WEST AFRICAN SENIOR SCHOOL CERTIFICATE EXAMINATION

BUSINESS MANAGEMENT — 2010 (PRIVATE)

PAPER TWO

CASE STUDY

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

REGENCY FLORALS

Amina and Adama have been employees of the Department of Horticulture for twenty years. In a couple of years, they would be due for retirement from the public service. The main topic of conversation between them these days is how to combine their skills and experiences to set up a business when they retire. They have now decided to start a floral business which will be named as Regency Florals. The business would deal in natural flowers, shrubs, seeds, seedlings and flower pots. They plan to contribute GHC1,500 each as a startup capital and lease a parcel of land from which to operate their business. The land that is readily available and affordable is at Adjeckrom, which is about twenty kilometres from the market centre. A greater part of the land would be used for a nursery and the rest for the construction of a kiosk which would serve as an office. Amina and Adama are trying to decide on what form of business organization would be appropriate. Adama thinks they should create a limited liability company because they would enjoy limited liability. Amina, on the other hand, thinks a partnership would be easier to start and operate since there would be fewer reports and regulatory controls to cope with. Based on their dilemma, the two friends have decided to seek professional advice as to what form of business organization to establish.

1. (a) Mention two sources from which Amina and Adama can seek professional advice.

(b) List seven items that should be included in the partnership agreement should Amina and Adama decide to form a partnership.

(c) If the two friends decide to form a limited liability company, explain:

i. two advantages and two disadvantages associated with that form of business.

ii. four sources of finance available to them.

2. (a) List five roles of communication in organizations.

(b) Define the following terms as used in communication:

i. transmission ii. channel iii. noise iv. grapevine v. decoding

3. (a) What is an organization structure?

(b) Using suitable diagrams explain each of the following:

i. functional organization structure ii. geographical organization structure iii. product organization structure

4. (a) What is marketing strategy?

(b) Explain the term skimming pricing.

(c) Identify and explain three bases of segmentation.

5. (a) State seven functions of commercial banks.

(b) Explain the following:

i. Reserve requirement; ii. Banker’s draft; iii. electronic money transfer; iv. certificate of deposit

6. (a) State three sources of government revenue.

(b) Describe two ways in which each of the following factors affect a country’s economic conditions:

i. Rapid population growth ii. dependence on single export product iii. rise in unemployment

(c) Explain the following computer terms:

i. Central processing unit ii. Keyboard iii. Monitor iv. Software

7. (a) State three applications of computers in business.

8. (a) State the function of each of the following on a stock exchange:

i. Jobber ii. broker iii. stag

(b) Explain four functions of a stock exchange.