



**Institute of Human Resource Advancement (IHRA)
University of Colombo, Sri Lanka**

Master of Business Management

**Course No: 13/2025 – 1st Trimester Examination (Foreign Students – China)
(Held in May, 2025)**

MBM 5131 – Principles and Practice of Management

Instructions to the Candidates

1. This paper consists of six (06) questions and four (04) pages.
2. Answer any **Five (05)** questions only.
3. Time allocated for the examination is **three (03) hours**.
4. Write your Index Number on all pages of answer script.
5. If a page or a part of this question paper is not printed, please inform the Supervisor immediately

1.1 What is meant by management? Explain your answer with suitable examples.

(7 Marks)

1.2 Describe the differences between efficiency and effectiveness, providing suitable examples.

(6 Marks)

1.3 What are the major functions performed by managers to achieve organizational goals and objectives?

(7 Marks)

(Total 20 Marks)

2.1 Briefly describe the levels of management, citing specific examples from business organizations in Sri Lanka and China.

(6 Marks)

2.2 Explain Mintzberg's managerial roles with suitable examples.

(7 Marks)

2.3 "The success of any business depends heavily on the effectiveness of its managers." Elaborate on this statement by identifying and explaining the managerial skills required to be a successful manager.

(7 Marks)

(Total 20 Marks)

3.1 "Without careful planning, it is like setting off on a journey to an unknown destination without a roadmap". Do you agree with this statement? Explain your answer with examples.

(5 Marks)

3.2 What are the benefits that business organizations can achieve through proper planning?

(5 Marks)

3.3 Briefly explain the different types of plans adopted by business organizations in Sri Lanka and China.

(5 Marks)

3.4 Clearly describe the steps in the planning process.

(5 Marks)

(Total 20 Marks)

4.1 Explain how the 'organizing function' contributes to the achievement of organizational goals.

(6 Marks)

4.2 "An effective organizational structure is essential for organizational success." Explain this statement with examples.

(7 Marks)

4.3 Describe the relationship between authority, responsibility, and accountability in an organizational structure.

(7 Marks)

(Total 20 Marks)

5.1 "Leadership is not about titles or positions, but about influence and inspiration." Explain this statement with examples.

(7 Marks)

5.2 Evaluate the effectiveness of different leadership styles in achieving the organizational goals and objectives.

(6 Marks)

5.3 A team in a software company is underperforming due to a lack of direction and poor morale. As a newly appointed team leader, what leadership style would you adopt to improve performance, and why? Justify your answer using relevant leadership theories.

(7 Marks)

(Total 20 Marks)

6.1 What is meant by employee motivation?

(4 Marks)

6.2 Briefly explain Abraham Maslow's hierarchy of need theory and its application in the workplace.

(6 Marks)

6.3 What are the different methods used by business organizations to motivate employees? Describe with specific examples related to your workplace.

(10 Marks)

(Total 20 Marks)

7.1 What is meant by controlling, and why is it important for business organizations?

(7 Marks)

7.2 What is the difference between feedforward and feedback control?

(6 Marks)

7.3 Briefly explain the control process in an organization, providing suitable examples.

(7 Marks)

(Total 20 Marks)



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MBM 5133 – Business Communication

Instructions to the Candidates

1. This paper consists of six (06) questions and two (02) pages.
2. Answer any **four (04)** questions only.
3. Time allocated for the examination is **three (03) hours**.
4. Write your Index Number on all pages of answer script.
5. If a page or a part of this question paper is not printed, please inform the Supervisor immediately

1. Your younger sister Jane, who is currently studying at the University of Colombo is asking you about the communication process. **Explain the “communication process”** by describing each of the main components, such as; (sender, message, medium, and receiver. Also explain to her how **internal and external barriers** affect the communication process.

(25 Marks)

2. Do you agree with the statement that **bosses are scared to delegate**? Explain your answer based on the positive and negative aspects of delegation.

(25 Marks)

3. Mr. Tom is a senior manager in your company. He asked you to make a presentation on the **basics of negotiation skills** in the workplace. Make your presentation using the example of working for a **family-owned company**. Include the terms BATNA, ZOPA, and Win-Win situation in your presentation.

(25 Marks)

4. Give one example and explain how companies worked during the Covid pandemic period using **Social media and online communication** to promote their business.

5. **Customer Relationship Management (CRM)** is very important in managing a high-profile (high-net-worth) customer/client. Do you agree with this statement? Explain your answer with **one example**.

(25 Marks)

6. First, select a leader of your choice. Do you agree that, “to be a **leader** you need followers”. Explain your response with what you expect from the selected leader.

(25 Marks)



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MBM 5132 – Accounting for Managerial Decision Making

Instructions to the Candidates

1. This paper consists of six (06) questions and seven (07) pages.
2. Answer any **FOUR (04)** questions only.
3. Time allocated for the examination is **three (03) hours**.
4. Write your Index Number on all pages of answer script.
5. If a page or a part of this question paper is not printed, please inform the Supervisor immediately

Question Number 01

a. i. How does accounting aid in strategic business decision-making? Provide real-life examples.

(07 Marks)

ii. "Understanding cost behavior is vital for sound managerial decisions." What are the main bases for classifying costs in managerial accounting? provides your answer with relevant examples.

(10 Marks)

b. "Effective cost accounting depends on properly understanding and applying the basic concepts of cost such as cost units and cost centres, which serve as the foundation for efficient planning and control in business operations".

Discuss the importance of cost units and cost centres, in cost accounting.

(08 Marks)

(Total 25 Marks)

Question Number 02

a. i. "Marginal costing technique is more suitable for short-term managerial decision-making than traditional costing technique." Evaluate this statement with examples.

(05 Marks)

ii. Define the break-even point. Why is it important for managerial decision-making?

(05 Marks)

b. i. Discuss the key limitations of break-even analysis.

(05 Marks)

ii. EcoSteel Products manufactures stainless steel flasks. The company's cost structure for the upcoming year is as follows:

Selling price per flask: Rs. 95

Variable cost per flask: Rs. 45

Annual fixed cost: Rs. 90,000

Production capacity: 3,000 flasks per year

You are required to,

- (i) Calculate the break-even quantity of bottles that must be sold.
- (ii) Determine the number of bottles that need to be sold to earn a profit of Rs.60,000.
- (iii) Calculate the safety margin in units and the percentage assuming the actual sales of the company is 2,200 units.

(10 Marks)

(Total 25 Marks)

Question Number 03

a. "In today's competitive business environment, budgeting plays a crucial role in achieving financial discipline and strategic goals." Explain how budgeting helps managers make better decisions, control costs, and improve performance with practical examples.

(10 Marks)

b. Beta Ltd. is planning its cash flow for the upcoming months. The company has provided the following information to prepare a cash budget for the months of November, December, and January. The opening cash balance on 1st of November is Rs. 150,000.

The company's actual and projected **sales and purchases** for five months are given below:

Month	Cash sales Rs.	Credit Sales Rs.	Cash purchase Rs.	Credit Purchase Rs.
September	65,000	125,000	20,000	90,000
October	66,000	170,000	180,000	90,000
November	82,000	180,000	18,000	100,000
December	120,000	210,000	15,000	130,000
January	100,000	160,000	16,000	90,000

- i. Debt collections are made in installments: 30% in the month of sales, 40% in the month following the sale, and the remaining 30% in the second month following the sale.
- ii. Credit purchases Creditors are also paid in installments: 70% of the amount is paid in the month of purchase, and the remaining 30% in the following month.
- iii. Operating Expenses:

Facility Rent: Rs. 14,000

Employee Compensation: Rs. 25,000

Utilities & Miscellaneous: Rs. 12,000

These expenses are paid fully in the month incurred, reflecting the company's commitment to maintaining its operations smoothly.

Using the above information, you are required to Prepare a Cash Budget for the months of November, December, and January. Your answer should clearly show the opening cash balance, total cash inflows, total cash outflows, and closing cash balance for each month.

Be sure to include calculations for debt collections and credit payments based on the given patterns including all workings.

(15 Marks)

(Total 25 Marks)

Question Number 04:

- a. i. Describe the major techniques used in financial statement analysis. **(05 Marks)**
 - ii. Explain the difference between vertical analysis and horizontal analysis techniques with examples. **(05 Marks)**
- b. The following financial information relates to a manufacturing company for the two consecutive financial years ending 31st March 2024 and 31st March 2025. The company produces finished goods and sells them both on cash and credit terms:

Particulars	2024 (Rs.)	2025 (Rs.)
Finished Goods (1-04-20--)	220,000	260,000
Sales	5,500,000	6,500,000
Finished goods (31.03.20--)	300,000	250,000
Cost of Sales	2,200,000	3,700,000
Operating Profit/ EBIT	1,500,000	1,900,000
Net Profit after Taxation	900,000	1,200,000
Trade Receivables	700,000	900,000
Trade Payables	500,000	400,000
Purchases	1,850,000	2,845,000
Prepaid Expenses	450,000	550,000
Accrued Liabilities	120,000	130,000
Stated Capital (Rs.10 each)	6,000,000	6,000,000
Preference Share Capital	1,600,000	1,800,000
Debentures Issued	1,000,000	1000,000
Long term bank loan	2,000,000	1,800,000
Preference share dividends	800,000	900,000
Debenture Interest expenses	150,000	1500,000
Non-current Assets	20,000,000	22,000,000

i. Calculate the following ratios for both years (2024 and 2025):

- Gross Profit Ratio
- Net Profit Ratio
- Current Ratio
- Quick Ratio
- Return on Total Assets (ROA)

(10 Marks)

ii. Compare and analyze the ratio trends between 2024 and 2025. What do the changes suggest about the company's financial performance?

(05 Marks)

(Total 25 Marks)

Question Number 05:

- a. i. Explain the Internal Rate of Return (IRR). (05 Marks)
- ii. How is it related to the Net present value (NPV) of a project? (05 Marks)
- b. Gamma Company is considering two mutually exclusive investment projects—Project Alpha and Project Beta. Both projects require the same initial investment and have a life span of 5 years. The expected cash inflows after tax for each year are given below. The company's required rate of return (discount rate) is 10%.

Year	Project Alfa	Project Beta (Rs.)
0	(200 000)	(200 000)
1	40,000	60,000
2	50,000	60,000
3	60,000	60,000
4	40,000	40,000
5	90,000	30,000

Using the data above information, you are required to evaluate which project should be accepted selected by Gamma company based on the following investment appraisal techniques.

- i. Payback Period method (Calculate the time it takes to recover the initial investment). (03 Marks)
- ii. Net Present Value (NPV) based on the discount rate given. (05 Marks)
- iii. Internal Rate of Return (IRR). (05 Marks)
- iv. Based on your results, recommend which project should be accepted and justify your choice. (02 Marks)

(Total 25 Marks)

Question Number 06:

a. i. Examine how pricing strategies evolve in response to market structure (e.g., perfect competition, monopolistic competition, oligopoly, monopoly). **(05 Marks)**

ii. Critically evaluate the strategic importance of internal (transfer) pricing and external pricing in a multinational enterprise. **(07 Marks)**

b. **Sunshine Ltd.** has two divisions: **Division A** and **Division B**. Division A manufactures a component that is internally transferred to Division B for use in its production process. The following cost details per unit are available for Division A:

Cost Element	Amount (USD)
Variable cost	60
Fixed cost	25
Markup (20% on full cost)	17

Division B requires **4,000 units** for the year. However, the same component is available from an external supplier at a **market price of \$98 per unit**.

i. Calculate the **total transfer price** charged by Division A to Division B for 4,000 units. **(03 Marks)**

ii. Compare the **internal transfer cost** and **external purchase cost**. Identify which option is more cost-effective from the overall company perspective. **(04 Marks)**

iii. Explain the **advantages and disadvantages** of using the **cost-plus transfer pricing method**, particularly in a situation where a market price is available. **(06 Marks)**

(Total 25 Marks)

Discount Factor Table

Years (N)	Discount rate (i)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	8
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	15
	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	2
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	3
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	4
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	5
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	6
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	7
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	8
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	9
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	10
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	11
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	12
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	13
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	14
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	15