



UNIVERSITY OF RUHUNA

FACULTY OF GRADUATE STUDIES

Master of Business Management Degree Programme

1000 Level Semester Two Examination (May/June 2019)

Academic Year 2018/2019

MBM12083: Business Analyses and Decision Making

Duration: Three hours

The Question Paper contains 07 questions

Answer five (05) questions only

Question 01

- i). Briefly explain the nature of strategy and strategic decisions. (06 Marks)
 - ii). State the three types of strategy content and explain the use of those types of content in business environment. (06 Marks)
 - iii). Discuss the dimensions of strategy and compare the differences among those dimensions. (08 Marks)
- [Total 20 Marks]**

Question 02

- i). What are the elements of the strategic reasoning process? Briefly explain your answer. (08 Marks)
 - ii). Distinguish the degree of turbulences in the environment. (06 Marks)
 - iii). Analyse the competitive environment using an appropriate theoretical model. (06 Marks)
- [Total 20 Marks]**

Question 03

i). What are the reasons for having a vision statement in an organization?

(06 Marks)

ii). Describe a company mission and explain its value.

(06 Marks)

iii). Analyse key internal forces of the organization.

(08 Marks)

[Total 20 Marks]

Question 04

i). Explain competitive advantage and discuss how it can be used in a business.

(06 Marks)

ii). Compare and contrast the three approaches to defining competitors.

(06 Marks)

iii). When is Stability an Appropriate Strategic Choice and how a stability strategy is implemented?

(08 Marks)

[Total 20 Marks]

Question 05

The Summarized financial statements for the year ended 31 March 2018 and the comparative figure for the Tango Ltd. are shown below.

Statement of Profit or Loss for the year ended 31 March

| | 2018 | 2017 |
|-------------------------|-----------------|-----------------|
| | Rs. | Rs. |
| | Millions | Millions |
| Revenue | 2700 | 1820 |
| Cost of Sales | (1,890) | (1,092) |
| Gross Profit | 810 | 728 |
| Other income | 60 | 10 |
| Administrative Expenses | (375) | (210) |
| Distribution costs | (260) | (130) |
| Finance cost (Interest) | (40) | (5) |
| Profit before taxation | 195 | 393 |
| tax expense | (60) | (113) |
| Profit after taxation | 135 | 280 |

Extracts of the Statement of financial position as at 31 March

| | 2018 | 2017 |
|-------------------------|-----------------|-----------------|
| | Rs. | Rs. |
| | Millions | Millions |
| Total Assets | 1605 | 895 |
| Current Liabilities | 400 | 270 |
| Non-Current Liabilities | 400 | 100 |
| Equity | 805 | 525 |

In 2018 company purchased new machineries in order to increase the production capacity

Old machine which net book value was Rs. 100 million sold at Rs. 140 million during the year 2018. During the year 2018, Company has paid Rs. 100 million as a compensation for legal case filed against it by environmental authorities as they have no proper waste management system.

- i) Compute Return on Capital Employed for both years of Tango Ltd. State any adjustments you made for given figures and justify. (05 Marks)
- ii) Interpret the results by considering the variance of financial figures. (07 Marks)
- iii) Suggest four strategies for Tango Ltd. to improve its Return on Capital and briefly explain them. (08 Marks)

[Total 20 Marks]

Question 06

- i) Corporate Restructuring is a popular jargon in business management. Explain why and when Corporate Restructuring is a critical decision in Business analysis and decision making process. (08 Marks)
- ii) Corporate divestiture is a strategy to remove some of a group's assets under its current business portfolio. Depending on the purpose of restructuring, divestitures can take several forms. Briefly discuss four such strategies. (08 Marks)
- iii) Mergers as well as Reverse Mergers are considered as Corporate Restructuring techniques. Explain briefly how Reverse Merger differs from a business merger. (04 Marks)

[Total 20 Marks]

Question 07

Synergy is a term that is most commonly used in the context of mergers and acquisitions (M&A). Synergy, or the potential financial benefit achieved through the combining of companies, is often a driving force behind a merger.

- i) Explain how synergism achieved through combination of two businesses by using an example. (07 Marks)
- ii) State the differences between Merger and Acquisition. (05 Marks)
- iii) Merging two companies can provide the firms with synergies and economies of scale that can lead to greater efficiency and profitability, but it is important to note that mergers can have a downside too. Briefly explain the how a business merger adversely affects to the operations. (08 Marks)

[Total 20 Marks]