



NATIONAL OPEN UNIVERSITY OF NIGERIA
91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2024 1 EXAMINATION

COURSE CODE: ENT 428

COURSE UNIT: 2

COURSE TITLE: SMALL BUSINESS MANAGEMENT

TIME ALLOWED: 2 (TWO) HOURS

INSTRUCTIONS:

- 1. Indicate your Matriculation Number Clearly**
- 2. Answer question number one (1) and attempt any other two (2) questions.**
- 3. Question number one (1) is compulsory and carries 30 Marks, while the other questions attract 20 marks each. With total of 70 marks**
- 4. Present all your answers in coherent and orderly manner.**

Question 1:

- i. The organizing function leads to an organizational structure which precisely describes the authorities and responsibilities within an organization.
 - a. Highlight and discuss in detail, factors to be considered in the process of designing organizational structure.
 - b. Enumerate and explain the four (4) approaches to designing an organizational structure.
- ii. The process of the staffing function involves human resource planning i.e. estimating the size and nature of the personnel required for the recruitment and selection of the best candidates to train, to induct, to reward and to have regular and effective communication with them. Carefully outline and explain the steps involved in the staffing process.

(30 Marks)

Question 2:

Limans' Ltd, a small business into food processing is planning to open a new outlet that requires erecting of a new factory structure. The proprietor has sought your professional advice on how to achieve this project with the available limited resource.

- a. Explain to the proprietor the concept budget, and outline motives of budgeting.
- b. As a precautionary measure, explain any five (5) demerits of budgeting the proprietor should be aware of.

(20 Marks)

Question 3:

- a. Considering that leadership has been described as the ability to socially influence others enthusiastically towards achieving preset organizational goals and objectives, explain in detail your understanding of the leadership concept and briefly discuss the three (3) functional needs upon which this is predicated.
- b. The choice of individuals voluntarily associating or belonging to cooperative societies can be categorised into three different propelling motives. Discuss in detail, the economics motives of belonging to cooperative societies.

(20 marks)

Question 4:

Controlling process as a management function encompasses four various activities primarily to ensure that performance achieved are in line with set standards with no deviations. Discuss these standards, citing relevant examples

(20 marks)

| | | |
|----------------------------------|----------------|-----------|
| Transfer from redemption reserve | 40,000 | -- |
| Transfer to general reserve | <u>585,789</u> | <u>--</u> |

Statement of financial position as at 31st December 2018

| | 2018 N'000 | 2017 N'000 |
|---------------------------------------|-------------------------|-------------------------|
| Assets: | | |
| Non-current assets | 260,739 | 248,609 |
| Long-term investment | 160 | 160 |
| | <u>260,899</u> | <u>248,769</u> |
| Current assets: | | |
| Inventory | 1,456,182 | 1,387,073 |
| Accounts receivables | 579,876 | 310,322 |
| Bank and cash | 525,574 | 792,059 |
| Total current assets | <u>2,561,632</u> | <u>2,489,454</u> |
| Total Assets | <u>2,822,531</u> | <u>2,738,223</u> |
| Equity and liabilities: | | |
| Ordinary share capital @ 50k each | 332,188 | 332,188 |
| Reserves | 741,630 | 660,275 |
| | <u>1,073,818</u> | <u>992,463</u> |
| Long-term liabilities: | | |
| 5% Loan note | 10,795 | 8,700 |
| Provision for liabilities and charges | 258,701 | 179,713 |
| | <u>1,479,217</u> | <u>1,557,347</u> |
| Current liabilities | <u>2,822,531</u> | <u>2,738,223</u> |
| Total Equity and liabilities | <u>2,822,531</u> | <u>2,738,223</u> |
| Market price of shares | 45K/share | 60k/share |

You met the M.D. and Financial controller of Sparkle Nigeria plc to discuss the figures, and they explained that the reduction in trading profit was due to various adverse economic, infrastructure and socio-political factors prevalent in 2018.

You are required to:

Compute the following ratios for 2018 and 2017

- i. Gross profit margin
- ii. Net profit margin
- iii. Current ratio
- iv. Liquidity ratio/acid test ratio
- v. Debtors collection period
- vi. Dividend per share

(15 marks)