

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

05 JANUARY 2018 (p.m.)



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FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

TEST CODE

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SUBJECT PRINCIPLES OF BUSINESS – Paper 032

PROFICIENCY GENERAL

REGISTRATION NUMBER

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SCHOOL/CENTRE NUMBER

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NAME OF SCHOOL/CENTRE

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CANDIDATE'S FULL NAME (FIRST, MIDDLE, LAST)

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DATE OF BIRTH

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SIGNATURE _____



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JANUARY 2018

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

PRINCIPLES OF BUSINESS

Paper 032 – General Proficiency

1 hour 15 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. Do NOT write in the margins.
4. You are advised to take some time to read through the paper and plan your answers.
5. You may use a silent, non-programmable calculator to answer questions.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.



INSTRUCTIONS: The following case study contains information for a business plan. Read the case and answer the questions that follow.

CASE STUDY

M&E Juices Limited

SECTION A

M&E Juices Limited started as a small business in the home of its owner, Marlene Cross, who operated the business as a part-time activity while she was employed elsewhere. She made juices from fresh fruits and vegetables, bottled and sold them to friends and other associates. The business was very successful. After two years, Marlene decided to make it more formal. She resigned from her job to concentrate full time on the business. No longer able to carry out all the business activities by herself, Marlene recruited four employees and set up a structure for the business. She subsequently registered the business and she and her husband, Edward, are the only owners and directors. In addition to being the manager, she is also directly responsible for the production department. Edward is responsible for sales. He is assisted in this area by a delivery man. Both Marlene and Edward are pleased with the team of employees and have implemented strategies to enhance team building.

Complete the following business plan using information from the case.

OPERATIONAL PLAN

1. Nature and Type of Business

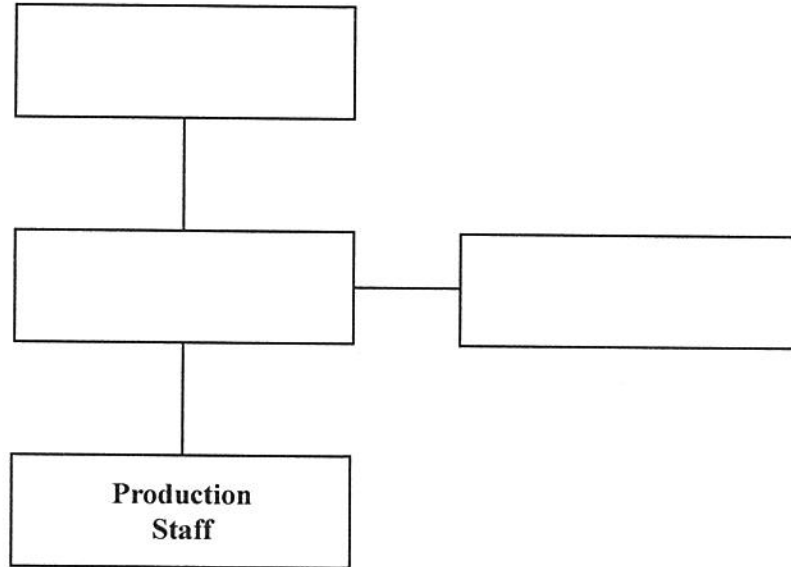
Identify the type of business based on the type of ownership.

..... (1 mark)



2. Internal Structure of the Organization

Complete the following organizational chart to show the structure of M&E Juices Limited.



(3 marks)

3. Reasons for Establishing a Business

State TWO personal needs that Marlene may have been seeking to satisfy by starting the business.

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(2 marks)



4. Functions of Management

Describe TWO functions of management utilized by Marlene. Use evidence from the case to support your answer.

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(4 marks)

Total 10 marks



SECTION B

The business could no longer be accommodated in Marlene’s home. It was relocated to leased premises in a busy commercial district. The most reliable supplier of fruits and vegetables, Palmer Farms, is now located a short distance from the business. M&E Juices Limited is also within walking distance of a number of facilities including a fitness centre and an educational complex. In addition to delivering to retail outlets and doing door-to-door deliveries, Edward has designed a plan to sell juices over the counter; a promotional campaign is part of this plan. All of this was done in an effort to seize the opportunities afforded by the new location.

MARKETING PLAN

5. Location of the Business

List THREE factors that may have influenced the decision to relocate the business.

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(3 marks)

6. Production

(a) Identify the level of production in which M&E Juices Limited is engaged.

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(1 mark)

(b) State ONE backward linkage evident in the case.

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(1 mark)

(c) Outline ONE benefit that M&E Juices Limited could derive from the backward linkage.

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(2 marks)



7. Distribution

(a) Identify TWO examples of direct selling used by the business.

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(2 marks)

(b) Identify ONE example of indirect selling used by the business.

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(1 mark)

8. Target Markets

Identify TWO groups of potential customers of the business.

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(2 marks)

9. Factors Influencing Consumer Behaviour

Outline TWO factors that may determine whether the potential customers of the business become actual customers.

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(4 marks)



10. Promotion

Describe TWO promotional strategies that M&E Juices Limited could employ to boost sales.

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(4 marks)

Total 20 marks



SECTION C

The owners were excited about the developments in their business. However, they realized that they would need additional short-term financing in order to avoid a cash flow squeeze. Before making an application for financial assistance, Marlene sought to ensure that the business was tax compliant. She had an accountant examine the books, who informed her that while the business was compliant with consumption tax returns, income tax deductions had not been calculated correctly.

FINANCIAL PLAN

11. Sources of Finance

State TWO sources from which M&E Juices Limited may obtain financing.

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(2 marks)

12. Taxation

Identify ONE direct tax and ONE indirect tax levied on the business.

Direct tax

Indirect tax

(2 marks)

13. Government Regulations

Explain how the management of M&E Juices Limited could show compliance with any ONE government regulation for the protection of consumers.

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(3 marks)



14. Executive Summary

Describe the overall business operation in ONE paragraph, covering information from the THREE main areas of the business plan.

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(3 marks)

Total 10 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.



EXTRA SPACE

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Question No.

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CANDIDATE'S RECEIPT

INSTRUCTIONS TO CANDIDATE:

1. **Fill in all the information requested clearly in capital letters.**

TEST CODE:

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SUBJECT: PRINCIPLES OF BUSINESS – Paper 032

PROFICIENCY: GENERAL

REGISTRATION NUMBER:

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FULL NAME: _____
(BLOCK LETTERS)

Signature: _____

Date: _____

2. **Ensure that this slip is detached by the Supervisor or Invigilator and given to you when you hand in this booklet.**
3. **Keep it in a safe place until you have received your results.**

INSTRUCTION TO SUPERVISOR/INVIGILATOR:

Sign the declaration below, detach this slip and hand it to the candidate as his/her receipt for this booklet collected by you.

I hereby acknowledge receipt of the candidate's booklet for the examination stated above.

Signature: _____
Supervisor/Invigilator

Date: _____



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