

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®  
EXAMINATION

07 JANUARY 2020 (p.m.)



FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

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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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JANUARY 2020

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.**

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

**CASE STUDY**

Soft Furnishings and Accessories Ltd (SFAL)

**SECTION A**

SFAL is a family-owned business that has been in operation for five years. The business sells a variety of soft furnishings: pillows, cushions, rugs and other household accessories locally. The firm uses high quality local raw materials, backward and forward linkages and state of the art technology to produce the majority of its items. Moon and Maggie Reed are the main shareholders and their two children, along with other relatives, own varying numbers of ordinary shares. The firm employs over 60 persons in various aspects of the business. SFAL pays its staff well so that it can attract very skilled persons who deliver goods and services of very high quality. Moon and Maggie have over 15 years' experience in banking and finance. The firm adheres to government regulations by securing property insurance for the business, employer's liability insurance and health and life insurance for staff.

**OPERATIONAL PLAN**

1. Description of the Business

(a) Identify the type of business based on SFAL's ownership.

.....  
(1 mark)

(b) State ONE feature of the type of business identified in (a).

.....  
.....  
(1 mark)

2. Management Functions

Outline ONE reason why the Reeds are likely to be successful managers of the business.

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(2 marks)

GO ON TO THE NEXT PAGE



3. Stakeholders of the Business

Identify TWO stakeholders of the business.

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(2 marks)

4. Employee Impact

Suggest ONE reason why the employees of SFAL may be loyal to the firm.

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(2 marks)

5. Insurance

Describe ONE important role that insurance plays at SFAL.

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(2 marks)

**Total 10 marks**

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**SECTION B**

The firm supplies a number of local hotel chains, retail companies as well as stores on the island, and owes its success to its ability to deliver finished products ahead of foreign competitors. The firm has remained competitive amidst competition from large local furniture manufacturers and attributes this success to the superior quality of its goods and services. SFAL has received a number of business awards. The staff is very friendly and customer service oriented. The firm utilizes a variety of print and electronic methods to promote its products. One of the challenges faced by SFAL is the periodic shortage of raw materials, which is solved by having up to six months' supply of inventory. This solution, however, ties up needed capital for other expenses.

**MARKETING PLAN**

**6. Target Market**

State TWO groups that are likely to belong to SFAL's target market.

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**(2 marks)**

**7. Competition**

(a) Identify TWO of SFAL's likely competitors.

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**(2 marks)**

(b) Explain TWO reasons why SFAL is likely to survive despite its competition.

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(6 marks)

8. Industry Performance

Outline TWO likely reasons why SFAL has received a number of business awards.

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(4 marks)

9. Promotion

(a) Identify TWO electronic methods that SFAL may use to promote its products.

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(2 marks)

(b) Identify TWO print methods that SFAL may use to promote its products.

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(2 marks)

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10. Inventory

State ONE advantage and ONE disadvantage of SFAL using a strategy of high inventories.

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(2 marks)

**Total 20 marks**





**SECTION C**

Family members provided the majority of the capital but they also obtained loans from commercial banks and made use of trade credit. They also intend to raise funds by selling shares publicly. Additionally, the family plans to make use of government financing and subsidies to obtain factory space. The family is hoping to tap into regional suppliers who have agreed to provide raw materials on a steady and timely basis. It is their intention to expand the business by selling goods on the international market.

**FINANCIAL PLAN**

**11. Sources of Capital**

(a) State ONE reason why the family may have provided the majority of the financial capital.

.....  
(1 mark)

(b) Define the term 'trade credit'.

.....  
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(2 marks)

(c) Outline ONE benefit the firm will gain from selling its shares to the public.

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(2 marks)

**12. Suppliers**

Outline ONE benefit that the firm will receive by obtaining its supply of raw materials from regional suppliers.

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(2 marks)

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**13.** 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**

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**CANDIDATE'S RECEIPT**

**INSTRUCTIONS TO CANDIDATE:**

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

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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: \_\_\_\_\_

