



UNIVERSITY COLLEGE TATI (UC TATI)

FINAL EXAMINATION QUESTION BOOKLET

COURSE CODE : FBM 1084

COURSE : FUNDAMENTAL OF BUSINESS  
MANAGEMENT

SEMESTER/SESSION : 3 - 2023/2024 (SEPTEMBER)

DURATION : 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hand and ask the invigilator.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO

THIS BOOKLET CONTAINS 4 PRINTED PAGES INCLUDING COVER PAGE

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**QUESTION 1**

- a) Business must have objectives. Explain **THREE (3)** importance of objectives (6 marks)
- b) Define and provide **THREE (3)** advantages of franchising. (5 marks)

**QUESTION 2**

- a) Explain **THREE (3)** sources of finance. (6 marks)
- b) List **FOUR (4)** types of variances. (4 marks)
- c) Explain the differences between tangible and intangible asset. (4 marks)
- d) Describe **THREE (3)** purposes of preparing financial budget. (6 marks)

**QUESTION 3**

- a) The Administrative Management School of Thought is mainly concerned with the first line of management. List any **FOUR (4)** functions that fall under this school. (4 marks)
- b) Explain any **THREE (3)** team roles in organization (6 marks)
- c) Discuss **THREE (3)** types of leaders. (6 marks)
- d) Explain **THREE (3)** barriers of effective communication. (6 marks)

**QUESTION 4**

Halle Furniture Enterprise is considering two new types of computer table, Trio D and Sky Gaming. Data for both products are as follows:

	Trio D	Sky Gamming
Fixed Cost (RM/ unit)	21,500	14,000
Variable Cost (RM/ unit)	1.20	3.50
Sales Price (RM/unit)	6	6

Based on the above table, find the following:

- a) The breakeven points in quantity and value for these two products (4 marks)
- b) The total sales (in RM) for both products if the total sales volume (in units) is 10% above Break-even Point. (4 marks)
- c) Based on the sales volume in b), calculate the profit for each product and decide which product will bring higher profit and should be chosen by the company. (5 marks)

**QUESTION 5**

- a) Discuss **FOUR (4)** factors of size and growth of firms. (8 marks)
- b) List **SIX (6)** factors influencing the location of the business. (6 marks)
- c) Describe **FIVE (5)** functions of purchasing or procurement in business. (10 marks)
- d) Explain **FIVE (5)** reasons of adding value in business. (10 marks)

----- End of question -----

Appendix:

**Contribution margin (CM)** is the amount generated by sales to cover fixed costs.

$$\begin{aligned}\text{Contribution Margin} &= \text{Selling price} - \text{Variable costs} \\ CM &= p - VC\end{aligned}$$

The **contribution margin ratio (CMR)** indicates the percentage of sales available to cover fixed costs and contribute towards profit.

$$\begin{aligned}\text{Contribution Margin Ratio} &= \frac{(\text{Selling price} - \text{Variable costs})}{\text{Sales price}} \times 100 \\ CMR &= \frac{p - VC}{p} \times 100\end{aligned}$$

A breakeven point may be expressed in term of quantity or value of sales.

(a) Breakeven point in quantity (units)

$$BEP(\text{units}) = \frac{FC}{p - VC} = \frac{FC}{CM}$$

(b) Breakeven point in value (RM)

$$\begin{aligned}BEP(\text{RM}) &= \frac{FC}{\frac{p - VC}{p}} = \frac{FC}{CMR} \\ \text{or } BEP(\text{RM}) &= BEP(\text{units}) \times \text{Price}\end{aligned}$$