with their families. Demotivation is becoming apparent among the staff due to the working environment as it is gloomy and very warm inside the production site of the bakery at each branch.

‘Baker’s Treat’ has 5 branches which are situated in strategic locations where there is a lot of traffic throughout the morning and evening hours. However, the quality of the service at the restaurants is low as customers who take-away food as well as eat-in customers use the same entrance. If they carry out proper market research, they will see that there are many customers who want to buy just a few items such as bread and cake and prefer to drive-through without getting out of the car. This segment of the market is neglected as all the customers have to park in the car park with limited space. Home-delivery service and large scale catering are other strategies adopted by their competitors, some of whom have been in the industry for over 25 years. Newcomers to the industry offer a range of beverages and are collaboratively working with supermarket chains or popular clothing shops.

- (1) (a) Carry out a situational analysis (using SWOT analysis technique) to understand the current situation of Baker's Treat.

(40 Marks)

ANSWER IN THIS BOX

- (b) Use Micheal Porter's five forces Analysis to identify the external pressure the company is faced with.

(30 marks)

ANSWER IN THIS BOX

- (c) Briefly describe five (5) recommendations that would give the company the competitive advantage.
Justify your answer

(30 Marks)

ANSWER IN THIS BOX

- 2) (a) Maithree Foods Pvt Ltd is a company owned by Mr. Maithree Perera. Followings are the transactions carried out in January and February 2010.
- i. Maithree commences a business introducing Rs. 50,000,000.00 cash.
 - ii. He buys a Rs. 200,000.00 worth of kitchen utensils on cash and Rs. 300,000.00 worth of goods on credit from Nihal Pvt. Ltd.
 - iii. Sales on cash and credit are Rs. 100,000 and Rs. 50,000 respectively.
 - iv. Paid salaries for January Rs. 100,000
 - v. Maithree took Rs. 2000.00 in cash to pay his house electricity bill.
 - vi. Paid transportation bill Rs. 1000
 - vii. Deposited Rs. 500,000.00 in bank and created an account
 - viii. Paid bank interest Rs. 1000.00

Make T- accounts for the above given transactions and indicate the balances.

(50 Marks)

ANSWER IN THIS BOX

- (b) Following values are taken from the Profit and Loss Account and the Balance sheet of Sumanasena & Company, which is in the business of selling hardware.

	Rs.
Income/ Revenue	500,000
Income Tax	12,000
Cost of sales	250,000
Administrative expenses	25,000
Land and building	800,000
Interest expenses	5,000
Capital	10,000,000
Net sales	3,000,000
Inventory	500,000
Accounts payable	500,000
Cash	700,000
Notes payable	600,000
Long term bank loan	500,000
Owner's equity	3,100,000
Property, Plant and Equipment	3,500,000

Calculate two ratios each of, which can be used to comment on the profitability and liquidity of Sumanasena & Company.

(30 Marks)

ANSWER IN THIS BOX

- (c) If you were asked to compare the profitability and liquidity status of Sumanasena & Co. with Seetha Jewellers, a company which produces and sells gold jewellery, describe 2 limitations you would observe in your analysis.
(Assume that the required ratios of Seetha Jewellers are given to you.)

(20 Marks)

ANSWER IN THIS BOX
