



ICM

DECEMBER 2016

BUSINESS ORGANISATION

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FOUR questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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- 1.
 - a) Why should a business be interested in economies of scale? [10]
 - b) Explain the term **merger** and why a company may want to do this. [7]
 - c) Discuss the term **takeover** and its benefits. [8]
 - 2.
 - a) Why should a business operate as a limited company? [8]
 - b) Explain the advantages of operating a business as a sole trader. [8]
 - c) Explain the term **ultra vires**. [4]
 - d) How does limited liability impact on a company? [5]
 - 3.
 - a) If you were to open a business, what should you consider when choosing premises. [13]
 - b) What should you also think about when locating in a particular place. [12]
 - 4. Draw an organisation chart suitable for a clothing manufacturer, which sells its products to a variety of other companies. [25]
 - 5. Write short notes on FIVE of the following:
 - a) The distribution department
 - b) Franchising
 - c) A mission statement
 - d) Articles of association
 - e) Quangos
 - f) Asset stripping
 - g) Line organisation [5 each]