WASSCE BUSINESS MANAGEMENT 2013

PAPER TWO

CASE STUDY

Read the following case carefully and answer the questions that follow.

GRAND-STYLE COMPANY LIMITED

An entrepreneur, in an attempt to open up a rural community in Ghana which is cut off from its district capital due to a poor road network, set up a limited liability company called Grand-Style. This company deals in the provision of transport services to the community and its environs. The company had an initial capital of sixty thousand Ghana cedis (GH¢60,000). The company floated shares and issued debentures in order to increase its capital. The company, which was formed in 2002, expanded very rapidly and by 2005, had a capital of one hundred and twenty thousand Ghana cedis (GH¢120,000). After five years of its operation, the government complemented the company's effort by providing the community with electricity and pipe-borne water. This improved the standard of living of the people. As a result, the population increased from four hundred to six hundred. Grand-Style Company took advantage of the new development and started fulfilling its corporate social responsibility by tarring old roads, constructing new ones and awarding scholarships to the children in the locality. After eight years of operation, Grand-Style started experiencing losses. New vehicles could no longer be purchased and broken-down vehicles could not be serviced. In view of this, private spare-parts dealers also stopped selling on credit to the company. Though the company was almost bankrupt, the citizens were not in favour of the company winding up. The board of directors set up a committee to investigate the causes of the company's downward performance and to suggest ways of improvement.

1. (a) List three objectives for which Grand-Style Company Ltd. was incorporated.

1. (b) Give three reasons for which the citizens did not want to see the company wind up.

1. (c) State two benefits which Grand-Style Company Ltd. could derive from the increased population in the rural community.

1. (d) Explain two problems that led to the near collapse of the company.

1. (e) As a member of the investigative committee, suggest three ways in which the company could be revived.

2. (a) Explain organizing as a management function.

2. (b) Explain four steps that a manager should take to control the activities of an organization.

3. (a) Outline three problems of trade among members of the Economic Community of West African States (ECOWAS).

3. (b) Write explanatory notes on the following:

i. Bill of lading

ii. Pro forma invoice

iii. Certificate of insurance

3. (c) Explain three steps in decision-making.

4. (a) What is job evaluation?

4. (b) List and explain four reasons for carrying out job evaluation.

5. (a) State five functions of a computer.

5. (b) Explain five barriers to effective communication in an organization.

6. (a) Distinguish between central banks and merchant banks.

6. (b) Outline four causes of inflation.

6. (c) Explain four functions of commercial banks.

7. (a) State five provisions in a partnership deed.

7. (b) Differentiate a co-operative society from a public corporation under the following headings:

i. Purpose of formation

ii. Management and control

iii. Ownership

iv. Sources of capital

v. Risk-bearing

8. Distinguish between the following pairs of law of contract concepts:

(a) Performance of contract and breach of contract.

(b) Void contract and voidable contract.

(c) Unenforceable contract and frustrated contract.

(d) Offer and invitation to treat.

(e) Consideration and warranty.