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# NATIONAL OPEN UNIVERSITY OF NIGERIA 91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA FACULTY OF MANAGEMENT SCIENCES JANUARY 2018 EXAMINATION EXAM QUESTION

# COURSE CODE: ENT 303 CREDIT UNIT: 2

### COURSE TITLE: SMALL SCALE BUSINESS MANAGEMENT

### **TIME ALLOWED: 2 HOURS**

Instructions: 1. Attempt question Number one (1) and any other two (2).

2. Question number 1 is Compulsory and carries 30 marks,

while the other questions carry 20 marks each.

### 3. Present all your points in coherent and orderly manner.

#### **Question 1**

- a. An important problem that a firm might have to face is one of adjusting the prices to changes in costs. For this, popular policies that are often followed are as:
- 1. Revise prices to maintain a constant percentage mark-up over costs.
- 2. Revise prices to maintain profits as a constant percentage of total sales.
- 3. Revise prices to maintain a constant return on invested capital

The use of the above policies is illustrated below: ILLUSTRATION

A firm sells 100,000 units per year at a factory price of N12 per unit. The various costs are given below:

Variable	Costs Materials Labour	N360,000 N420,000
Fixed	Costs Overhead Selling & Administrative charges	N120,000 N180,000
Total investment in cash, inventory and equipment		N800,000

Suppose the labour and materials cost increases by 10 per cent. How would you revise the price according to the three policies discussed above? (20 marks)

- b. You are to state and discuss the marketing objectives and pricing implications of the following Marketing Areas;
  - Product
  - Advertising and Promotion
  - Distribution
  - Consumers/Users (10 marks)

# **Question 2**

- a. There are several tasks that have to be accomplished as part of physical distribution. You are to identify and explain them. (**15 marks**)
- **b.** State out the Steps in the Selling Process. (5 marks)

# **Question 3**

- a. What general procedure should be followed when qualifying prospects? (5 marks)
- b. What are the ways in which prospects are located? (15 marks)

### Question 4

- a. What is a product? (5 marks)
- b. Differentiate the following with the aid of examples:
  - (i) Convenience goods. (5 marks)
  - (ii) Specialty goods(5 marks)(iii) Shopping goods(5 marks)

# Question 5

- **a.** What do you understand by the term small scale business management? (5 marks)
- **b.** Briefly examine the criteria used to distinguish between small and large scale enterprises. (15 marks)