

THE INSTITUTE OF CHARTERED
ACCOUNTANTS (GHANA)



MAY 2010 EXAMINATIONS
(PROFESSIONAL)

PART 4

CORPORATE STRATEGY AND GOVERNANCE
(Paper 4.3)

Attempt any five (5) Questions

TIME ALLOWED:

Reading & Planning	-	15 Minutes
Working	-	3 Hours

SECTION A: COMPULSORY CASE STUDY

QUESTION 1

Read the following carefully and answer the questions which follow:

HAPPY DAZES LIMITED

Happy Dazes Company Limited was founded thirty years ago as a family business. It dealt in general merchandise. Fifteen years later, the founders converted the business into a private limited company and subsequently diversified its operations to include manufacturing as well as purchasing distribution and sale of soaps.

The company is located in the industrial area in Accra. It has a distinctive brand name which was created by its founder and chairman of the company. The brand is a household name in the southern sector of the country where the company has concentrated its marketing activities. It also exports its products to Mali and Burkina Faso.

Since its establishment, the company has been committed to conducting its business in a transparent, socially and environmentally responsible manner.

The management of the company adopted an open-door policy and allowed employees to participate in decision making. The chairman always stressed that the managers within the organisation must be prepared to listen both to the customers and the employees.

The Directors of the company have provided the following information to guide the management team for its impending strategic review meetings.

The operational results of the company for the last two years are as follows:

	2007	2006
	GH¢'000	GH¢'000
Net sales	41,068	32,375
Cost of sales	(21,448)	(16,982)
Distribution costs	(9,834)	(7,875)
Administrative expenses	(3,814)	(2,969)
Finance costs	(221)	(305)
Other income	253	247
Profit before taxation	6,004	4,491
Income tax	(1,650)	(1,180)
Profit after taxation	4,354	3,311

Other financial information include:

	2007	2006
	GH¢'000	GH¢'000
Total Assets	23,707	18,448
Stakeholders' fund	15,484	10,989

