

S1012&1 WASSCE
May/June 2015
BUSINESS
MANAGEMENT 2&1
Essay and Objective
3 hours

2&1

Name.....

Index Number.....

THE WEST AFRICAN EXAMINATIONS COUNCIL
West African Senior School Certificate Examination

May/June 2015

BUSINESS MANAGEMENT 2 & 1

3 hours

Essay and Objective

*Do not open this booklet until you are told to do so. While you are waiting, read and observe the following instructions carefully. Write your **name** and **index number** in ink in the spaces provided above.*

*This booklet consists of **two** papers. Answer Paper 2 which comes first, in your answer booklet and Paper 1 on your Objective Test answer sheet. Paper 2 will last 2 hours after which the answer booklet will be collected. Do not start Paper 1 until you are told to do so. Paper 1 will last 1 hour.*

Answer **four** questions in all: Question 1 and any other **three** questions.

Credit will be given for clarity of expression and orderly presentation of material.

1. Read the following case carefully and answer the questions which follow:

YaYa Limited

Yaya Limited was established by Yaw and Yaa with the printing of T-Shirts, receipt books, wedding and Christmas cards as their core business.

Even though the directors of the company (Yaw and Yaa) had the opportunity to locate the business in the city, they decided to locate it in their hometown, Kosania, a predominately rural community, with a population of not more than five thousand people. This was motivated by their desire to offer job opportunities to the large army of unemployed senior high school graduates in Kosania.

Yaw had never operated a business on his own but had worked in many factories. Yaa also had similar experience in factory work. Both handled all sales and price related issues and used their experience in plant and equipment maintenance to service minor breakdowns. Major repairs were however contracted to experts in the capital city, who have to travel long distances and often spent a number of days on the repairs. This resulted in delayed production.

The patronage of the company's products were low as the existence of the company and its products were little known in the stationery market. Prices of their products were fixed far above those of their competitors, because the company wanted to cream the market to pay for the initial cost of setting up the business.

Following the poor performance of the company's product on the market, a market research was conducted and the finding was that customers were not ready to pay high prices for products that were not too different in quality from similar products in the market.

- (a) Identify the pricing policy adopted by Yaya Limited. [2 marks]
- (b) State the **main** reason for locating the company at Kosania. [2 marks]
- (c) Identify and explain **three** problems encountered by Yaya Limited. [9 marks]
- (d) Suggest **three** measures to solve the problems at Yaya Limited. [9 marks]
- (e) List **three** sources of funds available to Yaya Limited. [3 marks]
2. (a) State **three** corporate social responsibilities of a business towards the society. [3 marks]
- (b) What are the responsibilities of the following stakeholders towards business?
- (i) Employees
 - (ii) Labour Unions
 - (iii) Creditors
 - (iv) Government
- [12 marks]

3. (a) What is delegation? [3 marks]
- (b) State and explain **four** factors that enhance effective delegation. [12 marks]
4. (a) Who is an agent? [3 marks]
- (b) Outline **two** duties of an agent to the principal. [6 marks]
- (c) Explain **three** ways by which an agency may be terminated. [6 marks]
5. Explain the following principles of insurance:
- (a) Subrogation;
- (b) Insurable interest;
- (c) Utmost good faith;
- (d) Indemnity;
- (e) Contribution. [15 marks]
6. (a) What is tax? [3 marks]
- (b) List **four** examples of indirect tax. [4 marks]
- (c) Explain **two** merits and **two** demerits of indirect tax. [8 marks]
7. (a) What is globalization? [3 marks]
- (b) Examine **four** merits of globalization. [12 marks]
8. (a) Who is an entrepreneur? [3 marks]
- (b) Give **four** reasons some entrepreneurs in developing countries fail in their businesses. [12 marks]

END OF ESSAY TEST.

Turn over

Answer **all** the questions.

Each question is followed by **four** options lettered A to D. Find the **correct** option for **each** question. Shade in **pencil** on your answer sheet the answer space which bears the same letter as the option you have chosen. Give only **one** answer to **each** question. An example is given below.

- The risk bearers in the operation of a limited liability company are the
- A. preference shareholders.
 - B. board of directors.
 - C. ordinary shareholders.
 - D. debenture holders.

The correct answer is ordinary shareholders which is lettered C and therefore answer space C would be shaded.

A

B

C

D

E

Think carefully before you shade the answer spaces; erase completely any answers you wish to change.

Do all rough work on this question paper.

Now answer the following questions.

1. The reward of a shareholder of a company is known as
 - A. profit.
 - B. dividend.
 - C. wages.
 - D. salary.
2. A partner who contributes capital but does not take active part in the running of the business is a
 - A. nominal partner.
 - B. general partner.
 - C. dormant partner.
 - D. limited partner.
3. The class of people who are affected by the operation of a business enterprise are collectively known as
 - A. volunteers.
 - B. committee.
 - C. members.
 - D. stakeholders.
4. Which of the following is an advantage of sole proprietorship?
 - A. Quick decision-making
 - B. Large capital
 - C. Employment of experts
 - D. Limited liability
5. The process of influencing workers positively to achieve organizational objectives comes under the function of
 - A. planning.
 - B. organizing.
 - C. directing.
 - D. controlling.

6. The stage in decision-making where critical assessment of the available options is carried out is referred to as
- definition of the problem.
 - analytical stage of the problem.
 - gathering of information.
 - evaluation of alternatives.
7. In a line-and-staff organization, the line officers are the executive and the staff officers are the
- managers.
 - controllers.
 - employers.
 - specialists.
8. Job instructions take the form of
- horizontal communication.
 - upward communication.
 - downward communication.
 - diagonal communication.
9. The management function which is said to be an integral part of all the other functions is
- planning.
 - organizing.
 - controlling.
 - directing.
10. The purpose of creating functional divisions in an organization is to encourage
- centralization.
 - specialization.
 - privatization.
 - decentralization.
11. When a manager ensures that the different departments of a company work in harmony, he is performing the function of
- directing.
 - co-ordinating.
 - controlling.
 - planning.
12. The comparison of actual performance with the stated objectives shows which management function?
- Planning
 - Organizing
 - Directing
 - Controlling
13. Communication gap exists when
- perceived meaning is different from intended meaning.
 - sender and receiver have the same understanding.
 - feedback is received promptly.
 - it is a two way affair between sender and receiver.

Turn over

14. Communication is said to be complete when the
- communication is factual.
 - intended meaning is received.
 - recipient does not understand the message.
 - communication is in writing.
15. The printer of a computer is an example of
- input device.
 - output device.
 - processing device.
 - scanning device.
16. Computer software refers to
- output unit.
 - the instructions that tell the computer what to do.
 - the storage unit.
 - that part of the computer that is made of plastic.
17. An important rule in the law of contract is that
- principal should always rectify agent's act.
 - all arrangements must be sealed.
 - acceptance must be communicated.
 - an offer must move from the promisee.
18. A cheque which allows anyone in possession of it to be paid is
- a crossed cheque.
 - an open cheque.
 - a stale cheque.
 - an endorsed cheque.
19. Which of the following is **not** a negotiable instrument?
- Crossed cheque
 - Postal order
 - Promissory note
 - Treasury bill
20. Which of the following is a duty of an agent?
- Disclose vital business information.
 - Act on his own in all cases.
 - Withhold account from his principal.
 - Have conflict of interest.
21. A contract that is valid and in which one of the parties to the contract is bound is called
- voidable contract.
 - void contract.
 - avoidable contract.
 - null contract.
22. Demand-pull inflation favours
- pensioners.
 - producers.
 - depositors.
 - creditors.

23. Which of the following functions is performed by commercial banks?
- Issuing of currencies.
 - Serving as an agent of payment.
 - Regulating activities of other banks.
 - Serving as a lender of last resort.
24. The aid to trade which deals with the pooling and management of risks is
- communication.
 - warehousing.
 - transport.
 - insurance.
25. Which of the following is an attribute of a good tax system?
- Rigidity
 - Transferability
 - Divisibility
 - Flexibility
26. Which of the following is **not** a source of government revenue?
- Court fines
 - Tax refund
 - Foreign aid and grants
 - Sale of government property
27. An advantage of international trade is that it increases
- the cost of domestic firms.
 - the power of domestic monopolies.
 - international co-operation.
 - the import of foreign products.
28. The document which enables a consignee to clear goods from the port is
- bill of lading.
 - certificate of inspection.
 - delivery note.
 - proforma invoice.
29. One of the effects of embargo in international trade is to
- reduce prices.
 - reduce imports.
 - increase tariffs.
 - control production.
30. One way of reversing a country's trade deficit is to
- increase export.
 - adjust its exchange rate upward.
 - revalue its currency upward.
 - increase imports.
31. Balance of payment is the record of
- payments of a country's imports.
 - importation of goods and services.
 - a country's international transactions.
 - exportation of goods and services.

Turn over

32. Which of the following institutions was established to secure financial stability and sustain economic growth among member countries?
- The World Bank
 - World Trade Organization
 - International Monetary Fund
 - International Maritime Organization
33. The **main** reason for the formation of the Association of South East Asia Nations was to
- introduce different currencies for the member countries.
 - promote free trade among member states.
 - promote social and cultural integration.
 - introduce new taxes to enhance tax revenue.
34. Which of the following business units depend(s) on subventions?
- Public corporations
 - Private company
 - Sole proprietorship
 - Public company
35. One weapon that management may use to make strike undertaken by workers ineffective is
- boycott.
 - picketing.
 - corporate campaign.
 - lockout
36. An advantage of e-commerce is that
- it is possible to examine the product before buying.
 - there is personal interaction between sales staff and customers.
 - a faulty product may be difficult to return.
 - a person need not leave home in order to shop.
37. At which stage of the product cycle will the company experience low profits, high production and marketing costs?
- Introduction stage
 - Growth stage
 - Maturity stage
 - Decline stage
38. The use of brand names, trademarks and labelling are all methods of
- target marketing.
 - quality control.
 - product differentiation.
 - market research.
39. Which of the following is an advantage of outdoor advertising?
- Repeat exposure
 - Geographic flexibility
 - Audience selectivity
 - Low cost

40. The technique which seeks to provide employees with different work experiences by moving them across jobs is known as
- job rotation.
 - job analysis.
 - job enlargement.
 - job enrichment.
41. The key function of human resource management is to ensure that the organization
- sets product quality standards.
 - recruits, selects and retain quality staff.
 - bargains for salaries required by labour.
 - obtains loans and overdraft for employees.
42. Which of the following sources of funds is primary to labour unions?
- Donor funds
 - Government contribution.
 - Membership dues
 - Employer's contribution.
43. The section of a business plan that gives the reader a preview of what the plan contains is
- executive summary.
 - mission statement.
 - management audit.
 - industry summary.
44. Which of the following stakeholders is a risk bearer in the running of a business?
- Employee
 - Entrepreneur
 - Debtor
 - Underwriter
45. Which of the following business entities is funded with tax revenue?
- Private companies
 - Public corporations
 - Limited partnership
 - Co-operative societies
46. A type of share that confers voting rights but not preferential rights to dividends of a company is
- ordinary share.
 - cumulative share.
 - bonus share.
 - preference share.
47. A speculator at a stock exchange who sells shares in anticipation that prices are about to fall is called a
- broker.
 - bull.
 - stag.
 - bear.

48. A technique in production in which a fixed number of standard items are produced in groups is
- A. job production.
 - B. batch production.
 - C. flow production.
 - D. process production.
49. A written statement that identifies the tasks, duties and performance results required in a particular job is
- A. job analysis.
 - B. job description.
 - C. job specification.
 - D. job enlargement.
50. The funds contributed by the owners of a business is referred to as
- A. loan.
 - B. debenture.
 - C. capital.
 - D. mortgage.

END OF PAPER.