WASSCE BUSINESS MANAGEMENT 2016

PAPER TWO

CASE STUDY

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

MUM AND SONS PARTNERSHIP

Mum and Sons Partnership was formed by three partners namely: Paima Ahudit, Cyril Pratt and Kasim Alliassa after signing a partnership deed. The firm produces fast-moving consumer goods such as milk, sugar and beverages. Two years ago, the partners added production and sale of household appliances to their operations. This resulted in the reduction of the firm's overall profit. The partners therefore engaged Aisha and Associate Consultancy to investigate the poor trend in performance. The consultants held separate meetings with the partners, managers and employees. Three main factors were identified as contributing to the problems, such as adding a new line of business without market research, lack of promotional activities and a limited number of distribution outlets. After careful study of the causes of the decline, the consultants recommended the identification of consumers' wants through market research before developing a new product. The recommendation of the consultants was well implemented by Mum and Sons Partnership. In addition, the partnership firm introduced good pricing policies, aggressive advertising and other promotional activities. These resulted in increased sales and a high profit margin. In order for Mum and Sons Partnership to continue with its expansion programme, two of the partners suggested that the firm should be converted into a limited liability company. Cyril Pratt, however, opposed the idea.

THEORY QUESTIONS

1. (a) State four items contained in a partnership deed.

1. (b) Outline the steps Mum and Sons Partnership should follow in developing a new product.

1. (c) Explain two promotional activities other than advertising which Mum and Sons Partnership used.

1. (d) Explain three benefits that would be enjoyed by members if the business was converted into a limited liability company.

2. (a) List the three parties to a cheque.

2. (b) State and explain two accounts operated by commercial banks.

2. (c) Explain three services provided by banks to current account holders.

3. (a) What is motivation?

3. (b) Explain, in order of sequence, the first four levels of Maslow's hierarchy of needs.

4. (a) Explain the term planning.

4. (b) Explain four benefits of planning in management.

5. (a) What is organizational structure?

5. (b) Explain the following concepts:

6. (a) Outline three circumstances under which a contract can be discharged.

6. (b) Explain the following law of contract concepts:

7. (a) Distinguish between insurable risk and uninsurable risk.

7. (b) Explain five benefits of insurance to a business organization.

8. (a) Distinguish between on-the-job training and off-the-job training, giving an example of each.

8. (b) Explain five importance of training employees in an organization.