WASSCE BUSINESS MANAGEMENT 2015

PAPER TWO

CASE STUDY

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

YAYA LIMITED

Yaya Limited was established by Yaw and Yaa, with the printing of T-shirts, receipt books, wedding cards and Christmas cards as its 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 predominantly 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 number 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 had 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 was low because 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 products on the market, market research was conducted. 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.

1.

(a) Identify the pricing policy adopted by Yaya Limited.

(b) State the main reason for locating the company at Kosania.

(c) Identify and explain three problems encountered by Yaya Limited.

(d) Suggest three measures to solve the problems at Yaya Limited.

(e) List three sources of funds available to Yaya Limited.

2.

(a) State three corporate social responsibilities of a business towards society.

(b) What are the responsibilities of the following stakeholders towards a business?
(i) Employees
(ii) Labour unions
(iii) Creditors
(iv) Government

3.

(a) What is delegation?

(b) State and explain four factors that enhance effective delegation.

4.

(a) Who is an agent?

(b) Outline two duties of an agent to the principal.

(c) Explain three ways by which an agency may be terminated.

5.

Explain the following principles of insurance:
(a) Subrogation
(b) Insurable interest
(c) Utmost good faith
(d) Indemnity
(e) Contribution

6.

(a) What is tax?

(b) List four examples of indirect tax.

(c) Explain two merits and two demerits of indirect tax.

7.

(a) What is globalisation?

(b) Examine four merits of globalisation.

8.

(a) Who is an entrepreneur?

(b) Give four reasons why some entrepreneurs in developing countries fail in their businesses.